

Comprehensive Annual Financial Report



City of Minneapolis, Minnesota
For the fiscal Year Ended December 31, 2019



COMPREHENSIVE
ANNUAL FINANCIAL REPORT



CITY OF
MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2019

FINANCE AND PROPERTY SERVICES DEPARTMENT

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August 13, 2020

The Honorable Mayor and Members of the City Council and Citizens of the City of Minneapolis:

TRANSMITTAL

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the City of Minneapolis (the City) for the year ended December 31, 2019. The purpose of the report is to present the financial position of the City and the results of its operations for the year then ended. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA) and other rule-making bodies, and audited in accordance with generally accepted auditing standards by the Office of the State Auditor (OSA).

The City's management is responsible for the accuracy of the financial statements and the completeness and fairness of their presentation in the CAFR. To the best of our knowledge, the CAFR is accurate in all material respects and fairly sets forth the financial position and results of City operations as measured by the financial activity of its various funds. We believe the report contains all disclosures necessary for the reader to understand the City's financial affairs.

This transmittal letter is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The MD&A provides a narrative introduction, overview, and analysis to accompany the basic financial statements and can be found immediately following the independent auditor's report.

INDEPENDENT AUDIT

Minnesota law requires that the Office of the State Auditor perform the City's annual audit. The OSA's report on the City's financial statements is based on its audit in accordance with generally accepted auditing standards. The State Auditor issued an unmodified or "clean" opinion on the City's financial statements for the year ended December 31, 2019. The State Auditor's opinion is included as page one through three in the financial section of this report.

The independent audit of the financial statements of the City is part of a broader, federally mandated audit designed to meet the requirements of the Federal Single Audit Act. The State Auditor is required to report not only on the fair presentation of the financial statements, but also on the City's internal controls over financial reporting, and compliance with legal requirements, with special emphasis on internal controls and compliance requirements involving the administration of Federal awards. These reports are included in the Office of the State Auditor's separate Management and Compliance Report.

STEWARDSHIP

The City prepares financial reports to promote accountability. The City's elected officials are accountable to the citizens, and City management is accountable to the elected officials. This report provides citizens and other interested parties one mechanism to assess whether the elected and appointed officials in the City have faithfully carried out their role as good stewards of the City's resources.

INTERNAL CONTROLS

The City's management is responsible for establishing a comprehensive framework of internal controls. Because the cost of internal controls should not exceed anticipated benefits, and because the costs and benefits of internal controls are subject to estimates and judgments by management, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

We believe that the City's internal controls reasonably safeguard assets, assure that financial transactions are properly recorded and reported, and ensure compliance with applicable federal and state laws and regulations.

To ensure independence, the Office of the State Auditor has full and free access to meet with the City Council to discuss the results of their assessment of the adequacy of internal accounting controls and the quality of the City's financial reporting.

THE REPORTING ENTITY

The City organizes its financial activities into a variety of funds. In accordance with GASB Statement No. 61, the City's financial statements include all funds of the City ("primary government") as well as its component units. The primary government represents all funds under the ultimate control of the Mayor and City Council. Component units are separate legal entities. While legally separate, component units are in substance a part of City government. The City's financial statements would be misleading without incorporating component unit information. Some component units are reported in a separate column of the City's financial statements set apart from the rest of the primary government. These component units are discretely presented in the financial statements because, while the City is financially accountable for them, they do not meet the criteria for a blended component unit. The Minneapolis Parks and Recreation Board, the Municipal Building Commission (MBC), and Meet Minneapolis are discretely presented component units in the City's financial statements. Only the Board of Estimate and Taxation (BET) meets the criteria to be reported as a blended component unit.

THE CITY AND ITS SERVICES

City Profile

The City of Minneapolis is located in Hennepin County. It is the largest city in Minnesota and serves as the center of finance, industry, trade, and transportation for the Upper Midwest region of the United States.

Minneapolis encompasses 57.4 square miles, including five square miles of inland water. The City rests along the banks of the nation's largest river, the Mississippi. Minneapolis is known as "The City of Lakes," featuring 22 lakes and 170 city parks. The Minneapolis Park System is one of the City's most prized assets and considered one of the premier park systems in the United States. Properties of the Minneapolis Parks & Recreation Board total nearly 6,732 acres of land and water and include full-service neighborhood recreation centers.

Riding a bicycle is one of the more popular ways of getting around Minneapolis year round. The City is ranked as one of the best bicycling cities in the nation including being named the #3 bicycling commuting city by the U.S. Census Bureau. The city has also been awarded with the Gold Level Bicycle Friendly Community Award from the League of American Bicyclists. Minneapolis is also home to such popular walking destinations as the newly renovated Nicollet Mall, the Stone Arch Bridge, the Grand Rounds, and Milwaukee Avenue. In addition to the 57 miles of parkways, nearly 92% of the City's streets have sidewalks on both sides of the street providing over 1,900 miles of sidewalks. The City has developed both a Bicycle Master Plan and Pedestrian Master Plan for long range planning to both grow and support these low-polluting, cost effective and healthy ways to travel around the City. In 2016, the City Council approved a 20-year plan to provide \$30 million each year to ensure funding of the City's streets and neighborhood parks including its bikeways and pedestrian programs.

There are 81 residential neighborhoods within the City offering a broad range of housing to more than 176,000

households. The City is well known for its concerned and active citizenry which has engaged in partnerships with government and business to improve neighborhoods and create economic opportunities. Minneapolis is second only to New York City in per capita attendance at theater and arts events. Minneapolis has more than thirty theaters; the Guthrie Theater and the Children's Theatre Company are recognized as two of the country's best. The City boasts two world-class art museums and is home to the internationally acclaimed Minnesota Orchestra.

Minneapolis' population continues to grow. As of 2018, Minneapolis is home to an estimated 424,403 people. From 2011 to 2019, the population within the City grew by 36,530 people, an eight-year growth rate of 9.4%. Children, youth under 18, and seniors aged 65 and above make up 6.7 percent and 19.9 percent, and 9.2 percent of the population respectively. African Americans comprise 18.9 percent of the population, and Hispanic Americans make up 9.8 percent of the population. People of American Indian and Alaska Native descent comprise 1.2 percent of the population, and Asian Americans make up 6.0 percent of the population. People of two or more races make up 4.9 percent of the total population

As the major city within the larger metropolitan area, Minneapolis enjoys a strong and highly diverse business foundation of companies involved in manufacturing supercomputers, electronics, medical instruments, milling, machine manufacturing, food processing and graphic arts. In addition, with seven hospitals and the University of Minnesota, Minneapolis is a nationally known medical center that produces many high technology medical products.

Most of the preceding, and additional information, is available from the Metropolitan Council and the US Census Bureau.

Form of Government and Organization

The City is a municipal corporation governed by a Mayor-Council form of government. The Mayor and 13 City Council Members from individual wards are elected for terms of four years, without limit on the number of terms that may be served. Elections in the City of Minneapolis are held in odd-numbered years. The next City election is scheduled for November 2021.

City leaders set new goals every four years, resulting in clear priorities that provide long-term direction and clarify the core function of City government.

City Council

As provided in the City Charter, the City Council governs Minneapolis through its legislative, administrative, and financial power over City functions. The Council levies taxes, enacts ordinances and resolutions, licenses businesses, and exercises budgetary and policy control over City departments.

Council members represent the interests of their constituents. They respond to inquiries, suggestions and complaints regarding City programs and services and meet regularly with constituents to discuss developments affecting the ward they represent, and the City as a whole.

Mayor

The Mayor is responsible for a variety of leadership duties, including: appointing representatives to a variety of agencies and commissions; nominating department head candidates for Executive Committee and Council approval; proposing the annual operating and capital budgets; and reviewing, approving, or vetoing all Council actions. The Mayor, however, does not vote on Council actions.

Departments

The City organizes itself by departments, which are managed by department heads (see the City of Minneapolis organization chart at the end of this transmittal letter). These City departments provide a broad range of services including: police; fire; health services; public works; assessment of property; attorney services; civil rights; planning; regulatory services; economic development; and management support services.

FINANCIAL POLICES

Each year during the budget process, the Council adopts a comprehensive set of financial policies. Of particular relevance to the City budget process is the policy to maintain a minimum unassigned fund balance in the General Fund equal to 17% of the following year's General Fund budgeted expenditures. This balance is to be used for cash flow purposes, unanticipated expenditures of a non-recurring nature, unexpected increases in service delivery costs, or unexpected revenue shortfalls. The unassigned fund balance of the General Fund at December 31, 2019 was \$128.0 million, which is \$40.6 million more than policy requires. Additional information regarding the 2019 fund balance in the General Fund is available in the MD&A.

Separate from the unassigned General Fund reserve balance, the City also has a policy to budget an operating budget contingency in the General Fund of not less than 1% of all budgeted General Fund expenditures in each of the applicable years planned for in the City's Five-Year Financial Direction. The contingency reserve was \$4.7 million in 2019, and is \$5.2 million in 2020.

ECONOMIC CONDITION AND OUTLOOK

A detailed discussion and analysis of the City's overall financial condition during the fiscal year ended 2019 is included as part of the MD&A.

LONG-TERM FINANCIAL PLANNING

The City takes a pro-active, long-term perspective in planning for the future. The City's approach and policies regarding long-term financial planning are discussed in detail in the MD&A section of this report.

DEBT MANAGEMENT

The primary goal of the City's debt management practices is to maintain its ability to access capital markets at the lowest possible cost (interest rate) without endangering its ability to finance essential services. The City's conservative financial practices have earned its general obligation debt some of the highest ratings available from national bond rating services as follows:

Fitch – AA+
S&P Global Ratings – AAA

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2018. A Certificate of Achievement is valid for a period of one year only. The City has received this prestigious award for 45 years.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for review.

The City also received the GFOA's Distinguished Budget Presentation Award for its 2019 annual budget document. To qualify for the distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the City's Finance & Property Services Department. In addition, we would like to thank the Office of the State Auditor for its thoroughness and professionalism in conducting the City's audit. Finally, we would like to thank the Mayor, members of the City Council, and the City Coordinator for their interest in conducting the financial operations of this City in a responsible and progressive manner.

Respectfully submitted,

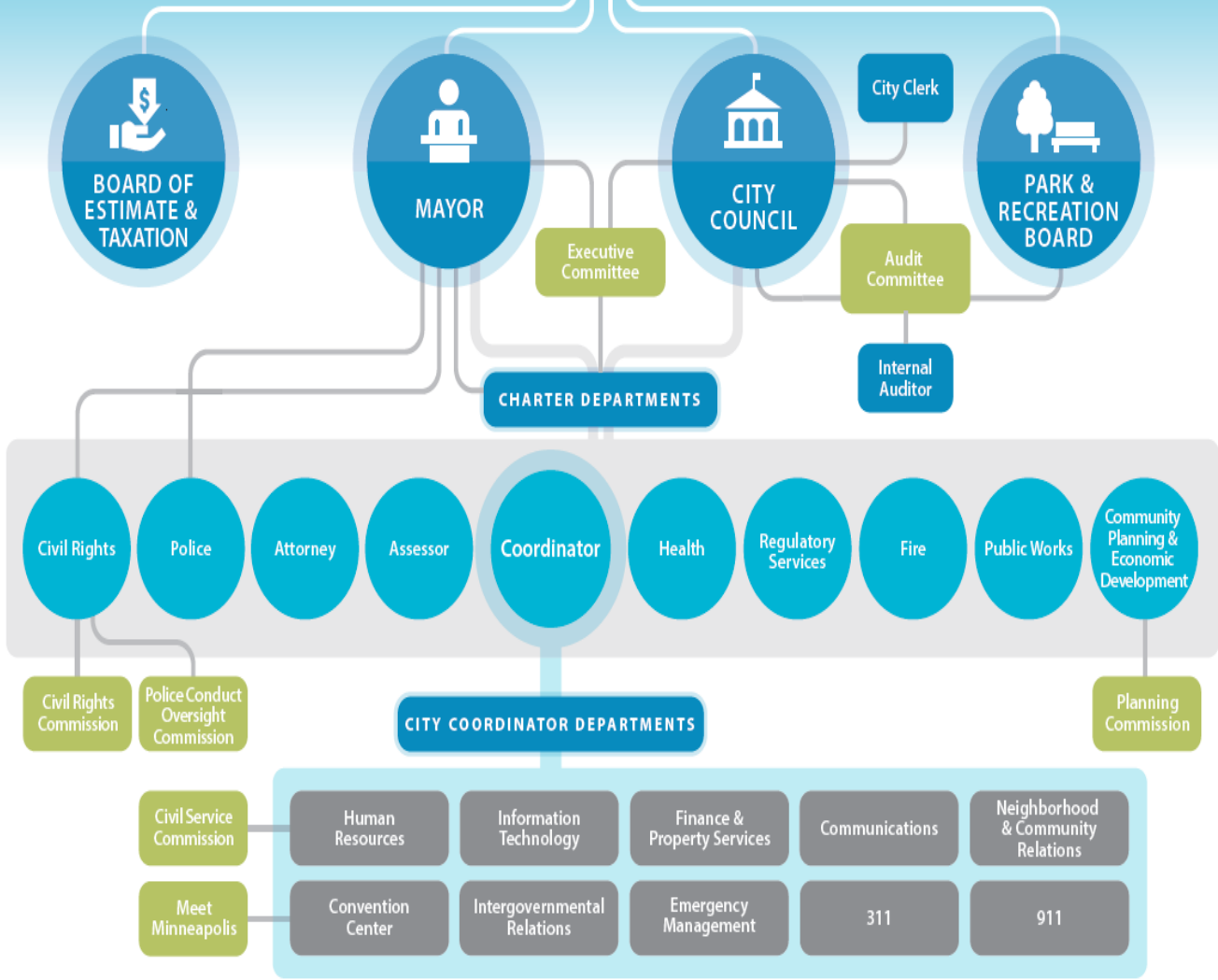
A handwritten signature in black ink, appearing to read 'Lori Johnson', with a long horizontal flourish extending to the right.

Lori Johnson
Interim Finance Officer

A handwritten signature in black ink, appearing to read 'Lyle Hodges', with a long horizontal flourish extending to the right.

Lyle Hodges
Controller

RESIDENTS OF MINNEAPOLIS



MAYOR AND COUNCIL
CITY OF MINNEAPOLIS, MINNESOTA
2019

Mayor.....JACOB FREY

CITY COUNCIL

Ward 1.....KEVIN REICH

Ward 2.....CAM GORDON

Ward 3.....STEVE FLETCHER

Ward 4.....President.....LISA BENDER

Ward 5.....JEREMIAH ELLISON

Ward 6.....ABDI WARSAME

Ward 7.....LISA GOODMAN

Ward 8.....Vice-President.....ANDREA JENKINS

Ward 9.....ALONDRA CANO

Ward 10.....LISA BENDER

Ward 11.....JEREMY SCHROEDER

Ward 12.....ANDREW JOHNSON

Ward 13.....LINEA PALMISANO

In 2020, the following change occurred:

Ward 6.....Vacant



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Minneapolis
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO



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JULIE BLAHA
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
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1-800-627-3529 (Relay Service)

INDEPENDENT AUDITOR'S REPORT

The Honorable Jacob Frey, Mayor,
and Members of City Council
City of Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Minneapolis, Minnesota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City'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 did not audit the financial statements of Meet Minneapolis, which is a discrete component unit and 1.4 percent, 0.8 percent, and 7.4 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Meet Minneapolis component unit, is based solely on the report of the other auditors. 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 from material misstatement. The financial statements of Meet Minneapolis were not audited in accordance with *Government Auditing Standards*.

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 City'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 City'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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Minneapolis as of December 31, 2019, 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1.P. to the financial statements, in 2019, the City adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Correction of Material Misstatement in Previously Issued Financial Statements

As discussed in Note 1.Q. to the financial statements, the previously issued 2018 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Subsequent Events

As discussed in Notes 20.A. and 20.B. to the financial statements, subsequent to year end, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic, resulting in a significant economic impact on the City of Minneapolis. In addition, officers from the Minneapolis Police Department were involved in the death of George Floyd, resulting in civil unrest that caused extensive damage to private businesses and public property within the City of Minneapolis. Our opinion is not modified with respect to these matters.

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 Supplemental Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 City of Minneapolis' basic financial statements. The Introductory Section, the Other Supplemental 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 Other Supplemental Information as listed in the table of contents 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 Other Supplemental 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 August 13, 2020, on our consideration of the City of Minneapolis' and the Municipal Building Commission component unit's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other

matters. The purpose of these reports is solely 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 effectiveness of the City of Minneapolis' and the Municipal Building Commission component unit's internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Minneapolis' and the Municipal Building Commission component unit's internal control over financial reporting and compliance. The reports do not include Meet Minneapolis, which was audited by other auditors, or the Minneapolis Park and Recreation Board, which was issued as a separate report.



JULIE BLAHA
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

August 13, 2020

**CITY OF MINNEAPOLIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

This section of the Comprehensive Annual Financial Report (CAFR) for the City of Minneapolis presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the City's basic financial statements following this section. **All dollar amounts are expressed in thousands unless otherwise indicated.**

FINANCIAL HIGHLIGHTS

- At the close of the 2019 fiscal year, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$2,424,036 (net position). Of this amount, \$2,133,724 is the City's net investment in capital assets and \$420,787 is restricted for specific purposes (restricted net position) leaving a deficit of \$(130,475) in unrestricted net position. The deficit balance is not an indication that the City lacks the resources to satisfy its financial obligations in the near future. Rather, the deficit is the result of long-term, actuarially determined liabilities associated with pensions which are managed by the respective retirement systems and the State Legislature. The City will continue to contribute the statutorily required amounts to the retirement plans.
- The City's total net position increased by \$248,714 in 2019. Governmental activities increased the City's net position by \$223,082 and business-type activities increased the net position by \$25,632.
- As of December 31, 2019, total fund balance in the General Fund was \$128,040, all of which was unassigned.
- The City's total long-term bond and note liability increased by \$63,890 from the prior year. Total bonds and notes issued in 2019 was \$242,800. Total debt retirement was \$178,910. Major new debt issuances included notes of \$112,420 for a variety of special assessment improvements, general infrastructure, sanitary and storm sewer and water projects and \$114,400 for the new downtown Public Service Building.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) Government-wide financial statements; 2) Fund financial statements; and 3) Notes to the basic financial statements. This report also contains required and other supplemental information in addition to the basic financial statements.

Government-wide Financial Statements—Government-wide financial statements are designed to provide readers with a broad overview of City finances, in a manner similar to a private-sector business.

The statement of net position presents information on all City assets, deferred outflows, liabilities, and deferred inflows. The difference between assets plus deferred outflows and liabilities plus deferred inflows is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of these costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, health and welfare, and community planning and economic development. The business-type activities of the City include sanitary sewer, stormwater, solid waste and recycling, water treatment and distribution services, municipal parking, and community planning and economic development.

The government-wide financial statements include not only the City of Minneapolis (known as the primary government), but also legally separate entities for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City's basic financial statements to be misleading or incomplete. For the City of Minneapolis, component units are included in the basic financial statements of the City and consist of legally separate entities which provide services almost entirely to the primary government (blended component units) or for which the City is financially accountable as defined by Generally Accepted Accounting Principles (GAAP) (discretely presented component units). The City's blended component unit is the Board of Estimate and Taxation (BET). The City's discretely presented component units include the Minneapolis Park and Recreation Board (Park Board), the Municipal Building Commission (MBC), and Meet Minneapolis.

The government-wide financial statements can be found on pages 29-30 of this report.

Fund Financial Statements—A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds in the City can be divided into three categories – governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds—These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Minneapolis maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Community Planning and Economic Development Special Revenue Fund, the Permanent Improvement Capital Projects Fund, and the Special Assessment Debt Service Fund, all of which are considered to be major funds. Data from the other 15 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the Other Supplemental Information section of this report beginning on page 118.

The governmental funds' financial statements can be found on pages 31-34 of this report.

Proprietary Funds—The City of Minneapolis maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Minneapolis uses the enterprise funds to account for its sanitary sewer, stormwater, water treatment and distribution services, municipal parking, solid waste and recycling, and community planning and

economic development (CPED) activities. The City uses internal service funds to account for its property management services, fleet services, business information technology services, central and traffic stores inventories, engineering lab testing and asphalt and cement services, city attorney, workers' compensation, unemployment benefits and other payroll and self-insurance related services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The proprietary funds' financial statements can be found on pages 35-38 of this report.

Custodial Funds—Custodial funds are used to account for resources held for the benefit of parties outside of the government. Custodial funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the City.

The custodial fund financial statements can be found on page 39 of this report.

Notes to the Financial Statements—The notes to the financial statements provide additional information that is essential to a full understanding of the information provided in the government-wide financial statements.

The notes to the financial statements can be found on pages 43-101 of this report.

Required Supplemental Information—In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

The required supplemental information can be found on pages 103-110 of this report.

The combining statements referred to earlier, in connection with non-major governmental funds and internal service funds, are presented immediately following the required supplemental information beginning on page 118.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position—The following table presents the primary government’s net position as of December 31, 2019 with a comparison to 2018.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 1,142,068	\$ 1,016,199	\$ 233,895	\$ 264,132	\$ 1,375,963	\$ 1,280,331
Capital assets	<u>1,631,885</u>	<u>1,565,295</u>	<u>1,184,415</u>	<u>1,102,995</u>	<u>2,816,300</u>	<u>2,668,290</u>
Total assets	<u>\$ 2,773,953</u>	<u>\$ 2,581,494</u>	<u>\$ 1,418,310</u>	<u>\$ 1,367,127</u>	<u>\$ 4,192,263</u>	<u>\$ 3,948,621</u>
Deferred outflows of resources	<u>\$ 166,811</u>	<u>\$ 250,290</u>	<u>\$ 3,935</u>	<u>\$ 8,570</u>	<u>\$ 170,746</u>	<u>\$ 258,860</u>
Current and other liabilities	\$ 241,111	\$ 219,158	\$ 62,955	\$ 56,294	\$ 304,066	\$ 275,452
Long-term liabilities	<u>979,836</u>	<u>1,027,067</u>	<u>338,102</u>	<u>329,103</u>	<u>1,317,938</u>	<u>1,356,170</u>
Total liabilities	<u>\$ 1,220,947</u>	<u>\$ 1,246,225</u>	<u>\$ 401,057</u>	<u>\$ 385,397</u>	<u>\$ 1,622,004</u>	<u>\$ 1,631,622</u>
Deferred inflows of resources	<u>\$ 303,609</u>	<u>\$ 309,953</u>	<u>\$ 13,360</u>	<u>\$ 8,104</u>	<u>\$ 316,969</u>	<u>\$ 318,057</u>
Net position						
Net investment in capital assets	\$ 1,203,135	\$ 1,311,190	\$ 930,589	\$ 895,158	\$ 2,133,724	\$ 2,206,348
Restricted net position	390,189	329,487	30,598	36,821	420,787	366,308
Unrestricted net position	<u>(177,116)</u>	<u>(365,071)</u>	<u>46,641</u>	<u>50,217</u>	<u>(130,475)</u>	<u>(314,854)</u>
Total net position	<u>\$ 1,416,208</u>	<u>\$ 1,275,606</u>	<u>\$ 1,007,828</u>	<u>\$ 982,196</u>	<u>\$ 2,424,036</u>	<u>\$ 2,257,802</u>

The largest portion of the City’s net position reflects its \$2,133,724 investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. As a result, these assets are not available for future spending. Although the City’s investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position increased \$54,479 to \$420,787 in 2019 in part due to the \$80,611 increase in capital improvement restrictions related to capital project activity, offset with a decrease of \$26,264 in community and economic development restrictions. Net position is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation (City ordinances).

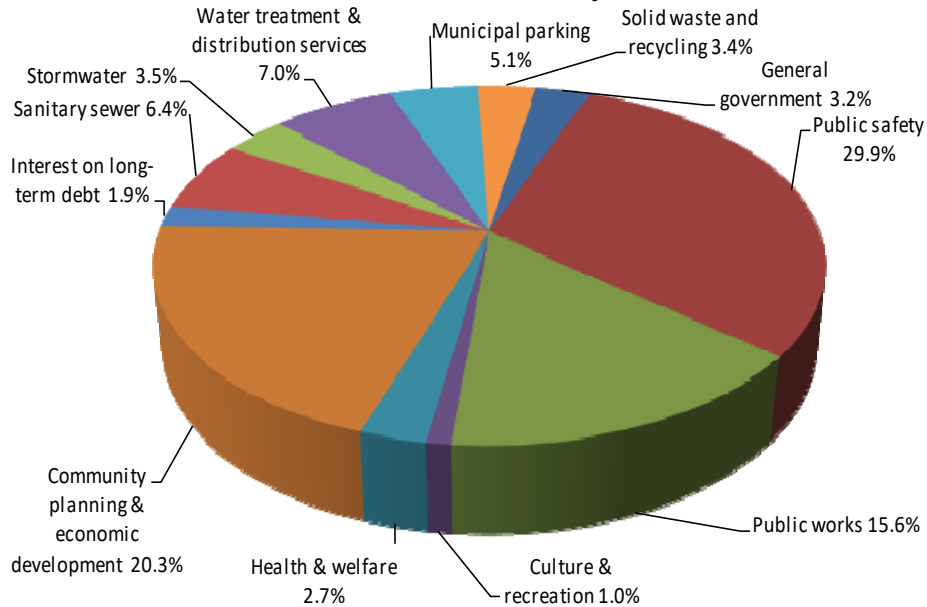
The remaining deficit of \$(130,475) represents the unrestricted portion of the City’s net position. This is a decrease of \$184,379 from the 2018 unrestricted net position. The decrease in unrestricted net position is the result of a multitude of factors, including additional restrictions to net position as noted above. As noted in the following section, overall net position of the City increased by \$248,714 in 2019.

Statement of Activities—The following table presents the changes in net position for governmental and business-type activities. The governmental activities net position increased by \$223,082 while the business-type activities net position increased by \$25,632.

Statement of Activities						
For the Years Ended December 31, 2019, and 2018						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 184,718	\$ 149,256	\$ 322,126	\$309,717	\$ 506,844	\$ 458,973
Operating grants and contributions	122,641	130,724	3,996	5,771	126,637	136,495
Capital grants and contributions	15,529	9,054	-	-	15,529	9,054
General revenues:						
General property tax and fiscal disparities	287,049	271,192	-	-	287,049	271,192
Property tax increment	66,303	62,129	-	-	66,303	62,129
Franchise taxes	32,370	34,772	-	-	32,370	34,772
Local taxes	89,182	89,794	-	-	89,182	89,794
Other taxes	329	298	-	-	329	298
Local government aid - unrestricted	69,754	69,683	-	-	69,754	69,683
Grants and contributions not restricted to programs	2,728	3,291	151	425	2,879	3,716
Unrestricted interest and investment earnings	30,539	14,764	981	636	31,520	15,400
Other	6,422	989	153	155	6,575	1,144
Gain on sale of capital assets	1,102	1,100	-	212	1,102	1,312
Total revenues	908,666	837,046	327,407	316,916	1,236,073	1,153,962
Expenses						
General government	31,300	103,781	-	-	31,300	103,781
Public safety	295,247	294,822	-	-	295,247	294,822
Public works	154,329	96,934	-	-	154,329	96,934
Culture and recreation	9,531	9,103	-	-	9,531	9,103
Health and welfare	26,592	24,983	-	-	26,592	24,983
Community planning and economic development	196,477	173,362	4,716	5,437	201,193	178,799
Interest on long-term debt	18,958	18,054	-	-	18,958	18,054
Sanitary sewer	-	-	63,066	65,209	63,066	65,209
Stormwater	-	-	34,524	34,182	34,524	34,182
Water treatment and distribution services	-	-	68,792	58,068	68,792	58,068
Municipal parking	-	-	50,532	64,727	50,532	64,727
Solid waste and recycling	-	-	33,295	36,528	33,295	36,528
Total expenses	732,434	721,039	254,925	264,151	987,359	985,190
Excess (deficiency) before transfers	176,232	116,007	72,482	52,765	248,714	168,772
Transfers	46,850	40,002	(46,850)	(40,002)	-	-
Change in net position	223,082	156,009	25,632	12,763	248,714	168,772
Net position - Beginning (Restated)	1,193,126	1,119,597	982,196	969,433	2,175,322	2,089,030
Net position - Ending	\$ 1,416,208	\$ 1,275,606	\$ 1,007,828	\$982,196	\$ 2,424,036	\$ 2,257,802

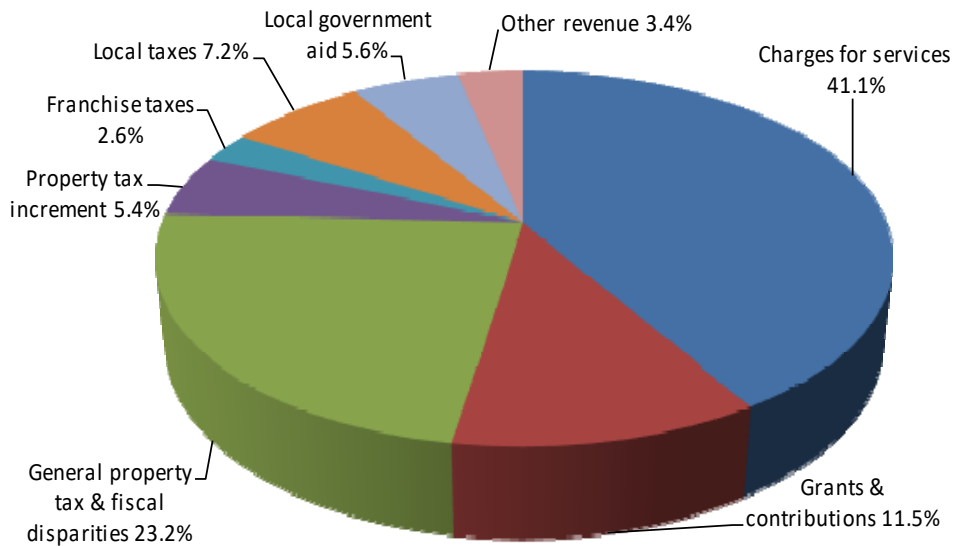
Governmental Activities—Governmental activities increased the City's net position by \$223,082 compared to an increase of \$156,009 in 2018. Total governmental revenue increased by 7.1% from 2018 to 2019 while total expenses increased by 0.2% over that same period. The increase in expenses is attributable mainly to capital outlays for large projects and development costs for community planning and economic development activities. A significant expense in the statement of activities, compared to fund statements, is depreciation. Current year depreciation for governmental activities is \$59,121.

Government-wide Expenses



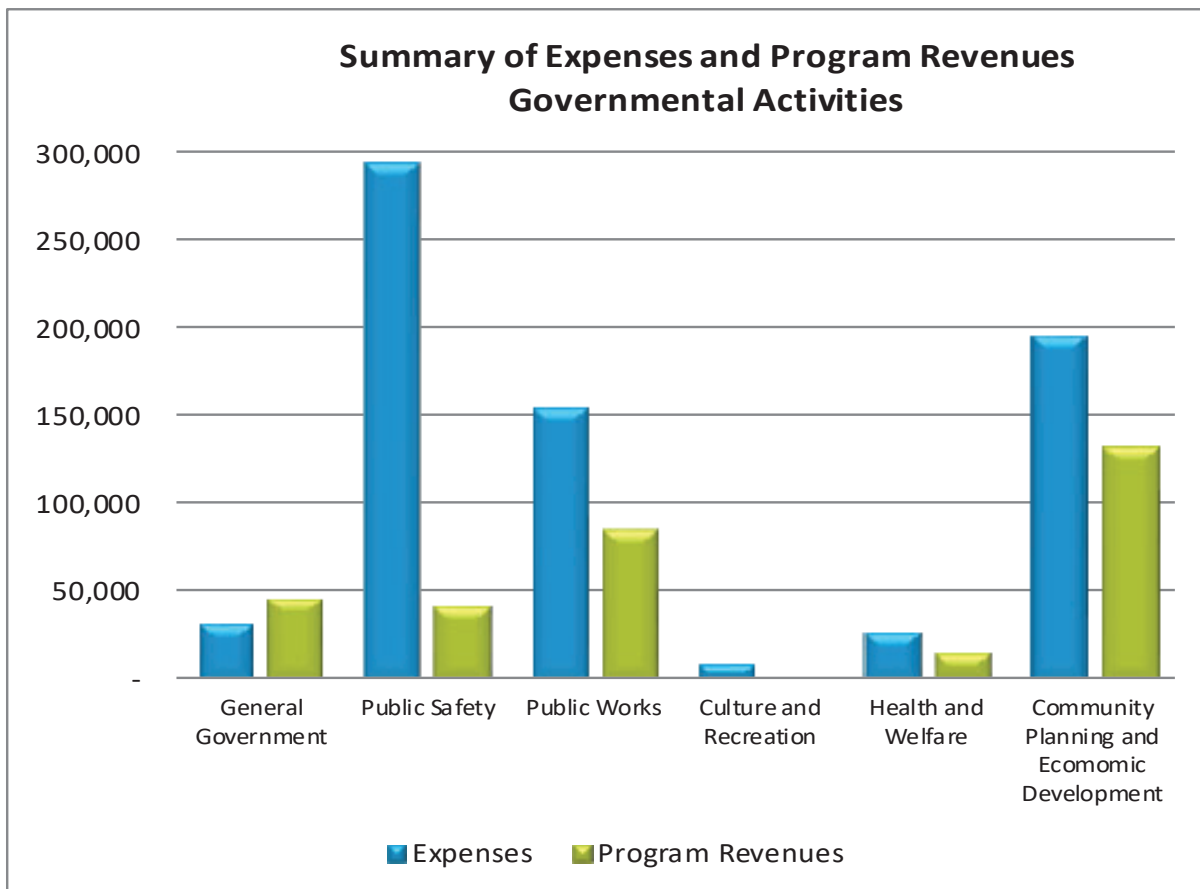
Program revenue increased in two of the three categories, led by an increase in Charges for Services. The City continued to experience economic growth and record permitting for building and residential construction throughout 2019. General revenues cover any net expense after program specific revenues are applied. General revenues were up due to better interest earnings in 2019 and an increase in property tax levies increasing property tax collections. Local taxes are collected on lodging, restaurant, and entertainment activities. Local taxes saw a slight decrease after a higher than usual collection in 2018 due to the City hosting Super Bowl 52.

Government-wide Revenues



**Summary of expenses and program revenues - Governmental Activities
For the Year ended December 31, 2019**

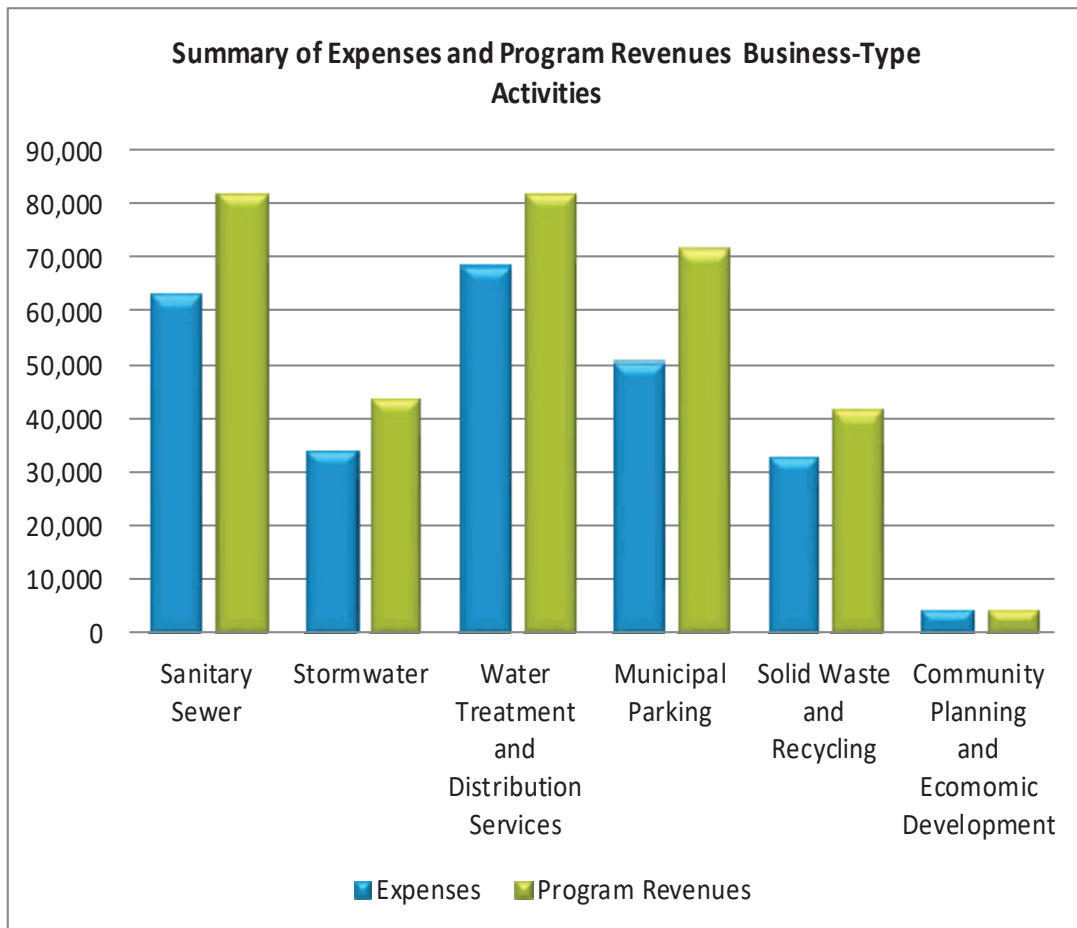
Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue by Program
General government	\$ 31,300	\$ 47,049	\$ 15,749
Public safety	295,247	42,152	(253,095)
Public works	154,329	86,018	(68,311)
Culture and recreation	9,531	-	(9,531)
Health and welfare	26,592	14,968	(11,624)
Community planning and economic development	196,477	132,701	(63,776)
Interest on long-term debt	18,958	-	(18,958)
	<u>\$ 732,434</u>	<u>\$ 322,888</u>	\$ (409,546)
General revenues and transfers supporting governmental activities			<u>632,628</u>
Change in net position			<u>223,082</u>
Net position - January 1, 2019, restated (see note 1.Q)			<u>1,193,126</u>
Net position - December 31, 2019			<u>\$ 1,416,208</u>



Business-Type Activities—Business-type activities increased the City’s net position by \$25,632 compared with an increase of \$12,763 in 2018.

**Summary of expenses and program revenues - Business-Type Activities
For the Year ended December 31, 2019**

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue by Program
Sanitary sewer	\$ 63,066	\$ 81,944	\$ 18,878
Stormwater	34,524	43,957	9,433
Water treatment and distribution services	68,792	81,940	13,148
Municipal parking	50,532	71,755	21,223
Solid waste and recycling	33,295	41,823	8,528
Community planning and economic development	4,716	4,703	(13)
	<u>\$ 254,925</u>	<u>\$ 326,122</u>	\$ 71,197
General revenues and transfers supporting business-type activities			(45,565)
Change in net position			25,632
Net position - January 1, 2019			982,196
Net position - December 31, 2019			<u>\$1,007,828</u>



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Minneapolis uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds—The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Project Funds. The focus of the City's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

For 2019, four governmental funds, including the General Fund, are presented as major funds. These funds include the Community Planning and Economic Development, the Permanent Improvement Capital Project Fund, and the Special Assessment Debt Service Fund. At December 31, 2019, the City's governmental funds reported a combined ending fund balance of \$686,248, an increase of \$85,548 compared with the prior year. Approximately 16.6% of this total amount, or \$114,218, constitutes unassigned fund balance, which is available for spending at the City's discretion.

The remainder of the fund balance is classified as follows: \$390,189 is restricted for debt service, community planning and economic development, capital improvements, grants, and law enforcement legal requirements; and \$181,841 is assigned for specific purposes not meeting a more restricted criteria for general government, community planning and economic development programs, neighborhood and community relations, public safety programs, pension obligations, and capital improvements. Additional details on fund balance can be found in Note 10.

The following tables provide an overview of revenues by source and expenditures by function for all governmental funds:

<u>Revenues by Source</u>	<u>2019</u>		<u>2018</u>		<u>Increase/ (Decrease)</u>
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>
Taxes	\$ 475,364	51.86 %	\$ 458,711	53.47 %	\$ 16,653
Licenses and permits	56,547	6.17	48,658	5.67	7,889
Intergovernmental revenues	187,273	20.44	165,366	19.27	21,907
Charges for services and sales	92,324	10.08	80,785	9.41	11,539
Fines and forfeits	7,573	0.83	7,417	0.86	156
Special assessments	30,853	3.37	28,279	3.30	2,574
Investment earnings	30,287	3.31	14,776	1.72	15,511
Miscellaneous revenue	36,131	3.94	54,092	6.30	(17,961)
Total revenues	<u>\$ 916,352</u>	<u>100.00 %</u>	<u>\$ 858,084</u>	<u>100.00 %</u>	<u>\$ 58,268</u>

**Expenditures by Function
Governmental Funds**

Expenditures by Function	2019		2018		Increase/ (Decrease)
	Amount	Percent of Total	Amount	Percent of Total	Amount
Current:					
General government	\$ 108,097	10.34 %	\$107,988	11.28 %	\$ 109
Public safety	296,996	28.40	298,052	31.13	(1,056)
Public works	68,567	6.56	65,648	6.86	2,919
Health and welfare	26,106	2.50	24,104	2.52	2,002
Community planning and economic development	198,316	18.96	172,556	18.03	25,760
Capital outlay	174,674	16.70	107,091	11.19	67,583
Intergovernmental:					
General government	2,229	0.21	1,000	0.10	1,229
Public safety	126	0.01	132	0.01	(6)
Culture and recreation	9,531	0.91	9,103	0.95	428
Debt service:					
Principal retirement	140,725	13.46	153,750	16.06	(13,025)
Interest and fiscal charges	20,437	1.95	17,882	1.87	2,555
Total expenditures	\$ 1,045,804	100.00 %	\$957,306	100.00 %	\$ 88,498

General Fund—The General Fund is the general operating fund of the City. As of December 31, 2019, the entire fund balance was classified as unassigned and totaled \$128,040. Total fund balance increased by \$23,849 during 2019.

The following table provides changes in revenues by source from 2018 to 2019.

Revenues by Source	2019		2018		Increase/ (Decrease)
	Amount	Percent of Total	Amount	Percent of Total	Amount
Taxes	\$ 237,929	44.76 %	\$ 228,086	47.17 %	\$ 9,843
Licenses and permits	55,642	10.46	47,380	9.80	8,262
Intergovernmental revenues	91,153	17.14	87,762	18.15	3,391
Charges for services and sales	58,586	11.02	53,736	11.11	4,850
Fines and forfeits	7,246	1.36	7,138	1.48	108
Special assessments	3,417	0.64	2,981	0.62	436
Investment earnings	14,184	2.67	6,956	1.44	7,228
Miscellaneous revenues	3,374	0.63	9,576	1.98	(6,202)
Total revenues	\$ 471,531	88.68	\$ 443,615	91.75	\$ 27,916
Transfers in	60,182	11.32	39,887	8.25	20,295
Total revenues and other financing sources	\$ 531,713	100.00 %	\$ 483,502	100.00 %	\$ 48,211

In 2019, General Fund revenues and transfers increased by about 10.0% from the previous year. Some highlights include:

- Tax collections were higher in 2019 than 2018 due to an increase in the levy amount in the General Fund.
- Licenses and permits along with charges for services continue to increase. Both revenue sources are associated with higher than usual development activities and the City continues to see elevated development both in the downtown core as well as throughout the City.
- Investment earnings more than doubled from 2018 to 2019 due to higher cash balances throughout the year coupled with higher than expected returns for the types of low-risk investments the City is allowed to invest in.
- Other revenues were up over 2018 amounts as well due to continued positive economic activity through the end of 2019.

The following table provides the changes in expenditures by function from 2018 to 2019:

Expenditures by Function	General Fund Expenditures by Function				Increase/ (Decrease)
	2019		2018		Amount
	Amount	Percent of Total	Amount	Percent of Total	
Current and Intergovernmental:					
General government	\$ 80,139	15.78 %	\$ 79,686	16.06 %	\$ 453
Public safety	279,265	54.99	273,954	55.19	5,311
Public works	68,527	13.49	65,300	13.15	3,227
Health and welfare	13,995	2.76	11,676	2.35	2,319
Community planning and economic development	36,784	7.24	36,775	7.41	9
Total expenditures	478,710	94.26	467,391	94.16	11,319
Transfers out	29,154	5.74	29,013	5.84	141
Total expenditures and other financing uses	<u>\$ 507,864</u>	<u>100.00 %</u>	<u>\$ 496,404</u>	<u>100.00 %</u>	<u>\$ 11,460</u>

Overall, General Fund expenditures and transfers out increased by 2.3% from the previous year, although appropriations were underspent by approximately \$14,435. Expenditures in every functional category increased over 2018 in accordance with budgetary increases. The General Fund finished the year in a positive financial position, exceeding minimum fund balance requirements and showing strong cash and fund balances.

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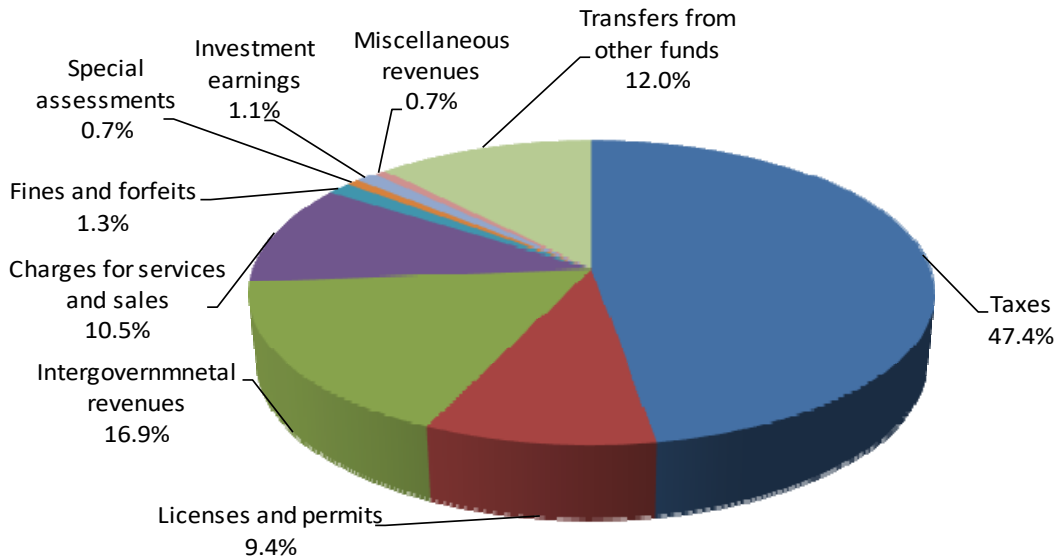
General Fund Budgetary Highlights—The final budget for the City’s General Fund represents the original budget plus any previously appropriated funds set aside for the purpose of honoring legally incurred obligations (prior year encumbrances and commitments), and any additional supplemental appropriations that may occur during the fiscal year. In 2019, the following were significant budget actions:

- The original General Fund appropriation for fiscal year 2019 was \$512,052, which included projected transfers out of \$29,149. The final appropriation was \$522,290 including transfers of \$29,145. General revenues and other resources were originally estimated at \$507,005, which included projected transfers in of \$59,852. The final revenue estimate was \$507,550 including transfers of \$60,197.
- Budgetary variances between the final amended budget and the actual results include:
 - 1) Overall, Public Works finished the year \$422 under budget after adjustment for several unbudgeted snow emergencies and additional revenues collected for work for others
 - 2) The City Coordinator departments in total ended the year \$3,810 under budget due mainly to salary savings related to personnel vacancies and delayed spending on technology projects and other initiatives.
 - 3) The Police and Fire departments were under budget by a total of \$3,367 due to savings in salaries and fringes.
 - 4) Transfers of \$29,145 were made to support CPED special revenue fund projects, costs of the new Public Service Center, and the neighborhood parks funding plan.
 - 5) Community Planning and Economic Development (CPED) has several projects that are expected to require ongoing funding resulting in current year budget savings of \$2,974.
 - 6) Unspent contingency funding of \$1,761 and the underspending identified above offset the overspending, resulting in an overall underspending in the General Fund of \$14,426.

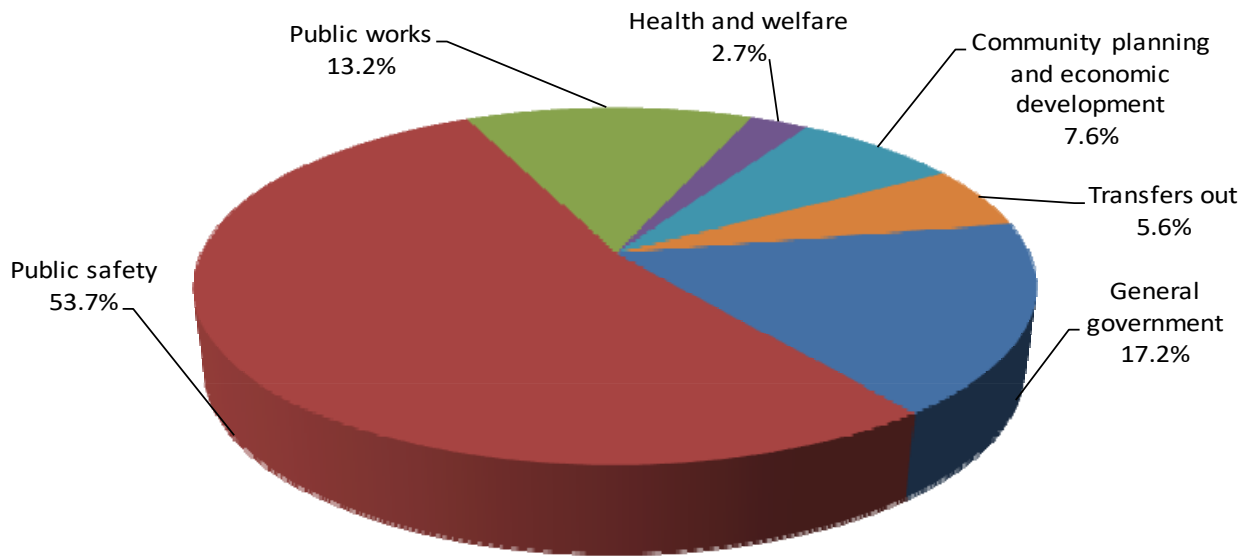
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Current fiscal year revenue and expenditure budgets for the General Fund by major category or function are as follows:

General Fund Revenue Budget by Source



General Fund Expenditure Budget by Function



Community Planning and Economic Development (CPED) Special Revenue Fund—The Community Planning and Economic Development (CPED) Special Revenue Fund accounts for governmental fund proceeds that are legally restricted to expenditures for specific purposes in a series of housing and economic development programs. The range of programs operated within this fund are created to increase the City’s economic competitiveness, to ensure an array of attractive housing choices, to support strong and diverse neighborhoods, and to preserve the City’s historic structures. These programs are financed primarily through tax increment financing, administrative fees, and rents and sales from land held for development. A general development fund program provides loans and grants to organizations within the City to assist commercial and housing development. The program is capitalized with residual equities from development projects, sales from land held for development, and loan repayments.

The total revenues of the CPED Special Revenue fund in 2019 were \$87,218, a 6% increase from the prior year. A majority, approximately 73%, of the fund’s revenue was derived from property tax increment, and 18% of the fund’s revenue was generated from rents collected and the repayment of loans made for the housing and redevelopment activities of the City. The remaining revenue was derived from a variety of miscellaneous sources. The expenditures for the fund in 2019 were \$57,932. The fund’s expenditures are primarily for contractual services for the housing and economic programs operated within the fund and for the staff costs to monitor and deliver these programs. The level of current fund expenditures increased in 2019 due to certain large projects in the current year that did not occur in the previous year. The expenditures in this fund will vary depending on the project activity in any given year.

The fund’s transfers to other funds of \$66,910 were primarily to provide resources for the debt service obligations issued by the City for community development programs. The CPED Special Revenue Fund also transferred \$6,883 to the City’s Neighborhood and Community Relations Special Revenue Fund to support ongoing activities.

At year-end, the fund balance in the CPED Special Revenue Fund was \$230,475. This included \$176,261 restricted for specific programs by State law; and the remaining \$54,214 assigned to provide for community planning and economic development activities.

Permanent Improvement Capital Project Fund—Funding for the Permanent Improvement Capital Project Fund is primarily from four sources: bonds that are sold by the City for capital projects; the State of Minnesota; Federal and local funds. State and Federal revenues are primarily used for capital assets including bridges, streets, street lighting, and traffic signals. The Permanent Improvement Capital Project Fund is used to build infrastructure for the City including bridges, streets, traffic signals, street lights, and buildings and to fund other capital projects. During 2019, \$174,674 of capital outlay occurred which is an increase of 63.1% from outlay of \$107,091 in 2018.

The key assets constructed with these funds include:

- Bridges - \$8,435
- Streets - \$66,979
- Traffic Signals and Street Lighting - \$11,990
- Bike Trails - \$2,807
- Property Service - \$4,327
- Consolidated Office Building - \$64,113
- Peavey Plaza Renovation - \$3,220

The fund balance increased from \$103,024 in 2018 to \$190,624 in 2019. The increase is mostly due to bond sale proceeds and transfers from other funds for Capital Projects. Other than bond sales and transfers, revenues for the fund were also higher from \$44,884 in 2018 to \$71,345 in 2019 due to an increase from State, City and local sources for a variety of capital projects.

Special Assessment Debt Service Fund—The City uses the Special Assessment Debt Service Fund to collect special assessments from residents and businesses for public improvements that are wholly or partially paid by the taxpayers. Special assessments are levied and collected each year via Hennepin County property tax statements as well as through voluntary prepayments and title company remittances upon sale of properties. These improvements are typically related to infrastructure items such as roadway, streetscape and street lighting projects, and diseased tree removal on private property.

At the end of 2019 the City had \$55,865 of debt outstanding for special assessment improvements. During 2019, the City received debt related assessment collections and interest earnings of \$14,437 and paid total principal of \$12,175 on special assessment bonds and notes.

Enterprise Funds—The City operates six enterprise funds: Sanitary Sewer, Stormwater, Water Treatment and Distribution Services, Municipal Parking, Solid Waste and Recycling, and Community Planning and Economic Development (CPED).

The enterprise funds had a positive net position of \$1,029,204 at December 31, 2019, an increase of \$30,136 over the 2018 balance of \$999,068

The following table summarizes the cash balances, total assets, deferred outflows of resources, total liabilities, deferred inflows of resources, operating income (loss), changes in net position, restatement, and net positions for each of the enterprise funds, for 2018 and 2019:

	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development	Total	
							2019	2018
Cash	\$ 7,431	\$ 33,077	\$ 46,067	\$ 21,534	\$ 26,662	\$ 32,188	\$ 166,959	\$ 183,284
Assets	176,378	365,385	447,146	283,669	78,287	94,996	1,445,861	1,383,999
Deferred outflows of resource:	448	700	1,481	398	908	-	3,935	8,570
Liabilities	45,863	16,541	160,218	76,646	45,543	62,421	407,232	385,397
Deferred inflows of resources	1,519	2,330	5,142	1,372	2,997	-	13,360	8,104
Operating income (loss)	8,316	8,276	12,471	18,028	(1,593)	3,543	49,041	47,590
Change in net position	7,044	7,811	11,865	6,165	3,782	(6,531)	30,136	12,662
Net position	129,444	347,214	283,267	206,049	30,655	32,575	1,029,204	999,068

Sanitary Sewer Fund—The Sanitary Sewer Fund pays 95% of the contractual payments to Metropolitan Council Environmental Services (MCES) for waste water collection and treatment services. This fund also accounts for sanitary sewer maintenance and design work and the related capital programs and debt service payments. Net position as of December 31, 2019 was \$129,444 compared to \$122,400 for 2018, an increase of \$7,044.

The operating revenues of \$82,491 for 2019 compared to \$74,111 for 2018 reflects an increase of \$8,380. The sanitary utility sales and service revenues account for \$4,700 of the increase due to increase in rates. These increases were further inflated by \$3,700 in SAC revenues which were off-set by decrease in miscellaneous and design revenues by \$683. Increase in SAC revenues is off-set by equivalent increase in SAC expenses.

The operating expense totaled \$74,175 compared to \$71,958 for 2018 resulting in an increase of \$2,217. The increase in operating expenses reflect increases contractual and professional services of \$1,987 and Met Council and SAC charges of \$3,400. Met Council increased rates for MCES by 1.5% resulting in an increased expense. These MCES rates are set by the Metropolitan Council on a yearly basis and are based on an allocation of overall costs incurred by MCES for waste processing for customer communities.

Stormwater Fund— The Stormwater Fund pays 5% of the contractual payments to Metropolitan Council Environmental Services (MCES) for waste water collection and treatment services. This fund also accounts for the combined sewer overflow (CSO) program, street cleaning, storm design, storm water maintenance, and the related capital programs and debt service payments. Net position as of December 31, 2019 was \$347,214 which was an increase of \$7,811 from the beginning balance of \$339,403.

The 2019 operating revenues of \$42,718 compared to \$40,639 for 2018 reflected an increase of \$2,079. The increase is due to increased rates coupled with an unusual revenue adjustment in 2018 that lowered revenue in the prior year.

The operating expenses totaled \$34,442 compared to \$34,182 reported for 2018. This was an increase of \$260 and reflects adjustments made during financial statement preparation. Operations during the year actually resulted in a decrease from 2018 due to a decrease in storm maintenance projects. Final expenses were increased through the adjustment of pension expenses and other post-employment adjustments.

Water Treatment and Distribution Services Fund—The Public Works Water Treatment and Distribution Services Fund accounts for the operation, administration, maintenance and capital investments of a water treatment and delivery system for the City and several wholesale customers. The City sells water directly to the cities of Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal, and Edina, as well as the Metropolitan Airports Commission.

Net position increased by \$11,865 for the year, resulting in a net position at December 31, 2019 of \$283,267. This planned increase allowed for net increases to long-term assets in the amount of \$35,717 for improvements to the City's water distribution system and the Fridley Filter Plant rehabilitation and other water treatment infrastructure improvements.

Operating revenue decreased by \$2,348, when compared to 2018, due in large part to decreased water sales due to lower demand from retail customers. Operating expenses increased by \$4,660, when compared to 2018. This increase was partly due to an increase in the cost this fund pays for City services as well as increased costs from pension and other post-employment benefit adjustments.

Municipal Parking Fund—The Municipal Parking Fund accounts for the operation and maintenance of parking ramps, lots, on-street parking meters, the municipal impound lot, and the traffic/parking control system. Net position at December 31, 2019 was \$206,049 which is an increase of \$6,165 from the beginning balance.

Impound lot revenues increased due to additional towing from several snow emergency events as well as bringing auto auctions back on site. On-street parking revenue was up as usage and prices both increased during 2019. In

2018 the City implemented new, multi-space parking meters which continue to provide increased revenues in on-street parking. Off street parking revenues were down slightly due to higher than usual revenue in 2018 because of some larger events such as the Super Bowl. These changes resulted in operating income of \$18,028. However, the operating gains were offset by net transfers of \$10,649 and interest expense of \$1,273.

Solid Waste and Recycling Fund—The Solid Waste and Recycling Fund accounts for the City's solid waste and recycling collection and disposal, and a solid waste transfer station that serves over 107,200 dwelling units. Pick-up services for trash, yard waste, and recyclables are provided on a weekly and a biweekly basis. City crews provide approximately one-half of the solid waste collection services and the other half are provided through a consortium of companies specializing in waste collections. Also accounted for in this fund are various initiatives such as clean city neighborhood clean sweeps; city-wide litter and graffiti abatement and removal; and an organics program.

Net position through December 31, 2019 totaled \$30,655, an increase of \$3,782 compared to the beginning balance of \$26,873. Operating revenues totaled \$39,572, an increase of \$717 over 2018. This increase can be attributed to a rate increase of \$0.54 per dwelling unit in utility billing and increase in number of dwelling units served, resulting in increased revenue from sales.

Operating expenses increased to \$41,165 compared to \$39,944 for 2018. This increase of \$1,221 reflects an increase in salaries and fringes along with an increase in administrative costs related to filling vacant positions during the year.

Community Planning and Economic Development Enterprise Fund (CPED)—The CPED Enterprise Fund operates a series of business-type activities designed to enhance housing options and economic development within the City. Within this fund there are programs that provide low interest home mortgages financed through the sale of bonds. There is also a program in which revenue bonds are issued to finance economic development. The program obtains lease or loan agreements from developers to meet the debt service requirements of the financing. This fund also operates a river terminal facility. Substantially all operating revenues are derived from fees charged to the users of the services provided. The river terminal accounts for the investment in capital assets of the fund.

Net position decreased by \$6,531 during the year. Operating income was actually up slightly from 2018 increasing from \$3,326 to \$3,543. The overall decrease in net position was due to a \$7,500 transfer out to the capital projects fund for funding of the streets and parks program.

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Internal Service Funds—The City operates six internal service funds: Engineering Materials and Testing; Intergovernmental Services; Property Services; Equipment Services; Public Works Stores; and Self-Insurance. Internal service funds recover the cost of operations either through an activity-based cost allocation model to charge City departments for services provided or by a direct charge for the goods or services purchased. In addition to recovering the cost of operations, the revenue received must be adequate to maintain a cash balance and net position that meets the minimum balance that is determined by financial policies.

The following table provides a summary of cash balances, total assets, deferred outflows of resources, total liabilities, deferred inflows of resources, operating income, changes in net position, and the net position for each of the internal service funds:

Internal Service Funds
Key Balance Sheet Account Balances and Operating Activities
December 31, 2019, and 2018

	Engineering Materials and Testing	Intergovern- mental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	Total	
							2019	2018
Cash	\$ 2,132	\$ 15,115	\$ 8,148	\$ 33,727	\$ 2,538	\$ 93,583	\$ 155,243	\$ 165,339
Assets	2,348	54,406	42,559	105,503	7,470	94,292	306,578	315,312
Deferred outflows of resources	89	862	425	575	95	541	2,587	5,919
Liabilities	1,617	21,488	7,617	10,298	1,674	113,242	155,936	137,837
Deferred inflows of resources	310	3,112	1,483	1,935	326	1,905	9,071	5,609
Operating income (loss)	86	(8,597)	2,368	7,403	(176)	(34,919)	(33,835)	(4,111)
Change in net position	90	(10,558)	1,904	7,674	(15)	(32,721)	(33,626)	(2,703)
Net position	\$ 510	\$ 30,668	\$ 33,884	\$ 93,845	\$ 5,565	\$ (20,314)	\$ 144,158	\$ 177,784

Engineering Materials and Testing Fund— The Engineering, Materials and Testing Fund records transactions related to City purchases of hot-mix asphalt and ready-mix concrete. This fund also accounts for the transactions associated with the quality control activities for the placement of these materials and assures compliance with State and Federal standards and specifications. The Engineering Laboratory, a component of this fund, provides these quality control activities. In addition, the Engineering Laboratory is responsible for construction inspection and testing services, performing geotechnical evaluations, and coordinating related environmental field services.

At year-end 2019, the net position is \$510 representing an increase of \$90 from the 2019 beginning net position of \$420. The increase in net position is primarily due to more construction projects resulting in more demand for testing services and materials. The fund maintains a positive cash balance at \$2,132 at year-end 2019 which is an increase of \$492 from the 2018 ending balance of \$1,640.

Intergovernmental Services Fund—This fund accounts for operations of Information Technology (IT), the City Clerk’s printing and central mailing services, and the Human Resources technology training services. IT is comprised of telecommunications services, network services, application support, internet and intranet services, convenience copier function, broadband wireless, and deployment of software and hardware. These services are also provided to the Minneapolis Park and Recreation Board, Municipal Building Commission, and the Minneapolis Youth Coordinating Board. In 2016, the fund insourced the services provided by the IT helpdesk and desk side support that were previously outsourced.

The fund's 2019 ending net position is \$30,668, representing a decrease of \$10,558 from the year-end 2018 net position of \$41,226. The cash balance at year-end 2019 is \$15,115, representing a decrease of \$6,868 from the 2018 year-end cash balance of \$21,983. The decrease to net position in 2019 is due significant depreciation expense on high cost, short-life software projects as well as transfers out to support other funds.

Property Services Fund—The Property Services Fund is responsible for the management and maintenance of City-owned buildings including police precinct structures, fire stations, and public works buildings. The fund does not include buildings of the Convention Center, or Water facilities and Park Board. The fund is responsible for energy management and internal security. Included in this fund is the Radio Shop, which maintains the City's emergency communications network.

Several of the City's properties are recorded as assets of this fund resulting in an annual depreciation expense. The Property Services Fund does not have rental and maintenance rates sufficient to fully recover depreciation related to City buildings recorded in this fund. This generally results in an operating loss each year and a decrease to net position. In 2019, the fund experienced an increase of \$1,904 to net position resulting in an ending balance of \$33,884 compared to the 2019 beginning net position of \$31,980. The increase to net position in 2019 is primarily due to the timing of asset preservation projects budgeted for 2019 that will be completed in 2020 or future years. The cash balance decreased from \$9,628 at year-end 2018 to \$8,148 at year-end 2019.

Equipment Services Fund—The Equipment Services Fund manages the acquisition, maintenance and disposal of 1,700 units of equipment, primarily the City's fleet of vehicles. The fund also provides technicians to maintain the equipment. In addition, the fund manages the field coordination of City-owned and contractual equipment and operators as well as the procurement and sale of fuel for these vehicles. The Equipment Services Fund uses an activity based cost recovery model to calculate equipment and labor rates charged to customers based on actual expenses related to the vehicle and the replacement cost of the vehicle.

At year-end 2019, the fund reported an increase to net position of \$7,674, increasing the net position from a 2019 beginning balance of \$86,171 to an ending balance of \$93,845. The 2019 ending cash balance is \$33,727, an increase of \$7,720 from the ending balance of \$26,007 in 2018. The increase to cash balance and net position is a result of operating income of \$7,403 resulting from a delay in some vehicle purchases while collecting and planning for a number of vehicle purchases in future years.

Public Works Stores Fund—This fund accounts for the centralized procurement, receiving, warehousing, and distribution of stocked inventory items, and the purchase of special goods and services for City departments. In addition, this fund stores an inventory of traffic signal components for assembly for Public Works-Transportation. At year-end 2019, the fund reported a decrease to net position of \$15, decreasing the net position from a 2019 beginning balance of \$5,580 to an ending balance of \$5,565. The fund's ending cash balance is \$2,538 for 2019, a decrease of \$605 from the ending 2018 cash balance of \$3,143. The decrease in cash balance is primarily the result of increase in inventory balances and a loss of \$176.

Self-Insurance Fund—The Self-Insurance Fund accounts for tort liability, workers' compensation, employee accrued sick leave benefits, civil attorney services and the related administrative costs. An activity-based cost allocation model determines the charges allocated to City departments to cover the cost of self-insurance and related services. The expected payout for claims in future years is determined by an actuarial study.

The net position at year-end 2019 was negative \$20,314, a decrease of \$32,721 from the 2019 beginning net position of \$12,407. The cash balance decreased by \$9,355 from \$102,938 in 2018 to \$93,583 at year-end 2019. As noted above, an actuary study determines the expected payouts for claims in this fund and the current year revenue is charged based on this information. In any given year, payouts may be more or less than actuarially determined, resulting in an increase or decrease in cash and net position.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets—As of December 31, 2019 the City’s investment in capital assets for its governmental and business-type activities was \$2,816,300 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads, highways, and bridges. The increase in the City’s investment in capital assets for the current fiscal year included a 4.3% increase in governmental activities and a 7.4% increase in business-type activities.

The following table summarizes capital assets for governmental and business-type activities for 2019 and 2018:

	Capital Assets (Net of depreciation)					
	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land and easements	\$ 114,788	\$ 114,788	\$ 129,591	\$ 129,590	\$ 244,379	\$ 244,378
Construction in progress	561,540	465,508	214,633	128,512	776,173	594,020
Infrastructure	479,349	509,987	-	-	479,349	509,987
Buildings and structures	371,638	359,950	273,251	283,624	644,889	643,574
Public improvements	21,948	23,869	526,370	524,835	548,318	548,704
Machinery and equipment	62,185	61,030	38,839	35,634	101,024	96,664
Computer equipment	2,855	3,420	1,137	170	3,992	3,590
Software	17,582	26,743	20	10	17,602	26,753
Other capital outlay	-	-	574	620	574	620
Total	<u>\$ 1,631,885</u>	<u>\$ 1,565,295</u>	<u>\$ 1,184,415</u>	<u>\$ 1,102,995</u>	<u>\$ 2,816,300</u>	<u>\$ 2,668,290</u>

Major capital asset transactions and events during the current fiscal year included:

- Major renovation projects continue at the Convention Center including new public space flooring, plaza renovations, and building HVAC upgrades.
- Construction of the new City Office Building began in 2018 including demolishing a parking ramp and transferring the land beneath it from the Business-type activities to the Governmental activities. In addition, \$64,133 was spent on the project in 2019, contributing to increase in the ending construction in progress balance in the governmental activities above.
- Major, ongoing projects related to paving of City streets added \$66,979 in construction in progress (CIP) to the ending balances of governmental CIP above. Some of these projects are associated with the City’s 20 year Parks and Streets infrastructure plan which will total approximately \$400,000 in investments over the life of the plan.
- Water distribution assets including pipes, mains, and hydrant infrastructure with a combined value of \$46,438 was added in 2019.

Additional information on the City’s capital assets can be found in Note 4 on pages 69-71 of this report.

Long-term debt—As of December 31, 2019, the City had total long-term bonds and notes outstanding of \$827,375 compared to \$763,485 in the prior year. Of this amount, \$519,090 is related to governmental activities and \$308,285 is related to business-type activities. The City had \$32,305 or approximately 3.9% of the long-term debt in variable rate mode at year-end. Long-term notes of \$118,010 are included in the above total, of which \$4,905 is for governmental activities and \$113,595 is for business-type activities.

The following table shows various classifications of the City’s long-term debt at December 31, 2019 and the amount of principal due in 2020.

<u>Summary of Outstanding Bonds and Notes</u>	<u>Balance</u> <u>1/1/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2019</u>	<u>Due in 2020</u>
General Obligation (GO) Bonds and Notes:					
Property Tax Supported GO Bonds	\$ 152,090	\$ 172,330	\$ (45,920)	\$ 278,500	\$ 43,745
Self-Supporting GO Bonds	192,765	-	(30,075)	162,690	33,000
Special Assessment GO Bonds	48,240	16,600	(11,075)	53,765	7,090
Special Assessment GO Notes	3,200	-	(1,100)	2,100	-
Tax Increment GO Bonds	52,380	-	(50,670)	1,710	215
Enterprise Fund Related GO Bonds	119,495	41,945	(25,585)	135,855	18,510
Enterprise Fund Related GO Notes	111,540	11,925	(9,870)	113,595	11,245
Total General Obligation Bonds and Notes	<u>679,710</u>	<u>242,800</u>	<u>(174,295)</u>	<u>748,215</u>	<u>113,805</u>
Revenue Bonds and Notes:					
Economic Development Revenue Bonds	18,940	-	(1,420)	17,520	1,480
Other Community Development Related Bonds	61,565	-	(2,730)	58,835	2,675
Revenue Notes	3,270	-	(465)	2,805	495
Total Revenue Bonds and Notes	<u>83,775</u>	<u>-</u>	<u>(4,615)</u>	<u>79,160</u>	<u>4,650</u>
Total Outstanding Bonds and Notes	<u>\$ 763,485</u>	<u>\$ 242,800</u>	<u>\$ (178,910)</u>	<u>\$ 827,375</u>	<u>\$ 118,455</u>

The City maintained an “AAA” rating from Standard & Poor’s and an “AA+” from Fitch Ratings for its general obligation debt in 2019. Additional information on the City’s Long-term debt can be found in Note 5 starting on page 72 of this report.

HISTORICAL AND LONG-TERM FINANCIAL PLANNING

The Mayor and City Council continue to take a long-term view of the City’s finances. The following areas are those with the most significant impacts:

- During the 1990s, due to other external demands, the revenue to support the internal services did not keep pace with the growth in expenses. Significant negative cash balances resulted because annual expenses exceeded revenues. Today, the individual balances are no longer negative. This is a significant improvement over the position of the funds since 2000 when the net position deficit was \$(61.7) million.
- The City adopted long-term financial plans for three of the internal service funds (Intergovernmental Services, Equipment Services, and Self-Insurance) to increase net position and to achieve and maintain a positive cash balance. To meet the goals of the adopted long-term financial plans, transfers from the General Fund to all three funds are necessary. By year-end 2015, all three internal service funds had positive net position and cash balances.
- Similar to other jurisdictions, employee wages and benefits make up over 65.2% of the City’s General Fund 2019 expenditure budget, increases to which are driven by rapid growth in healthcare and overtime costs.

- In 2000, Minneapolis voters approved a levy to build a new Central Library and fund improvements to community libraries. Effective January 1, 2008, the Minneapolis Public Library System merged into the Hennepin County Library System. Though the County will be responsible for the operating costs for the libraries in future years, under a financial agreement, the City will continue to issue debt as defined in the City's adopted capital plan and will be responsible for a declining share of operations through 2017.
- In June of 2009, the Governor exercised his authority to "unallot" or unilaterally reduce various state appropriations. The appropriation directly impacting the City of Minneapolis was Local Government Aid (LGA). Following several years of uncertainty in funding from the State of Minnesota in the form of LGA, including the loss of over \$70 million from 2008-2011, the State has increased the amount of LGA appropriated to the City of Minneapolis from \$76.1 million in 2014 to \$79.3 million in 2019. A portion of LGA is passed through to the Minneapolis Park and Recreation Board and the Municipal Building Commission component units.
- The City adopts a five-year capital improvement program (CIP) that is updated annually. Each year, City departments and independent boards and commissions prepare new and/or modify existing capital budget requests (CBRs). The CBRs are then reviewed by the Capital Long-Range Improvement Committee (CLIC) which is a citizen advisory committee to the Mayor and City Council.
- Since 2000, the City continues to lay foundation for a wave of development including large projects associated with building a new stadium in partnership with the State and the Minnesota Vikings and adjacent areas. For 2019, the City marked its eighth consecutive year in which more than \$1.0 billion in permitted construction projects based on the value of permits issued for the year.
- The City continues to proactively manage its pension liabilities. Due to legislative changes in 2019, the 2020 budget does not project any growth in the cost of closed pension obligations from the prior year. For 2020, the City will levy \$8.5 million less for pension obligations than 2018. This is related to a decrease in the City's obligation on closed pension funds.
- Beginning with the 2014 budget cycle, the City implemented the Capital Asset Request System (CARS) to allow departments to submit budget requests for the replacement of capital equipment items greater than five-thousand dollars, such as enterprise software upgrades, vehicles and construction equipment purchases and/or other large dollar items necessary to provide services. The CARS process used a five-year planning horizon with the intent of establishing normal replacement cycles for all long-term assets used by the City Departments. In 2019, the CARS process was eliminated, and the City will plan and replace capital items using a managed approach during the budgeting process.

Budget planning efforts conducted since 2003 collect all demands on the property tax into a ten-year projection. As part of this planning, the Council adopted a property tax revenue policy, effective in 2003, which limited the total annual increases for the City's property tax revenue to a maximum of eight percent. Half of this increase was dedicated to the City's debt payments for increased pension obligations, internal service fund deficits, and increased library capital projects as called for in a voter-approved referendum in 2000. The other half of the increase was for the increasing cost of providing existing services. This policy was also adopted by the City's Board of Estimate and Taxation. Within the overall policy is a provision that limits the annual operating increase for the Minneapolis Park Board to four percent over the prior year.

The 8-percent tax revenue policy was recommended through 2010, but during the 2010 budgeting process, the Mayor and City Council adopted the following replacement policy:

Those entities receiving Local Government Aid (LGA) will move to an activity-based approach with an annual adjustment after the base year equal to the projected percentage increase in the Current Service Level. The dollars

available for the activities will be based on the sum of the LGA, total tax collections, and total General Fund revenues. The activities will exclude dollars transferred to other entities, including the following:

For the Park Board, it will exclude the General Fund Overhead transfer to the City, the General Fund Administration Fee transfer to the City, and the costs of Park Board Capital Improvements funded from the Park Board levy.

For the Municipal Building Commission (MBC), it will exclude the General Fund Overhead transfer to the City.

For the City's General Fund, it will exclude the General Fund Overhead not recovered from the Park Board, MBC, and others. It also excludes transfers to other funds including approved internal service fund workout plans, the Target Center Finance Plan, one-time capital project transfers, transfers to and from the pension management plan, and the transfer to Hennepin County per the Library Agreement.

Under the activity-based approach, the tax revenue percentage change for the City, the Park Board, and MBC may vary from year to year based on adjustments to LGA, total General Fund revenues, and adjustments to those items excluded from activities, as well as adjustments to the projected change in the Current Service Level.

In January of 2003, the Mayor and City Council adopted a five-year financial direction and a commitment to long-term business planning. This direction established resource constraints within which departments were to prepare business plans for providing services with reductions in funding growth. The combination of reduced spending and limited growth in property tax revenue addressed the City's existing challenges. The City adopted a two percent cap on annual wage increases for City contracts, which was replaced with a compensation philosophy in 2007. The compensation philosophy links salary increases to strategic workforce needs and does not anticipate pattern settlements. Prior to the 2% wage policy, pattern settlements at the City took the form of the first contract settlement setting the percent increase for all other contract settlements.

In the course of the City's annual business and strategic planning process, City departments review and document the most significant trends and challenges affecting their work. While some of these issues are specific to department business, several enterprise-wide themes emerge including a construction boom, the reliance on tenuous intergovernmental funding; a shrinking workforce and increased demands; workforce turnover; increased demand for technological solutions; regulatory complexity and unfunded mandates; emergency and security management needs; stadium and hospitality facilities; aging facilities and other capital investments; and appropriate levels of fund reserves versus funding.

Budget Outlook:

The City's future financial outlook is stable. The City has financial policies in place to help address funding pressures including personnel costs, pension obligations, and internal service fund debt. Since 2002, the City has annually adopted a five-year financial direction.

- For 2020, the Council Adopted Budget for all City funds (including the Neighborhood Revitalization Program, Board of Estimate and Taxation, the Municipal Building Commission, and the City's contribution to the Minneapolis Public Housing Authority) of \$1.69 billion which represents a \$9.83 million or 6.6% increase from the 2019 Council Adopted Budget of \$1.70 billion.
- At the same time, the Council adopted a 2020 property tax levy of \$374.3 million, which results in a 7.0%, or \$24.3 million increase, from the 2019 adopted property tax levy. As part of this budget, funds that have accumulated in the various City funds due to a growing economy and fiscal restraint in prior years allows for utilization of fund balances, operating capital items and other one-time items.
- In 2020, budgeted City positions grew by 35.6 FTEs and budgeted salaries and wages increased by \$14.5 million. Health and dental insurance expenditures are budgeted to decrease from \$76.6 million in 2019 to \$62.1 million in 2020, exclusive of the City's independent boards. This is a decrease of \$14.5 million or 19.0 percent due to projected better medical insurance rates.

- A primary feature of the 2020 budget is a continued investment in affordable housing of over \$31 million in one-time and ongoing funding for a variety of programs and purposes.
- The City's levies for its closed pension funds that merged into the Minnesota State Public Employees' Retirement Association (PERA) decreased by \$8.5 million from 2019 to a 2020 total of \$14.8 million.
- For 2020 – 2024, the five-year capital program totals \$923.3 million including all funding sources. The 2020 portion of the five-year capital program is \$174.9 million which funds accelerated improvements to the City's infrastructure by continuing support for the expanded net debt bond program put in place in 2012.

Economic Outlook and Tax Trends

Minneapolis has the highest concentration of commercial office buildings in the State of Minnesota and therefore is the largest contributor of revenue to the state general tax on a per city basis. Minneapolis' commercial/industrial tax base is \$11.9 billion dollars. From 2018 to 2019, the City-wide commercial tax base saw an increase in value of approximately 4.0%.

A significant amount of this growth is attributable to the continuation of a trend of large scale multi-family development in Downtown Minneapolis and proximate areas. A number of notable projects were permitted or submitted in 2019, including the Thrivent Office, 1400 Park, Lake Haus, Gateway, Rand Tower Hotel, and the City of Minneapolis Consolidated Office Building. Although the number of easily developed sites for major construction in Minneapolis is shrinking, development continues at a notable pace established in recent years.

Downtown Office Space – Vacancy Rate

Because of the importance of real estate taxes as a source of local government revenue, real estate statistics are an important gauge for municipalities. Several commercial real estate companies compile and report real estate statistics. JLL reports on local real estate conditions quarterly. JLL's statistics indicate a total vacancy rate for the Minneapolis CBD of 16.7% for quarter one of 2020, an increase from 17.4% in quarter four of 2019.

Employment

The City of Minneapolis typically experiences an unemployment level less than that of the State of Minnesota and the national average. However, as 2020 progresses and the COVID-19 pandemic continues to cause record job losses, the specific unemployment rates for all areas are creating incomparable variations on a monthly basis. Due to the volatile nature of the labor market and the measurement of joblessness, specific unemployment rates will not be used at this time.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Minneapolis' finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Officer at The City of Minneapolis, 350 South Fifth Street, Minneapolis, Minnesota 55415. The annual financial report is also available online at www.minneapolismn.gov.

STATEMENT OF NET POSITION
December 31, 2019

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

	Primary Government			Discrete Component	
	Governmental	Business-type	Total	Units	Total
	Activities	Activities		Units	
ASSETS					
Cash and pooled investments	\$ 833,046	\$ 134,771	\$ 967,817	\$ 70,535	\$ 1,038,352
Investments with trustees	3,057	32,188	35,245	-	35,245
Receivables - net	151,900	24,078	175,978	14,082	190,060
Due from other governmental agencies	64,495	3,807	68,302	1,214	69,516
Capital leases	-	2,675	2,675	-	2,675
Prepays and other assets	4,748	3,835	8,583	355	8,938
Inventories	6,199	3,932	10,131	48	10,179
Internal balances	27,551	(27,551)	-	-	-
Long-term portion of capital lease receivable	-	56,160	56,160	-	56,160
Properties held for resale	51,072	-	51,072	-	51,072
Capital assets:					
Nondepreciable	676,328	344,224	1,020,552	154,529	1,175,081
Depreciable, net	955,557	840,191	1,795,748	262,678	2,058,426
Total assets	<u>\$ 2,773,953</u>	<u>\$ 1,418,310</u>	<u>\$ 4,192,263</u>	<u>\$ 503,441</u>	<u>\$ 4,695,704</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - other postemployment benefits	\$ 4,280	\$ 694	\$ 4,974	\$ 251	\$ 5,225
Deferred outflows - pensions	162,531	3,241	165,772	8,333	174,105
Total deferred outflows of resources	<u>\$ 166,811</u>	<u>\$ 3,935</u>	<u>\$ 170,746</u>	<u>\$ 8,584</u>	<u>\$ 179,330</u>
LIABILITIES					
Accrued salaries and benefits	\$ 15,046	\$ 2,128	\$ 17,174	\$ 3,526	\$ 20,700
Accounts payable	56,974	19,209	76,183	12,658	88,841
Retainage payable	2,494	-	2,494	-	2,494
Interest payable	1,517	1,367	2,884	15	2,899
Unpaid claims payable	-	-	-	4,334	4,334
Due to other governmental agencies	148	77	225	-	225
Unearned revenue	14,192	653	14,845	284	15,129
Deposits held for others	8,387	4,462	12,849	-	12,849
Compensated absences:					
Due within one year	24,718	2,629	27,347	3,263	30,610
Due beyond one year	16,272	1,029	17,301	2,255	19,556
Long-term liabilities:					
Due within one year	117,635	32,430	150,065	2,951	153,016
Due beyond one year	538,412	287,239	825,651	4,598	830,249
Net pension liability	425,152	49,834	474,986	55,916	530,902
Total liabilities	<u>\$ 1,220,947</u>	<u>\$ 401,057</u>	<u>\$ 1,622,004</u>	<u>\$ 89,800</u>	<u>\$ 1,711,804</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - service concession arrangement	\$ -	\$ -	\$ -	\$ 4,439	\$ 4,439
Deferred inflows - other postemployment benefits	296	47	343	11	354
Deferred inflows - pensions	303,313	13,313	316,626	19,867	336,493
Total deferred inflows of resources	<u>\$ 303,609</u>	<u>\$ 13,360</u>	<u>\$ 316,969</u>	<u>\$ 24,317</u>	<u>\$ 341,286</u>
NET POSITION					
Net investment in capital assets	\$ 1,203,135	\$ 930,589	\$ 2,133,724	\$ 413,176	\$ 2,546,900
Restricted:					
Debt service	38,701	30,598	69,299	-	69,299
Community & economic development	141,008	-	141,008	-	141,008
Law enforcement	1,985	-	1,985	-	1,985
Grants	2,386	-	2,386	-	2,386
Properties held for resale	50,640	-	50,640	-	50,640
Capital improvements	155,469	-	155,469	5,158	160,627
Project and grant programs	-	-	-	20,577	20,577
Special trust	-	-	-	169	169
Special reserves	-	-	-	7,728	7,728
Unrestricted	(177,116)	46,641	(130,475)	(48,900)	(179,375)
Total net position	<u>\$ 1,416,208</u>	<u>\$ 1,007,828</u>	<u>\$ 2,424,036</u>	<u>\$ 397,908</u>	<u>\$ 2,821,944</u>

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

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2019

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government				
					Governmental Activities	Business-type Activities	Total	Discrete Component Units	Total
Primary government									
Governmental Activities:									
General government	\$ 31,300	\$ 22,147	\$ 9,373	\$ 15,529	\$ 15,749	\$ -	\$ 15,749	\$ -	\$ 15,749
Public safety	295,247	21,300	20,852	-	(253,095)	-	(253,095)	-	(253,095)
Public works	154,329	51,362	34,656	-	(68,311)	-	(68,311)	-	(68,311)
Culture and recreation	9,531	-	-	-	(9,531)	-	(9,531)	-	(9,531)
Health and welfare	26,592	3,119	11,849	-	(11,624)	-	(11,624)	-	(11,624)
Community planning & economic development	196,477	86,790	45,911	-	(63,776)	-	(63,776)	-	(63,776)
Interest on long-term debt	18,958	-	-	-	(18,958)	-	(18,958)	-	(18,958)
Total governmental activities	732,434	184,718	122,641	15,529	(409,546)	-	(409,546)	-	(409,546)
Business-type Activities:									
Sanitary sewer	63,066	81,944	-	-	-	18,878	18,878	-	18,878
Stormwater	34,524	42,287	1,670	-	-	9,433	9,433	-	9,433
Water treatment and distribution services	68,792	81,940	-	-	-	13,148	13,148	-	13,148
Municipal parking	50,532	71,755	-	-	-	21,223	21,223	-	21,223
Solid waste and recycling	33,295	39,497	2,326	-	-	8,528	8,528	-	8,528
Community planning & economic development	4,716	4,703	-	-	-	(13)	(13)	-	(13)
Total business-type activities	254,925	322,126	3,996	-	-	71,197	71,197	-	71,197
Total primary government	\$ 987,359	\$ 506,844	\$ 126,637	\$ 15,529	(409,546)	71,197	(338,349)	-	(338,349)
Component units:									
Discrete component units	\$ 153,674	\$ 54,458	\$ 3,010	\$ 30,823				(65,383)	(65,383)
General Revenues:									
Taxes:									
General property tax and fiscal disparities					287,049	-	287,049	65,291	352,340
Property tax increment					66,303	-	66,303	1	66,304
Museum (county-wide levy)					-	-	-	13,887	13,887
Franchise taxes					32,370	-	32,370	-	32,370
Local taxes					89,182	-	89,182	-	89,182
Other taxes					329	-	329	-	329
Local government aid - unrestricted					69,754	-	69,754	240	69,994
Grants and contributions not restricted to programs					2,728	151	2,879	9,667	12,546
Unrestricted interest and investment earnings					30,539	981	31,520	761	32,281
Other					6,422	153	6,575	44	6,619
Gain (loss) on sale of capital assets					1,102	-	1,102	337	1,439
Transfers					46,850	(46,850)	-	-	-
Total general revenues and transfers					632,628	(45,565)	587,063	90,228	677,291
Change in net position					223,082	25,632	248,714	24,845	273,559
Net position - January 1, restated (see note 1.Q)					1,193,126	982,196	2,175,322	373,063	2,548,385
Net position - December 31					\$ 1,416,208	\$ 1,007,828	\$ 2,424,036	\$ 397,908	\$ 2,821,944

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

**GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>General</u>	<u>Community Planning and Economic Development</u>	<u>Permanent Improvement</u>	<u>Special Assessment</u>	<u>Non-Major Governmental</u>	<u>Total</u>
<u>ASSETS</u>						
Cash and cash equivalents	\$ 146,255	\$ 199,942	\$ 207,607	\$ 9,030	\$ 114,969	\$ 677,803
Investments with trustees	-	-	-	-	3,057	3,057
Receivables:						
Accounts - net	5,578	69	2,400	-	3,448	11,495
Taxes	1,930	54	3	-	956	2,943
Special assessments	340	6,672	1,976	60,851	529	70,368
Intergovernmental	1,560	775	46,474	-	15,686	64,495
Loans - net	-	36,178	-	-	28,102	64,280
Accrued interest	1,419	625	293	25	309	2,671
Due from other funds	-	-	-	-	3,160	3,160
Advances to other funds	-	-	-	-	19,010	19,010
Properties held for resale	-	35,253	7,200	-	8,187	50,640
Total assets	<u>\$ 157,082</u>	<u>\$ 279,568</u>	<u>\$ 265,953</u>	<u>\$ 69,906</u>	<u>\$ 197,413</u>	<u>\$ 969,922</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>						
Liabilities:						
Salaries payable	\$ 11,985	\$ 16	\$ 411	\$ -	\$ 1,225	\$ 13,637
Accounts payable	10,731	4,656	20,577	13	8,849	44,826
Retainage payable	-	-	2,494	-	-	2,494
Due to other governmental agencies	-	-	-	-	148	148
Due to other funds	-	-	-	-	3,160	3,160
Deposits held for others	4,016	1,214	600	-	2,557	8,387
Advances from other funds	-	-	-	-	13,107	13,107
Unearned revenue	519	-	2,199	-	9,993	12,711
Total liabilities	<u>27,251</u>	<u>5,886</u>	<u>26,281</u>	<u>13</u>	<u>39,039</u>	<u>98,470</u>
Deferred Inflows of Resources:						
Unavailable revenue	<u>1,791</u>	<u>43,207</u>	<u>49,048</u>	<u>61,213</u>	<u>29,945</u>	<u>185,204</u>
Fund balances:						
Restricted	-	176,261	162,669	8,680	42,579	390,189
Assigned	-	54,214	27,955	-	99,672	181,841
Unassigned	<u>128,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,822)</u>	<u>114,218</u>
Total fund balances	<u>128,040</u>	<u>230,475</u>	<u>190,624</u>	<u>8,680</u>	<u>128,429</u>	<u>686,248</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 157,082</u>	<u>\$ 279,568</u>	<u>\$ 265,953</u>	<u>\$ 69,906</u>	<u>\$ 197,413</u>	<u>\$ 969,922</u>

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

**Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position - Governmental Activities
December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

Fund balances - total governmental funds		\$ 686,248
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Non-depreciable	631,871	
Depreciable	1,711,037	
Accumulated depreciation	<u>(850,564)</u>	<u>1,492,344</u>
<p>Deferred inflows are not available to pay for current-period expenditures and, therefore, in the governmental funds, are unavailable revenue.</p>		
		185,204
<p>Internal service funds are used by management to charge the costs of engineering materials and testing, intergovernmental services, property services, permanent improvement equipment, public works stores, and, self-insurance.</p>		
		144,158
<p>Receivable from business-type funds for internal service fund activity.</p>		
		21,376
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Bonds and notes payable and any related unamortized premiums/discounts	(537,560)	
Other postemployment benefits payable	(29,451)	
Net pension liability	(391,297)	
Operating and capital leases payable	(296)	
Bond interest payable	(1,517)	
Compensated absences	<u>(22,687)</u>	<u>(982,808)</u>
<p>Deferred inflows and deferred outflows resulting from pension obligations and other postemployment benefits obligations are recorded only on the government-wide statement of net position. Balances at year end are:</p>		
Deferred outflows - other postemployment benefits	3,895	
Deferred inflows - other postemployment benefits	(271)	
Deferred outflows - pensions	160,329	
Deferred inflows - pensions	<u>(294,267)</u>	<u>(130,314)</u>
Net position of governmental activities		<u>\$ 1,416,208</u>

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

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended December 31, 2019

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	General	Community Planning and Economic Development	Permanent Improvement	Special Assessment	Non-Major Governmental	Total
REVENUES:						
Taxes	\$ 237,929	\$ 63,736	\$ 7,033	\$ -	\$ 166,666	\$ 475,364
Licenses and permits	55,642	-	161	-	744	56,547
Intergovernmental revenues	91,153	606	42,406	-	53,108	187,273
Charges for services and sales	58,586	11,316	10,768	-	11,654	92,324
Fines and forfeits	7,246	-	-	-	327	7,573
Special assessments	3,417	364	3,852	14,066	9,154	30,853
Investment earnings	14,184	6,779	4,493	371	4,460	30,287
Miscellaneous revenues	3,374	4,417	2,632	-	25,708	36,131
Total revenues	<u>471,531</u>	<u>87,218</u>	<u>71,345</u>	<u>14,437</u>	<u>271,821</u>	<u>916,352</u>
EXPENDITURES:						
Current:						
General government	79,939	-	-	-	28,158	108,097
Public safety	279,265	-	-	-	17,731	296,996
Public works	68,527	-	-	-	40	68,567
Health and welfare	13,995	-	-	-	12,111	26,106
Community planning & economic development	36,784	57,844	-	-	103,688	198,316
Capital outlay	-	-	174,674	-	-	174,674
Intergovernmental:						
General government	200	-	2,029	-	-	2,229
Public safety	-	-	-	-	126	126
Culture and recreation	-	88	9,443	-	-	9,531
Debt Service:						
Principal retirement	-	-	-	12,175	128,550	140,725
Interest and fiscal charges	-	-	-	1,982	18,455	20,437
Total expenditures	<u>478,710</u>	<u>57,932</u>	<u>186,146</u>	<u>14,157</u>	<u>308,859</u>	<u>1,045,804</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,179)</u>	<u>29,286</u>	<u>(114,801)</u>	<u>280</u>	<u>(37,038)</u>	<u>(129,452)</u>
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	60,182	22,446	19,656	-	162,597	264,881
Transfers to other funds	(29,154)	(66,910)	(9,379)	(3,756)	(136,906)	(246,105)
Premium (discount)	-	-	7,249	45	-	7,294
Bonds issued	-	-	184,875	4,055	-	188,930
Total other financing sources (uses)	<u>31,028</u>	<u>(44,464)</u>	<u>202,401</u>	<u>344</u>	<u>25,691</u>	<u>215,000</u>
Net change in fund balances	23,849	(15,178)	87,600	624	(11,347)	85,548
Fund balances - January 1, restated (see note 1.Q)	<u>104,191</u>	<u>245,653</u>	<u>103,024</u>	<u>8,056</u>	<u>139,776</u>	<u>600,700</u>
Fund balances - December 31	<u>\$ 128,040</u>	<u>\$ 230,475</u>	<u>\$ 190,624</u>	<u>\$ 8,680</u>	<u>\$ 128,429</u>	<u>\$ 686,248</u>

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

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the
Statement of Activities - Governmental Activities
For the Fiscal Year Ended December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

Net increase (decrease) in fund balances - total governmental funds	\$	85,548
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities with amounts related to business type activities shown as an internal balance.</p>		
		(33,626)
Transfers from business-type funds for internal service fund activity.		4,504
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Expenditures for general capital assets, infrastructure, and other related capital assets:	187,548	
Less loss on retirement of capital assets	(235)	
Less current year depreciation	<u>(38,925)</u>	<u>148,388</u>
<p>Revenues not collected for several months after the City's fiscal year ends are not considered "available" revenues and are deferred in the governmental funds. The adjustment between the fund statements and the statement of activities is the increase or decrease in revenue deferred as available.</p>		
Deferred inflows of resources - December 31	185,204	
Deferred inflows of resources - January 1	<u>(151,403)</u>	<u>33,801</u>
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:</p>		
Bonds principal payments	140,725	
Bond proceeds	(188,930)	
Premium/discount	<u>(7,294)</u>	<u>(55,499)</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:</p>		
Change in accrued interest payable	1,479	
Change in other postemployment benefits payable and related deferred outflows and inflows	4,058	
Change in compensated absences	15,281	
Change in net pension liability and related deferred outflows and inflows	15,550	
Change in other long-term liabilities	<u>3,598</u>	<u>39,966</u>
Increase (decrease) in net position of governmental activities	\$	<u>223,082</u>

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

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Internal Service Funds
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 7,431	\$ 33,077	\$ 46,067	\$ 21,534	\$ 26,662	\$ -	\$ 134,771	\$ 155,243
Investments with trustees	-	-	-	-	-	32,188	32,188	-
Receivables:								
Accounts - net	4,914	3,743	3,766	820	3,583	-	16,826	143
Special assessments:								
Current	92	86	1,385	543	95	-	2,201	-
Delinquent	16	14	64	-	18	-	112	-
Noncurrent	-	-	1,553	3,261	-	-	4,814	-
Intergovernmental	-	282	-	3,448	77	-	3,807	-
Accrued interest	-	-	-	-	-	125	125	-
Capital leases	-	-	-	-	-	2,675	2,675	-
Inventories	-	-	2,592	-	1,340	-	3,932	6,199
Properties held for resale	-	-	-	-	-	-	-	432
Prepaid items	3,643	192	-	-	-	-	3,835	4,748
Total current assets	<u>16,096</u>	<u>37,394</u>	<u>55,427</u>	<u>29,606</u>	<u>31,775</u>	<u>34,988</u>	<u>205,286</u>	<u>166,765</u>
Long-term assets:								
Capital leases	-	-	-	-	-	56,160	56,160	-
Advances to other funds	-	-	-	-	-	-	-	272
Capital assets:								
Nondepreciable:								
Land and easements	1	7,211	5,347	109,735	3,449	3,848	129,591	23,007
Construction in progress	47,470	33,322	92,173	5,203	36,465	-	214,633	21,450
Depreciable:								
Buildings and structures	-	-	242,800	276,458	2,047	12,743	534,048	55,649
Less accumulated depreciation	-	-	(100,564)	(145,445)	(2,045)	(12,743)	(260,797)	(34,406)
Public improvements	180,768	419,484	210,829	8,089	-	-	819,170	10,517
Less accumulated depreciation	(68,093)	(132,130)	(89,430)	(3,147)	-	-	(292,800)	(5,348)
Machinery and equipment	1,614	1,749	51,252	8,394	18,893	347	82,249	121,967
Less accumulated depreciation	(1,478)	(1,646)	(22,395)	(5,247)	(12,297)	(347)	(43,410)	(73,279)
Computer equipment	10	193	1,508	1,041	178	-	2,930	31,942
Less accumulated depreciation	(10)	(193)	(371)	(1,041)	(178)	-	(1,793)	(29,486)
Software	-	1,494	302	130	955	-	2,881	63,360
Less accumulated depreciation	-	(1,493)	(283)	(130)	(955)	-	(2,861)	(45,832)
Other capital outlay	-	-	693	38	-	-	731	36
Less accumulated depreciation	-	-	(142)	(15)	-	-	(157)	(36)
Total long - term assets	<u>160,282</u>	<u>327,991</u>	<u>391,719</u>	<u>254,063</u>	<u>46,512</u>	<u>60,008</u>	<u>1,240,575</u>	<u>139,813</u>
Total assets	<u>\$ 176,378</u>	<u>\$ 365,385</u>	<u>\$ 447,146</u>	<u>\$ 283,669</u>	<u>\$ 78,287</u>	<u>\$ 94,996</u>	<u>\$ 1,445,861</u>	<u>\$ 306,578</u>
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows - other postemployment benefits	\$ 80	\$ 135	\$ 233	\$ 65	\$ 181	\$ -	\$ 694	\$ 385
Deferred outflows - pensions	368	565	1,248	333	727	-	3,241	2,202
Total deferred outflows of resources	<u>\$ 448</u>	<u>\$ 700</u>	<u>\$ 1,481</u>	<u>\$ 398</u>	<u>\$ 908</u>	<u>\$ -</u>	<u>\$ 3,935</u>	<u>\$ 2,587</u>

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

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2019

CITY OF MINNEAPOLIS, MINNESOTA
(Continued)
(In Thousands)

	Business-type Activities - Enterprise Funds						Governmental
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development	Internal Service Funds
LIABILITIES							
Current liabilities:							
Salaries payable	\$ 214	\$ 425	\$ 864	\$ 224	\$ 401	\$ -	\$ 1,409
Accounts payable	3,116	883	7,064	3,340	4,741	65	12,148
Intergovernmental payable	-	-	6	23	48	-	-
Deposits held for others	-	-	54	1,834	-	2,574	-
Interest payable	82	15	780	106	97	287	-
Unearned revenue	-	-	-	-	-	653	1,481
Bonds payable - current portion	5,700	600	5,125	3,250	3,835	2,675	-
Notes payable - current portion	-	-	11,050	195	-	-	-
Compensated absences payable - current portion	352	487	1,042	246	496	6	4,722
Medical claims payable - current portion	-	-	-	-	-	-	7,124
Unpaid claims payable - current portion	-	-	-	-	-	-	24,486
Total current liabilities	<u>9,464</u>	<u>2,410</u>	<u>25,985</u>	<u>9,218</u>	<u>9,618</u>	<u>6,260</u>	<u>51,370</u>
Long-term liabilities:							
Bonds payable	29,987	4,228	37,730	28,338	23,191	56,160	-
Notes payable	-	-	75,145	27,205	-	-	-
Advances from other funds	-	-	-	6,175	-	-	-
Compensated absences payable	138	191	408	96	195	1	13,581
Other postemployment benefits	609	1,024	1,762	494	1,366	-	2,908
Net pension liability	5,665	8,688	19,188	5,120	11,173	-	33,855
Unpaid claims payable	-	-	-	-	-	-	54,222
Total long-term liabilities	<u>36,399</u>	<u>14,131</u>	<u>134,233</u>	<u>67,428</u>	<u>35,925</u>	<u>56,161</u>	<u>104,566</u>
Total liabilities	<u>\$ 45,863</u>	<u>\$ 16,541</u>	<u>\$ 160,218</u>	<u>\$ 76,646</u>	<u>\$ 45,543</u>	<u>\$ 62,421</u>	<u>\$ 155,936</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows - other postemployment benefits	\$ 6	\$ 9	\$ 16	\$ 4	\$ 12	\$ -	\$ 25
Deferred inflows - pensions	1,513	2,321	5,126	1,368	2,985	-	9,046
Total deferred inflows of resources	<u>\$ 1,519</u>	<u>\$ 2,330</u>	<u>\$ 5,142</u>	<u>\$ 1,372</u>	<u>\$ 2,997</u>	<u>\$ -</u>	<u>\$ 9,071</u>
NET POSITION							
Net investment in capital assets	\$ 123,586	\$ 323,080	\$ 266,751	\$ 195,426	\$ 17,898	\$ 3,848	\$ 139,541
Restricted - debt service	-	-	-	-	-	30,598	-
Unrestricted	5,858	24,134	16,516	10,623	12,757	(1,871)	4,617
Total net position	<u>\$ 129,444</u>	<u>\$ 347,214</u>	<u>\$ 283,267</u>	<u>\$ 206,049</u>	<u>\$ 30,655</u>	<u>\$ 32,575</u>	<u>\$ 144,158</u>
Net position - total enterprise funds						\$ 1,029,204	
Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.						(21,376)	
Net position of business-type activities						<u>\$ 1,007,828</u>	

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

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Fiscal Year Ended December 31, 2019

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Internal Service Funds
Operating revenues:								
Licenses and permits	\$ -	\$ -	\$ 110	\$ 570	\$ -	\$ -	\$ 680	\$ -
Intergovernmental revenues	-	431	-	-	9	-	440	-
Charges for services and sales	82,404	42,205	81,032	71,115	39,358	1,042	317,156	179,255
Fines and forfeits	-	-	-	-	-	-	-	22
Special assessments	87	82	171	-	205	-	545	-
Investment earnings	-	-	-	-	-	3,569	3,569	-
Rents and commissions	-	-	-	54	-	-	54	44,373
Other revenues	-	-	-	-	-	92	92	-
Total operating revenues	82,491	42,718	81,313	71,739	39,572	4,703	322,536	223,650
Operating expenses:								
Personnel costs	5,796	10,141	24,182	6,937	13,853	133	61,042	48,706
Contractual services	23,151	15,493	22,200	36,836	23,029	1,027	121,736	140,991
Materials, supplies, services and other	43,472	3,924	11,539	3,263	3,016	-	65,214	47,592
Depreciation	1,756	4,884	10,921	6,675	1,267	-	25,503	20,196
Total operating expenses	74,175	34,442	68,842	53,711	41,165	1,160	273,495	257,485
Operating income (loss)	8,316	8,276	12,471	18,028	(1,593)	3,543	49,041	(33,835)
Nonoperating revenues (expenses):								
Intergovernmental	17	1,265	58	16	2,351	-	3,707	104
Investment earnings	-	-	-	-	-	981	981	8
Interest expense	(676)	(82)	(2,694)	(1,273)	(941)	(3,556)	(9,222)	-
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	924
Special assessments	-	-	1,313	25	-	-	1,338	-
Other revenues	-	-	119	18	15	1	153	2,087
Total nonoperating revenues (expenses)	(659)	1,183	(1,204)	(1,214)	1,425	(2,574)	(3,043)	3,123
Income (loss) before transfers	7,657	9,459	11,267	16,814	(168)	969	45,998	(30,712)
Transfers in (out):								
Transfers from other funds	-	-	622	880	3,994	-	5,496	2,183
Transfers to other funds	(613)	(1,648)	(24)	(11,529)	(44)	(7,500)	(21,358)	(5,097)
Total transfers	(613)	(1,648)	598	(10,649)	3,950	(7,500)	(15,862)	(2,914)
Change in net position	7,044	7,811	11,865	6,165	3,782	(6,531)	30,136	(33,626)
Net position - January 1	122,400	339,403	271,402	199,884	26,873	39,106	999,068	177,784
Net position - December 31	\$ 129,444	\$ 347,214	\$ 283,267	\$ 206,049	\$ 30,655	\$ 32,575	\$ 1,029,204	\$ 144,158

Change in net position - total enterprise funds \$ 30,136

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities. (4,504)

Change in net position of business-type activities \$ 25,632

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

PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 For the Fiscal Year Ended December 31, 2019

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Internal Service Funds
Cash flows from operating activities:								
Cash received from customers	\$ 81,811	\$ 42,118	\$ 81,088	\$ 70,504	\$ 39,426	\$ 7,248	\$ 322,195	\$ 100,738
Intergovernmental receipts	-	431	-	-	-	-	431	-
Cash received from interfund activities	91	466	671	1,097	66	-	2,391	127,623
Payments to suppliers	(56,946)	(4,860)	(17,050)	(32,692)	(19,448)	(1,023)	(132,019)	(174,608)
Payments to employees	(5,705)	(9,131)	(20,839)	(6,684)	(12,613)	(125)	(55,097)	(31,142)
Payments for interfund activities	(9,437)	(14,990)	(16,565)	(5,904)	(7,532)	-	(54,428)	(12,291)
Other nonoperating revenues	-	-	119	18	15	1	153	2,087
Net cash provided (used) by operating activities	9,814	14,034	27,424	26,339	(86)	6,101	83,626	12,407
Cash flows from non-capital financing activities:								
Transfers from other funds	-	-	622	880	3,994	-	5,496	2,183
Repayment of advance from other funds	-	-	-	-	-	-	-	248
Interest paid on advance from other funds	-	-	-	-	-	-	-	8
Principal paid on bonds and notes	-	-	-	-	-	(2,730)	(2,730)	-
Interest paid on bonds and notes	-	-	-	-	-	(3,567)	(3,567)	-
Transfers to other funds	(613)	(1,648)	(24)	(11,529)	(44)	(7,500)	(21,358)	(5,097)
Intergovernmental receipts	17	1,265	58	16	2,351	-	3,707	104
Net cash provided (used) by non-capital financing activities	(596)	(383)	656	(10,633)	6,301	(13,797)	(18,452)	(2,554)
Cash Flows from capital and related financing activities:								
Bonds issued	16,739	5,022	22,690	-	-	-	44,451	-
Notes issued	-	-	11,925	-	-	-	11,925	-
Principal paid on bonds	(4,990)	(155)	(6,685)	(10,995)	(2,760)	-	(25,585)	-
Interest paid on bonds	(916)	(107)	(1,140)	(944)	(1,412)	-	(4,519)	-
Principal paid on notes	-	-	(9,675)	(195)	-	-	(9,870)	-
Interest paid on notes	-	-	(1,807)	(582)	-	-	(2,389)	-
Proceeds from advance from other fund	-	-	-	6,175	-	-	6,175	-
Special assessments	-	-	1,313	569	-	-	1,882	-
Acquisition and construction of capital assets	(17,094)	(11,964)	(47,039)	(2,467)	(26,281)	-	(104,845)	(20,894)
Proceeds from sale of capital assets	-	-	-	-	247	-	247	945
Net cash provided (used) by capital and related financing activities	(6,261)	(7,204)	(30,418)	(8,439)	(30,206)	-	(82,528)	(19,949)
Cash flows from investing activities:								
Purchase of investments	-	-	-	-	-	(6,195)	(6,195)	-
Sale of investments	-	-	-	-	-	12,830	12,830	-
Interest	-	-	-	-	-	1,029	1,029	-
Net cash provided (used) by investing activities	-	-	-	-	-	7,664	7,664	-
Net increase (decrease) in cash and cash equivalents	2,957	6,447	(2,338)	7,267	(23,991)	(32)	(9,690)	(10,096)
Cash and cash equivalents, beginning of year	4,474	26,630	48,405	14,267	50,653	32	144,461	165,339
Cash and cash equivalents, end of year	\$ 7,431	\$ 33,077	\$ 46,067	\$ 21,534	\$ 26,662	\$ -	\$ 134,771	\$ 155,243
Reconciliation of operating income to net cash provided (used) by operating activities								
Operating income (loss)	\$ 8,316	\$ 8,276	\$ 12,471	\$ 18,028	\$ (1,593)	\$ 3,543	\$ 49,041	\$ (33,835)
Adjustment to reconcile change in net position to net cash provided (used) by operating activities:								
Depreciation	1,756	4,884	10,921	6,675	1,267	-	25,503	20,196
Accounts receivable	(607)	305	871	(391)	(2)	15	191	205
Intergovernmental receivable	-	-	-	260	(75)	-	185	102
Special assessments receivable	19	(7)	(378)	-	(2)	-	(368)	-
Capital leases receivable	-	-	-	-	-	2,730	2,730	-
Inventories	-	-	(41)	-	(164)	-	(205)	(442)
Prepaid items	(126)	(7)	-	-	-	-	(133)	(798)
Deferred outflows - other postemployment benefits	(73)	(126)	(202)	(58)	(162)	-	(621)	(346)
Deferred outflows - pensions	673	991	1,873	457	1,261	-	5,255	3,679
Salaries payable	(23)	(3)	59	49	9	-	91	41
Accounts payable	638	96	1,094	717	260	4	2,809	153
Intergovernmental payable	-	-	5	6	(215)	-	(204)	-
Deposits held for others	-	-	(47)	(6)	-	(103)	(156)	-
Unearned revenue	-	-	-	-	-	(97)	(97)	(86)
Compensated absences payable	(92)	205	102	49	2	8	274	16,057
Other postemployment benefits	485	852	1,220	361	1,050	-	3,968	2,230
Net pension liability	(1,678)	(2,278)	(2,808)	(446)	(2,837)	-	(10,047)	(7,597)
Unpaid claims payable	-	-	-	-	-	-	-	7,265
Medical claims payable	-	-	-	-	-	-	-	38
Deferred inflows - other postemployment benefits	6	9	16	5	12	-	48	23
Deferred inflows - pensions	520	837	2,149	615	1,088	-	5,209	3,435
Other nonoperating revenues	-	-	119	18	15	1	153	2,087
Net cash provided (used) by operating activities	\$ 9,814	\$ 14,034	\$ 27,424	\$ 26,339	\$ (86)	\$ 6,101	\$ 83,626	\$ 12,407
Non-cash investing, capital and financing activities:								
Increase (decrease) in the value of investments reported at fair value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 345	\$ 345	\$ -
Loss on disposal of capital assets	-	-	-	-	-	-	-	(178)
Capital assets purchased on account	1,008	83	2,339	-	1,588	-	5,018	-

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

**CUSTODIAL FUNDS
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

		Total Custodial Funds
	<u>ASSETS</u>	
Cash and cash equivalents		\$ 1,407
Receivables:		
Accrued interest		4
Intergovernmental		176
Prepaid items		<u>2</u>
Total assets		<u>\$ 1,589</u>
	<u>LIABILITIES</u>	
Salaries payable		\$ 28
Accounts payable		4
Intergovernmental payable		206
Unearned revenue		<u>894</u>
Total liabilities		<u>\$ 1,132</u>
	<u>DEFERRED INFLOW OF RESOURCES</u>	
Unavailable revenue		<u>\$ 2</u>
	<u>NET POSITION</u>	
Restricted for:		
Other governments		<u>\$ 455</u>

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

CUSTODIAL FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended December 31, 2019

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Total Custodial Funds</u>
<u>ADDITIONS</u>	
Intergovernmental revenues	\$ 1,349
Development fees	46
Investment earnings	41
Miscellaneous revenues	264
Total additions	<u>\$ 1,700</u>
<u>DEDUCTIONS</u>	
General government	\$ 1,537
Legal services	1
Membership and dues	1
Total deductions	<u>\$ 1,539</u>
Net increase (decrease) in fiduciary net position	\$ 161
Net Position - January 1, restated (see note 1.Q)	<u>294</u>
Net Position - December 31	<u>\$ 455</u>

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

**COMBINING STATEMENT OF NET POSITION
DISCRETE COMPONENT UNITS
December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Minneapolis Park and Recreation Board	Municipal Building Commission	Meet Minneapolis	Total Discrete Component Units
<u>ASSETS</u>				
Cash and cash equivalents	\$ 64,079	\$ 3,018	\$ 3,438	\$ 70,535
Receivables	13,268	-	814	14,082
Due from other governmental agencies	-	1,214	-	1,214
Prepays and other assets	123	-	232	355
Inventories	48	-	-	48
Capital assets:				
Nondepreciable	132,324	22,205	-	154,529
Depreciable, net	254,977	5,026	2,675	262,678
Total assets	<u>\$ 464,819</u>	<u>\$ 31,463</u>	<u>\$ 7,159</u>	<u>\$ 503,441</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows - other postemployment benefits	\$ 122	\$ 129	\$ -	\$ 251
Deferred outflows - pensions	8,124	209	-	8,333
Total deferred outflows of resources	<u>\$ 8,246</u>	<u>\$ 338</u>	<u>\$ -</u>	<u>\$ 8,584</u>
<u>LIABILITIES</u>				
Accrued salaries and benefits	\$ 2,395	\$ 216	\$ 915	\$ 3,526
Accounts payable	11,395	841	422	12,658
Interest payable	15	-	-	15
Unpaid claims payable	4,334	-	-	4,334
Unearned revenue	-	-	284	284
Compensated absences:				
Due within one year	3,099	164	-	3,263
Due beyond one year	2,220	35	-	2,255
Long-term liabilities:				
Due within one year	2,316	-	635	2,951
Due beyond one year	2,136	881	1,581	4,598
Net pension liability	51,830	4,086	-	55,916
Total liabilities	<u>\$ 79,740</u>	<u>\$ 6,223</u>	<u>\$ 3,837</u>	<u>\$ 89,800</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows - service concession arrangement	\$ 4,439	\$ -	\$ -	\$ 4,439
Deferred inflows - other postemployment benefits	8	3	-	11
Deferred inflows - pensions	18,642	1,225	-	19,867
Total deferred inflows of resources	<u>\$ 23,089</u>	<u>\$ 1,228</u>	<u>\$ -</u>	<u>\$ 24,317</u>
<u>NET POSITION</u>				
Net investment in capital assets	\$ 383,458	\$ 27,231	\$ 2,487	\$ 413,176
Capital improvements	5,158	-	-	5,158
Project and grant programs	20,577	-	-	20,577
Special trust	169	-	-	169
Special reserves	7,728	-	-	7,728
Unrestricted	(46,854)	(2,881)	835	(48,900)
Total net position	<u>\$ 370,236</u>	<u>\$ 24,350</u>	<u>\$ 3,322</u>	<u>\$ 397,908</u>

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

**COMBINING STATEMENT OF ACTIVITIES
DISCRETE COMPONENT UNITS
For the Fiscal Year Ended December 31, 2019**

CITY OF MINNEAPOLIS , MINNESOTA

(In Thousands)

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Minneapolis Park and Recreation Board	Municipal Building Commission	Meet Minneapolis	Total Discrete Component Units
FUNCTIONS/PROGRAMS								
Minneapolis Park and Recreation Board	\$ 131,553	\$ 32,283	\$ 3,010	\$ 26,807	\$ (69,453)	\$ -	\$ -	\$ (69,453)
Municipal Building Commission	9,381	8,930	-	4,016	-	3,565	-	3,565
Meet Minneapolis	12,740	13,245	-	-	-	-	505	505
Total discrete component unit activities	<u>\$ 153,674</u>	<u>\$ 54,458</u>	<u>\$ 3,010</u>	<u>\$ 30,823</u>	<u>(69,453)</u>	<u>3,565</u>	<u>505</u>	<u>(65,383)</u>
General Revenues:								
Taxes:								
General property tax and fiscal disparities					65,291	-	-	65,291
Property tax increment					1	-	-	1
Museum (county-wide levy)					13,887	-	-	13,887
Local government aid - unrestricted					-	240	-	240
Grants and contributions not restricted to specific programs					9,654	13	-	9,667
Unrestricted interest and investment earnings					761	-	-	761
Other					-	44	-	44
Gain on sale of capital assets					337	-	-	337
Total general revenues					<u>89,931</u>	<u>297</u>	<u>-</u>	<u>90,228</u>
Change in net position					20,478	3,862	505	24,845
Net position - January 1					<u>349,758</u>	<u>20,488</u>	<u>2,817</u>	<u>373,063</u>
Net position - December 31					<u>\$ 370,236</u>	<u>\$ 24,350</u>	<u>\$ 3,322</u>	<u>\$ 397,908</u>

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

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Minneapolis (City) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A – Reporting Entity

The City is a municipal corporation governed by a Mayor-Council form of government. It was incorporated in 1867, and it adopted a Charter on November 2, 1920. The Mayor and 13 City Council Members from individual wards are elected for terms of four years without limit on the number of terms that may be served. The Mayor and City Council are jointly responsible for the annual preparation of a budget and a five-year capital improvement program. The Mayor has veto power, which the Council may override with a vote of nine members. The City employs a Finance Officer who is charged with maintaining and supervising the various accounts and funds of the City as well as several boards and commissions.

As required by GAAP, the basic financial statements present the reporting entity which consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City's basic financial statements to be misleading or incomplete.

Blended Component Unit

The following component unit has been presented as a blended component unit because the component unit's governing body is substantially the same as the governing body of the City, or the component unit provides services almost entirely to the primary government.

▪ Board of Estimate and Taxation

The Board of Estimate and Taxation (BET) is established under Chapter 15 of the City Charter. It is composed of six members, two of whom are elected by voters of the City. The Mayor, or the Mayor's appointee, the President of the City Council, and the Chair of the City Council's Ways and Means/Budget Committee are ex-officio members of the board. The Minneapolis Park and Recreation Board annually selects one of its members to serve on the Board of Estimate and Taxation. By action of the City Council, or such other governing board of a department requesting the sale of bonds, the Board of Estimate and Taxation may vote to incur indebtedness and issue and sell bonds and pledge the full faith and credit of the City for payment of principal and interest. The Board of Estimate and Taxation also establishes the maximum property tax levies for most City funds. Also, the City has operational responsibility over the BET. It is these criteria that results in the BET being reported as a blended component unit.

Discretely Presented Component Units

The component unit column in the government-wide financial statements includes the financial data of the City's other component units. The units are reported in a separate column to emphasize that they are legally separate from the City but are included because the primary government is financially accountable and is able to impose its will on the organizations. These units subscribe to the accounting policies and procedures of the primary government.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A – Reporting Entity****Discretely Presented Component Units (continued)****▪ Minneapolis Park and Recreation Board**

The Minneapolis Park and Recreation Board (Park Board) was established according to Article VI of the City Charter. The nine-member board is elected by the voters of the City and is responsible for developing and maintaining parkland and parkways as well as planting and maintaining the City's boulevard trees. Also, the City has no operational responsibility over the Park Board. It is these criterions that results in the Park Board being reported as a discrete component unit. The Mayor recommends the tax levies and budget for the Park Board, and the City Council and Mayor approve the allocation of the state's local government aid for Park Board operations. All Park Board actions are submitted to the Mayor and a mayoral veto may be overridden by a vote of two thirds of the members of the Park Board. The Board of Estimate and Taxation approves the maximum property tax levy for the Park Board, and the full faith and credit of the City secures debt issued for Park Board projects. The City Finance Officer acts as Treasurer of the Park Board. Complete financial statements for the Park Board can be obtained from the Minneapolis Park and Recreation Board at 2117 West River Road, Minneapolis, Minnesota, 55411.

▪ Municipal Building Commission

The Municipal Building Commission (MBC) is an organization established January 4, 1904, by the State of Minnesota, to operate and maintain the City Hall/County Court House Building, which was erected pursuant to Chapter 395 of the Special Laws of 1887. The four commissioners are, the Chairman of the Hennepin County Board of Commissioners, the Mayor of the City of Minneapolis, an appointee of the Hennepin County Board, and an appointee of the Minneapolis City Council. It is this criterion that results in the MBC being reported as a discretely presented component unit. The Mayor recommends the tax levy and budget for the City's share of the MBC's operations and the City Council and Mayor approve the allocation of the state's local governmental aid to the MBC. The MBC does not issue separate financial statements.

▪ Meet Minneapolis

Greater Minneapolis Convention and Visitors Association (d.b.a. Meet Minneapolis) was incorporated on July 29, 1987. The Association was organized to promote the City of Minneapolis (the City) as a major destination for conventions and visitor travel, and to achieve maximum utilization of the Minneapolis Convention Center. Toward this purpose, the Association receives a majority of its funding through annual contracts with the City and the state of Minnesota. The Association is a nonprofit corporation under Section 501 (c) (6) of the Internal Revenue Code. Management also has no operational responsibility over Meet Minneapolis. Based on its relationship with the City, it would be misleading to exclude Meet Minneapolis as a component unit. It is this criterion that results in Meet Minneapolis being reported as a discretely presented component unit. Complete financial statements for Meet Minneapolis can be obtained from Meet Minneapolis at 250 Marquette Avenue South, Suite 1300, Minneapolis, Minnesota 55401.

Related Organizations

The City's officials are also responsible for appointing members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The following organizations are related organizations, which have not been included in the reporting entity:

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A – Reporting Entity****Related Organizations (continued)****▪ Minnesota Sports Facilities Authority**

On May 14, 2012 Governor Mark Dayton signed into law a stadium bill which provided for construction and operation of a new National Football League stadium located on the former site of the Metrodome. The bill established a new Minnesota Sports Facilities Authority (MSFA) and required that members be appointed within 30 days. The bill also required the Metropolitan Sports Facilities Commission (MSFC) transfer its assets, liabilities, and obligations to the MSFA within 90 days and then abolish the MFSC. The City was obligated to provide funding to build and maintain the new stadium. The MSFA was charged with the design, construction and operation of the new multi-purpose stadium. The MSFA consists of five members. Three authority members, including the chair, are appointed by the governor. Two authority members are appointed by the City of Minneapolis. Complete financial statements for the MSFA can be obtained from the Minnesota Sports Facilities Authority at 900 South Fifth Street, Minneapolis, Minnesota, 55415-1903.

▪ Minneapolis Public Housing Authority

The Minneapolis Public Housing Authority (MPHA) is the public agency responsible for administering public housing and Section 8 rental assistance programs for eligible individuals and families in Minneapolis. A nine-member Board of Commissioners governs MPHA. The Mayor of Minneapolis appoints the Board Chairperson and four Commissioners, and the City Council appoints four Commissioners (one of whom must be a public housing family development resident).

The mission of the MPHA is to provide well-managed high-quality housing for eligible families and individuals; to increase the supply of affordable rental housing; and to assist public housing residents in realizing goals of economic independence and self-sufficiency. Complete financial statements for the MPHA can be obtained from the Minneapolis Public Housing Authority at 1001 Washington Avenue North, Minneapolis, Minnesota, 55401-1043.

Joint Ventures

The City is a participant in several joint ventures in which it retains an ongoing financial interest or an ongoing financial responsibility.

▪ Minneapolis-Duluth/Superior Passenger Rail Alliance

The Minneapolis-Duluth/Superior Passenger Rail Alliance (also known as the “Northern Lights Express”) was established under a joint powers agreement between Anoka County, Hennepin County, Isanti County, Pine County, St. Louis and Lakes Counties Regional Railroad Authority, City of Duluth, City of Minneapolis, and Douglas County (Wisconsin) to explore options for the development of rail transportation between the Twin Cities and Duluth Superior metropolitan areas. The City of Superior, Wisconsin joined the Alliance in 2016. The Board consists of one elected official selected by each party in the Alliance as well as a member of the Mille Lacs Band of Ojibwe. Each party also appoints an alternate member. The City of Minneapolis pays an annual membership fee to the Alliance to cover the costs of activities. The percentage share of the City in the Alliance’s assets, liabilities, and equity cannot be determined at fiscal year-end. St. Louis and Lake Counties Regional Railroad Authority serves as the fiscal agent. Complete financial statements for the Minneapolis-Duluth/Superior Passenger Rail Alliance can be obtained from the St. Louis and Lakes Counties Regional Railroad Authority at 111 Station 44 Road, Eveleth, Minnesota 55734.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A – Reporting Entity****Joint Ventures (continued)****▪ Minneapolis/Saint Paul Housing Finance Board**

The Minneapolis/Saint Paul Housing Finance Board was established in accordance with a joint powers agreement entered into between the Housing and Redevelopment Authority of the City of Saint Paul and the City of Minneapolis and accepted by both cities under State of Minnesota laws. The City of Minneapolis oversight responsibility of the Board is limited to its governing body's ability to appoint only three of the six members of the Board. The territorial jurisdiction of the Board extends beyond the corporate limits of the City of Minneapolis. The percentage share of the City in the Board's assets, liabilities and equity cannot be determined at fiscal year-end. Complete financial statements for the Minneapolis/Saint Paul Housing Finance Board can be obtained from the City of Minneapolis CPED office at Suite 700, Crown Roller Mill, 105 Fifth Avenue South, Minneapolis, Minnesota 55401-2534.

▪ Minneapolis Youth Coordinating Board

The Minneapolis Youth Coordinating Board (YCB) was established in accordance with a joint powers agreement entered into between the Hennepin County Board of Commissioners, the Board of Directors of Special School District No. 1, the Park Board, the Mayor and the City Council under authority of State of Minnesota laws. The YCB, which numbers 10 in size, includes the Mayor, two members each from the Hennepin County Board of Commissioners and the Board of Directors of Special School District No. 1, two representatives from the City Council, one member from the Park Board, the Hennepin County Attorney, and a Judge assigned by the Chief Judge of the District Court. The percentage of each jurisdiction's share in the YCB's assets, liabilities and equity cannot be determined at fiscal year-end. Complete financial statements for the YCB can be obtained from the Minneapolis Youth Coordinating Board at 330 2nd Avenue South, Room 540, Minneapolis, Minnesota 55401.

▪ Metropolitan Emergency Services Board

The Metropolitan Emergency Services Board (MESB) was established by a joint powers agreement pursuant to Minn. Stat. sec. 471.59 between the Counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, and the City of Minneapolis, for the implementation and administration of a regional 911 system. Chisago County entered this agreement effective October 1, 2006. Isanti County joined the joint powers agreement effective January 1, 2010.

There is a financial obligation if MESB incurs any liability for damages arising from any of its activities under the joint powers agreement. There is a formula to assess the participants in the agreement. Current financial statements of the Metropolitan Emergency Services Board are available at the 911 Board Office, 2099 University Avenue, West Saint Paul, Minnesota 55104-3431.

▪ Mississippi Watershed Management Organization

The Mississippi Watershed Management Organization (MWMO) encompasses 25,543 acres (39.9 square miles) of fully-developed urban lands and waters within the Minneapolis—Saint Paul metropolitan core area. The current members include the cities of Lauderdale, Minneapolis, Saint Anthony Village, the Minneapolis Park and Recreation Board, and the University of Minnesota. These entities entered into a new, revised joint and cooperative agreement (i.e., joint powers agreement under MS Section 471.59) that now form the MWMO. Current financial statements of the Mississippi Watershed Management Organization are available at the MWMO Stormwater Park and Learning Center, 2522 Marshall Street NE, Minneapolis, MN 55418-3329.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A – Reporting Entity****Joint Ventures (continued)****▪ Shingle Creek Watershed Management Commission**

The City is one of nine member cities of the Shingle Creek Watershed Management Commission (SCWMC), a joint powers organization formed to assist its members' preservation and use of natural water storage and retention systems. The original nine cities with land in the Shingle Creek watershed entered into a joint powers agreement to form the Shingle Creek Water Management Organization, governed by a citizen Commission with one representative from each city. In addition to Minneapolis, the other participating cities are Brooklyn Center, Brooklyn Park, Crystal, Maple Grove, New Hope, Osseo, Plymouth, and Robbinsdale. Current financial statements of the Shingle Creek Watershed Management Commission are available by contacting them at 3235 Fernbrook Lane N, Plymouth, Minnesota 55447.

▪ Bassett Creek Watershed Management Commission

The City is one of nine member cities of the Bassett Creek Watershed Management Commission (BCWMC), a joint powers organization formed to assist its members' preservation and use of natural water storage and retention systems. Each member city is entitled to appoint one representative to BCWMC board. The nine-member board develops a budget for the year each July 1. Each member City contributes funds to cover the budgeted costs of operations-based half on the assessed valuation of all taxable property, and half on the total area each member city has within the boundaries of the watershed. Any capital costs incurred by the BCWMC are apportioned to the members-based half on the real property valuation of each member city within the watershed, and half on the total area each member city has within the boundaries of the watershed. Current financial statements of the Bassett Creek Watershed Management Commission are available on its website at www.bassettcreekwmo.org

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For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**B – Basis of Presentation****Government-Wide Financial Statements**

The *statement of net position* and *statement of activities* display information about the primary government (the City) and its component units using the economic resources measurement focus and the full accrual basis of accounting. Governmental funds recognize revenue in the accounting period in which they become susceptible to accrual. Susceptible to accrual means that revenues are both measurable and available to finance expenditures of the fiscal period. Financial resources are available only to the extent that they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The availability period used for revenue recognition is generally 60 days. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider, if any, have been met. These statements include the financial activities of the overall government, except for fiduciary activities. Generally, interfund activity has been eliminated from the government-wide financial statements to minimize the double counting of internal activities, except in those instances where the elimination of activities would distort the direct costs and program revenues reported for the various functions concerned. These statements distinguish between *governmental* and *business-type activities* of the City and between the City and its discretely presented component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type* activities, which rely, to a significant extent, on fees charged to external parties.

The *statement of activities* presents a comparison between direct expenses and program revenues for each segment of the *business-type* activities of the City and for each function of the City's *governmental activities*. Direct expenses are those that are specifically associated with a program or function, and therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements

The accounts of the City 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 City's funds. The City's funds include fiduciary funds and a blended component unit; the Board of Estimate and Taxation, a non-major special revenue fund. Funds are classified into three categories: *Governmental*, *Proprietary*, and *Fiduciary*, 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. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**B – Basis of Presentation (continued)****Governmental Funds**

All governmental funds are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Unearned revenue is reported in the governmental funds and government-wide financial statements in connection with resources that have been received but not earned. Tax revenues are recognized in the year for which the taxes are levied. Property tax levies are approved and certified to the County in December prior to the year collectible. The County acts as a collection agency. Such tax levies constitute a lien on the property on January 1st of the year collectible. Taxes are payable to the County in two installments by the fifteenth day of May and the fifteenth day of October. City property taxes are recognized as revenues when they become measurable and available to finance expenditures of the current period.

Major revenues that are determined to be susceptible to accrual include property taxes, special assessments, grants-in-aid, intergovernmental revenues, rentals, and intra-city charges. Interest on investments, short-term notes and loans receivable are accrued; interest on special assessments receivable is not accrued. 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 and assessments, licenses, permits, fines and forfeitures. Issuances of long-term debt and acquisitions under capital leases are reported as other financing sources in governmental fund financial statements.

Governmental fund expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt which is recognized when due. Compensated absences, which include accumulated unpaid vacation, compensatory time and severance pay, are not payable from expendable available financial resources. Compensated absences are considered expenditures when paid to employees.

The accounting and reporting treatment applied to the assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending, or "financial flow," measurement focus. This means that only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, as defined by GAAP, are generally included on the balance sheets. Reported fund balance (net current assets and deferred outflows of resources) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, governmental funds are said to present a summary of sources and uses of "available spendable resources" during a period.

Special reporting treatments are also applied to governmental fund inventories to indicate that the inventories do not represent "available spendable resources," even though they are a component of net current assets.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the government-wide statement of net position and statement of activities.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**B – Basis of Presentation****Governmental Funds (continued)**

The City reports the following major governmental funds:

▪ General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those accounted for in another fund. For the City, the General Fund includes such activities as general government administration, public safety, public works, health and welfare, and community planning and economic development.

▪ Special Revenue Fund – Community Planning and Economic Development

This fund is used to account for the activities of the Department of Community Planning and Economic Development (CPED). CPED is responsible for promoting the City's planning and community development goals in the areas of housing development, economic development, community planning, development services, workforce development and strategic partnerships. The major source of revenue is property tax increment.

▪ Capital Project Fund – Permanent Improvement

This fund is used to account for capital acquisition, construction and improvement projects including bridge construction, sidewalk construction, street construction, infrastructure projects and property services capital projects.

▪ Debt Service Fund – Special Assessment

This fund is used to account for debt supported by special assessments including Park Diseased Tree debt.

Proprietary Funds

Proprietary funds are accounted for using the full accrual basis of accounting. Revenues are recognized when they are earned. Unbilled utility service receivables are recorded at year-end. Expenses are recognized when they are incurred. Compensated absences are considered expenses when they are incurred.

All proprietary funds are accounted for on an economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on the balance sheets. Their reported net positions are categorized as net investment in capital assets, restricted and unrestricted. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation of all exhaustible capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. *Operating* revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing business operations. The principal operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services. *Operating* expenses for the City's enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as *nonoperating* revenues and expenses.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**B – Basis of Presentation (continued)****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 City reports the following major enterprise funds:

- **Sanitary Sewer Fund**
This fund is used to account for sewage fees collected from customers connected to the City's sanitary sewer system and for all expenses of operating this system.
- **Stormwater Fund**
This fund is used to account for stormwater fees collected from customers, and for the City's street cleaning and other stormwater management activities.
- **Water Treatment and Distribution Services Fund**
This fund is used to account for the operation, maintenance and construction projects related to the water delivery system. This fund also accounts for the operations related to the billings for water, sewage and solid waste fees.
- **Municipal Parking Fund**
This fund is used to account for the operation, maintenance and construction of the City's parking facilities as well as on-street parking and the Municipal Impound Lot.
- **Solid Waste and Recycling Fund**
This fund is used to account for the revenues and expenses for solid waste collection, disposal and recycling activities.
- **Community Planning and Economic Development Fund**
This fund is used to account for the enterprise fund activities of the Department of Community Planning and Economic Development.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B – Basis of Presentation (continued)

Non-Major Funds

The City reports the following non-major governmental funds:

Special Revenue Funds:

- Arena Reserve
- Board of Estimate and Taxation
- Downtown Assets
- HUD Consolidated Plan
- Convention Center
- Self-Managed Special Service Districts
- Employee Retirement
- Grants – Federal
- Grants – Other
- Police
- Neighborhood and Community Relations
- Regulatory Services

Debt Service Funds:

- Community Development Agency
- Development
- General Debt Service

Additionally, the City reports the following fund types:

▪ **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 City, or to other governments, on a cost-reimbursement basis. The internal service funds used by the City include:

- Engineering Materials and Testing
- Intergovernmental Services
- Property Services
- Equipment Services
- Public Works Stores
- Self-Insurance

▪ **Custodial Funds**

Financial statements of custodial funds are used to account for assets held by the City for fiduciary activities, for private organizations or other governments. These statements do not present results of operations or have a measurement focus but utilize the full accrual basis of accounting. Custodial funds are included in the Statement of Fiduciary Net Position.

- Minneapolis Youth Coordinating Board
- Joint Board

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**C – Budgets**

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

The 2018 process for the 2019 budget involved the following:

January – early April*Department-level assessment of prior year and planning for current year*

Analysis of what a department accomplished over the past year leads it to assess its work and make appropriate changes to the plan for the next year. Metrics are reported by budget program area and the reports made public. This analysis and reporting is the Department Results Minneapolis program.

March*Preliminary prior year-end budget status report*

Finance presents a year-end budget status report for the previous year to the Ways and Means/Budget Committee. This is a preliminary report because the audited Comprehensive Annual Financial Report (CAFR) is not available until the second quarter of the year.

March – April*Capital Improvement Budget Development*

The City has a five-year capital improvement plan. The departments prepare and modify capital improvement proposals on an annual basis. Finance and Property Services, Community Planning and Economic Development (CPED), and the Capital Long-Range Improvements Committee (CLIC) review the capital improvement proposals of the departments. CLIC is the citizen advisory committee to the Mayor and the City Council on capital programming. Capital improvement proposals are due on or around April 1st each year.

April – June*Operating Budget Development*

Departments work in coordination with the Finance and Property Services Department to prepare department operating budgets based on programs. In addition to preparing operating budgets for programs, departments prepare proposals that describe policy and organizational changes with financial implications. The program proposals form the basis for the Mayor's budget meetings with departments held in June and July.

Capital Long-Range Improvement Committee (CLIC) Process

From April through June, the CLIC Committee reviews capital requests, hears presentations from submitting departments and rates the capital requests. They prepare comments about projects and summarize their final recommendations in a report called "The CLIC Report" which is provided to the Mayor and City Council in mid-July as the starting point for their decisions on the Five-Year Capital Plan.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**C – Budgets (continued)****June – August***Mayor's Recommended Budget*

The 2019 Mayor's Recommended Budget was based on program proposals submitted by departments. These program proposals are reviewed and discussed by the submitting department, the Mayor's Office, and staff from the Coordinator's Office and Finance and Property Services for priority-setting. In addition to reviewing operating budgets, the Mayor meets with representatives from CLIC before finalizing the capital budget recommendation. By City Charter, the Mayor must make recommendations to the City Council on the budget no later than August 15 of each year.

September*Maximum Proposed Property Tax Levy*

As a requirement of State law, the maximum proposed property tax levy increase is authorized September 30 by the Board of Estimate and Taxation (BET). The BET sets the maximum property tax levies for the City, the Municipal Building Commission, the Public Housing Authority, and the Minneapolis Park and Recreation Board.

September – November*City Council Budget Review and Development*

The City Council budget review and development process begins with a series of public hearings on the budget. Departments present their Mayor's Recommended Budget to the Ways and Means/Budget Committee which is comprised of all Council members. Following departmental budget hearings, the Ways and Means/Budget Committee amends and moves forward final budget recommendations to the full City Council. The Committee-recommended budget includes any and all changes that are recommended by the Committee to the Mayor's Recommended Budget.

Truth in Taxation

Truth in Taxation (TNT) property tax statements are mailed by Hennepin County to property owners indicating the maximum amount of property taxes that the owner will be required to pay based upon the preliminary levies approved in September. These statements also indicate the dates when public hearings will be held to provide opportunities for public input. State law was changed in the 2009 legislative session to eliminate a separate TNT hearing in lieu of a mandate to allow public comments at the meeting at which the final budget adoption occurs. The City Council has maintained a separate hearing however as part of the regularly scheduled budget meetings. According to State law, the meeting at which the budget is adopted must be held after 6:00 p.m., on a date after November 24.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C – Budgets (continued)

December

City Council Budget Adoption

The City Council adopts a final budget that reflects any and all changes made by the full Council to the Mayor's Recommended Budget. Once the final budget resolutions are adopted, requests from departments for additional funds or positions made throughout the year are to be brought as amendments to the original budget resolutions before the Ways and Means/Budget Committee and the City Council for approval. The independent boards and commissions adopt their own operating budgets.

The legal level of budgetary control is at the department level within a fund. The City Coordinator’s Office and the Public Works Department are considered to be legal levels of budgetary control within a fund even though budgetary data is presented at the level of the Departments within the Coordinator’s Office and the Divisions within the Public Works Department. Budgetary amendments at the department/fund level must be approved by the City Council. Appropriations lapse at year-end.

Purchase orders, contracts and other commitments are recorded as encumbrances, which reserve appropriation authority. This accounting practice is an extension of formal budgetary integration in the general and special revenue funds.

Supplemental budget revisions were made during the course of the year and the effects of these revisions are summarized below:

	Expenditure Budget at Beginning of Year	Changes During Year	Expenditure Budget at End of Year
General	\$ 482,903	\$ 10,242	\$ 493,145
CPED Special Revenue	67,716	53,487	121,203
Arena Reserve Special Revenue	6,362	4,832	11,194
Downtown Assets	1,412	4,318	5,730
HUD Consolidated Plan Special Revenue	16,216	3,151	19,367
Convention Center Special Revenue	49,697	10,078	59,775
Grants – Federal Special Revenue	11,038	7,611	18,649
Grants – Other Special Revenue	13,108	35,296	48,404
Total	<u>\$ 648,452</u>	<u>\$ 129,015</u>	<u>\$ 777,467</u>

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For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**D – Non-Current Governmental Assets/Liabilities**

GASB Statement No. 34 eliminates the presentation of account groups but provides for these records to be maintained and incorporates the information into the *Governmental Activities* column in the government-wide *Statement of Net Position*.

E – Deposits and Investments

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. The City maintains a general portfolio which is a pool of investments covering pooled cash and cash equivalents for the primary government as well as the discretely presented component units of the Municipal Building Commission and the Minneapolis Park and Recreation Board. The City has contracted with investment management firms for management of some of these investments. The City also, from time to time, invests non-pooled cash within individual funds, which are reported as fund investments. All investments are reported at fair value.

Investment earnings in the investment pool, net of daily amortization of premiums and discounts, are calculated monthly and allocated to participating funds based on each fund's share of equity (positive or negative) in the investment pool.

Some funds, such as debt service funds, retain their monthly allocation of investment earnings while other funds, which are not required to retain their allocated interest, pass the interest on to either the City General Fund or to the Community Planning and Economic Development Special Revenue Fund. Also, periodically the City distributes investment earnings from the General Fund to various projects below the fund level, as may be required, on the basis of the calculated average daily cash balance of the project and the average yield of the City's general portfolio.

F – Inventories of Materials and Supplies and Prepaid Items

Depending on the nature of the item, inventories are valued using the moving average valuation method or using the last price of the item purchased. Also, and depending on the nature of the item or the fund in which the inventory is recorded, the costs of inventories are recorded as expenses/expenditures when purchased, or when consumed rather than when purchased. Inventory recorded in the proprietary funds is expensed as the supplies and materials are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide statement of net position and fund financial statements. Prepaid expenditures of governmental funds are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

G – Receivables

Loans receivable recorded in the governmental funds consist of business loans using funds provided through state and federal grants and loan recaptures. The loans have been collateralized and call for periodic payments of principal and interest. Loans receivable recorded in the enterprise funds consist primarily of low interest home improvement and home mortgage loans, which are secured by either a first or second mortgage. Interest on loans is recorded where applicable.

Several developers under various financial arrangements have agreed to pay back development loans only if certain events occur. They are presented net of an estimated allowance for doubtful accounts. These loans include redevelopment agreements, neighborhood economic, commercial, and housing development loans, and second mortgages on rehabilitated homes. Some of these loans may be forgiven for continued owner occupancy, the attainment of certain employment goals, or the continuation of specified services.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G – Receivables (continued)

Amounts due from individuals, organizations or other governmental units are recorded as receivables at year end. These amounts include charges for services rendered, or for goods and material provided by the City, including amounts for unbilled services. Receivables are shown net of an allowance for uncollectible accounts where applicable. Receivables are also recognized for property taxes, sales and excise taxes, loans, assessments, accrued interest, and intergovernmental grants.

Taxes and tax increments receivable consist of uncollected taxes levied and payable in prior years, net of allowance for uncollectible taxes. These receivables are deferred to indicate they are not available to finance expenditures of the current fiscal period.

Assessments receivable include current, delinquent and noncurrent assessments for various services including street and utility improvements. City Council approves special assessments throughout the year. These assessments are reported in the General Fund, Community Planning and Economic Development Special Revenue Fund, Permanent Improvement Capital Projects Fund, Special Assessment Debt Service Fund, Non-Major Governmental Funds, and Enterprise Funds (except for the Community Planning and Economic Development Enterprise Fund). The amounts that are approved by City Council are set up as a receivable and not collected at year end are recorded as unavailable revenue.

H – Capital Assets

Capital assets (including infrastructure) are recorded in the government-wide and proprietary fund financial statements at historical cost or at estimated historical cost if actual historical cost is not available. Infrastructure assets acquired prior to December 31, 1980 are included. Contributed and donated capital assets are recorded at acquisition value. Capital assets include infrastructure (e.g. roads, bridges, water/sewer and lighting systems), land, buildings, improvements and equipment. The City defines capital assets as assets with an individual cost of more than \$5; or \$35 per group of assets by year for bike paths, street signage, street lighting and traffic signals; and \$100 per group of assets for parking meters. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds. As of 2008 the City no longer uses salvage values and depreciates assets to zero.

The estimated useful lives are as follows:

Infrastructure	15 to 100 years
Buildings and structures	25 to 50 years
Equipment	5 to 15 years
Public improvements	20 to 40 years

Major outlays for capital assets and improvements, including land, are capitalized as projects are constructed. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities or extend useful lives, are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**I – Compensated Absences**

The City accrues compensated absences (vacation, sick leave, and compensatory time benefits) when vested. The current and non-current portions are recorded in the government-wide and proprietary fund financial statements and represent a reconciling item between the governmental funds and government-wide presentation. The City typically liquidates the liability for compensated absences to the fund where employees' salaries were originally charged. In governmental funds, a liability is reported only if they have matured (as a result of employee resignations and retirements). The current portion of the liability is determined based on historical information.

J – Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the Teacher's Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on a basis different than reported by PERA and TRA. The City has reported its long-term projected contribution effort to the pension plan rather than the allocated amounts based on current year contributions of all contributing members. PERA's and TRA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value. The City typically liquidates the net pension liability to the fund where employees' salaries were originally charged.

K – Interfund Transactions

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans are reported as receivables or payables where appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., current portion of interfund loans) or "advances to/from other funds" (i.e. noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." Advances to other funds, as reported in the fund financial statements, are included in assigned fund balance in applicable governmental funds and in nonspendable fund balance in the General Fund to indicate they are not available for appropriation and are not available financial resources. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. 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 or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

L – Properties Held for Resale

Properties held for resale in the Community Planning and Economic Development, the HUD Consolidated Plan, the Grants-Federal, the Grants-Other Special Revenue funds, the Permanent Improvement Capital Projects Fund, and the Self-Insurance Internal Service fund have been obtained as a result of repossessions in default situations. Repossessed properties are held solely to be re-marketed as part of the ongoing operations of the programs. They are valued at the outstanding principal balance of the related bonds, which is not in excess of the realizable value; or are valued at the amount of the related loan balance at the time of default plus subsequent improvement costs. The proceeds of any sales related to properties held for resale in the Community Planning and Economic Development, HUD Consolidated Plan, Grants – Federal, and Grants – Other Special Revenue funds, the Permanent Improvement Capital Projects Fund, and the Self-Insurance Internal Service fund are classified as restricted. As a result, fund balance/net position related to properties held for resale is classified as restricted in those funds.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**M – Debt Service and Requirements**

The debt service funds service all long-term obligations with the exception of bonds payable recorded within the proprietary funds. Some general long-term debt obligations are serviced in part by Council approved transfers from enterprise funds. Minnesota State Law requires agencies issuing general obligation bonds to certify an irrevocable tax levy to the County Auditor covering annual principal and interest requirements plus 5% (deducting, in certain cases, estimated tax increments and certain other revenue) at the time bonds are issued. The annual tax levy can be reduced by an amount equal to the issuing agency's annual certification of funds on hand.

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. The differences between reacquisition prices and the net carrying amounts of current or advance refunding resulting in the defeasance of debt has been considered immaterial and has not been reported as either a deferred inflow of resources or a deferred outflow of resources on the statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as an other financing source, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N – Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports 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. The City reports deferred outflows of resources only under the full accrual basis of accounting associated with pension plans and other postemployment benefit (OPEB) and accordingly, are reported in the statement of net position.

In addition to liabilities, the statement of financial position reports 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 a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The first, which arises under a modified accrual basis of accounting, is unavailable revenue reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from primarily six sources: taxes, special assessments, intergovernmental, long-term loan receivables, interest, and other. These amounts are recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources associated with pension and OPEB benefits. These inflows arise only under the full accrual basis of accounting, and, accordingly, are reported only in the statement of net position.

O – Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P – Change in Accounting Principle

During the year ended December 31, 2019, the City adopted new accounting guidance by implementing the provisions of GASB Statement 84. GASB Statement No. 84, Fiduciary Activities, changes the classification of certain funds from Agency Funds to City Funds and Custodial Funds. Beginning fund balance and net position have been restated to reflect these changes.

Q – Restatement of Net Position

The City adjusted net position to correct prior period accounting errors. Capital asset additions were entered at incorrect amounts. Due to the change in accounting principle for the implementation of GASB Statement No 84, Fiduciary Activities, the General Fund’s fund balance was restated, which also impacted governmental activities. The impact of these adjustments on net position and fund balance is illustrated in the table below.

	Governmental Activities	General Fund	Custodial Funds
Balance January 1, 2019	\$ 1,275,606	\$ 104,196	\$ -
Capital Assets	(82,475)	-	-
GASB 84	(5)	(5)	294
Balance January 1, 2019 restated	<u>\$ 1,193,126</u>	<u>\$ 104,191</u>	<u>\$ 294</u>

R – Stewardship, Accountability and Compliance

The Development Debt Service Fund currently has a deficit fund balance of \$13,789 due to loans and advances from other funds.

The Neighborhood and Community Relations Special Revenue Fund’s expenditures exceeded budget by \$168. This fund is supported entirely by transfers in from a special tax increment financing district which will be decertified and cease transfer activity after 2020. Any overspending will result in a reduction of operating capacity in a future year until the fund is retired.

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For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS

A – Deposits

Deposits and investments appear in the financial statements consistent with the following analysis:

Deposits, per book	\$ 334,819
Investments	740,165
Imprest cash held by City	<u>20</u>
Total	<u>\$ 1,075,004</u>
Primary Government:	
Cash and cash equivalents	\$ 967,817
Investments with trustees	<u>35,245</u>
Total primary government	<u>\$ 1,003,062</u>
Cash and cash equivalents in custodial funds	<u>\$ 1,407</u>
Discretely Presented Component Units:	
Park and Recreation Board:	
Cash and cash equivalents	<u>64,079</u>
Municipal Building Commission:	
Cash and cash equivalents	<u>3,018</u>
Meet Minneapolis:	
Cash and cash equivalents	<u>3,438</u>
Total discretely presented component units	<u>\$ 70,535</u>
Total reporting entity	<u>\$ 1,075,004</u>

The City has executed a Depository Pledge Agreement with its depository bank. The depository bank pledges to secure the deposited funds, to the extent not insured by the Federal Deposit Insurance Corporation (“FDIC”), by pledging securities of any type permitted by the provisions of Chapter 118A of the Minnesota Statutes, which are eligible to be held in a Securities Account at the Federal Reserve Bank. The bank balances at the City’s designated depository as of December 31, 2019, totaled \$5,368. The City also had bank deposits in several banks through the investment program totaling \$340,730.

Reconciliation of bank cash balances to book cash balance:	
Bank balance, per December 31, 2019 bank statement	\$ 346,098
Reconciling items and outstanding checks	<u>(11,279)</u>
Deposits, per book	<u>\$ 334,819</u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the City’s deposits may be delayed or not be returned. The City’s policy is to have its designated depositories comply with Minnesota Statutes Chapter 118A to pledge allowable securities or a letter of credit (LOC) from the Federal Home Loan Bank (FHLB) to collateralize the City’s deposits. At December 31, 2019, the City was not exposed to custodial credit risk since all deposits are either FDIC insured (where applicable) or are collateralized through securities pledged to the City of Minneapolis by the financial institution and held in safekeeping at the Federal Reserve Bank at 110% of deposit value or collateralized by a FHLB LOC.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

B – Investments

In accordance with Minnesota Statutes Chapter 118A, and with the City Charter, the City may invest in (1) direct, guaranteed or insured obligations of the U.S. Treasury, (2) shares of an investment company (with restrictions), (3) general obligations of government jurisdictions (with restrictions), (4) bankers acceptances, (5) commercial paper and (6) repurchase agreements (with restrictions).

Investment derivative instruments

The City and its investment management firms will exercise extreme caution in the use of derivative instruments, keeping abreast of future information on risk management issues and will consider derivatives only when a sufficient understanding of the products and expertise to manage them has been developed and analyzed. Any derivative will also be required to pass the stress testing requirements of Minnesota Statutes Chapter 118A.

As of December 31, 2019, there were no derivative instruments held in the City’s Investment Portfolio.

Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The City has no formal policy specifically related to interest rate risk. The City minimizes its exposure to interest rate risk by investing in both shorter and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time, taking into account the City’s investment risk constraints, cash flow characteristics of the portfolio and prudent investment principles.

The following table presents the City of Minneapolis’ investment balances (excluding accrued earnings) at December 31, 2019, and information relating to interest rate risks:

Investment Type	Average Maturity (Years)	(Fair) Value
U.S. Treasury obligations	1.7	\$ 169,868
U.S. Federal agency obligations	7.0	261,835
U.S. Mortgage obligations	12.9	23,310
Municipal bonds	2.3	88,053
Commercial paper	0.5	37,357
Money market mutual funds	0.0	88,142
Negotiable certificates of deposit	0.4	71,600
Portfolio weighted average maturity	2.5	
Total investments		\$ 740,165
Deposits per book		334,819
Imprest cash		20
Total cash and investments		\$ 1,075,004

NOTE 2 – DEPOSITS AND INVESTMENTS

B – Investments (continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the City’s policy to invest only in securities that meet the ratings requirements set by state statute Chapter 118A.04 as follows:

“INVESTMENTS.

Subdivision 1. What may be invested. Any public funds, not presently needed for other purposes or restricted for other purposes, may be invested in the manner and subject to the conditions provided for in this section.

Subd. 2. United States securities. Public funds may be invested in governmental bonds, notes, bills, mortgages (excluding high-risk mortgage-backed securities), and other securities, which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress.

Subd. 3. State and local securities. Funds may be invested in the following:

- (1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
- (2) any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service; and
- (3) a general obligation of the Minnesota housing finance agency which is a moral obligation of the state of Minnesota and is rated "A" or better by a national bond rating agency.

Subd. 4. Commercial papers. Funds may be invested in commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less.

Subd. 5. Time deposits. Funds may be invested in time deposits that are fully insured by the Federal Deposit Insurance Corporation or bankers acceptances of United States banks.”

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For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS

B – Investments (continued)

At December 31, 2019, the City’s investments were rated by Standard & Poor’s and Moody’s as follows:

Investment Type	Standard & Poor’s		Moody’s	
U.S. Treasury obligations	AA+	\$ 169,868	Aaa	\$ 169,868
U.S. Federal agency obligations	AAA	\$ 1,321	Aaa	\$ 261,835
	AA+	260,514	Aa1	-
Total U.S. Federal agency obligations		<u>\$ 261,835</u>		<u>\$ 261,835</u>
U.S. Mortgage obligations	AAA	\$ 1,763	Aaa	\$ 23,310
	AA+	21,547	Aa1	-
Total U.S. Mortgage obligations		<u>\$ 23,310</u>		<u>\$ 23,310</u>
Municipal bonds	AAA	\$ 24,494	Aaa	\$ 20,293
	AA+	14,719	Aa1	26,758
	AA	17,518	Aa2	21,901
	AA-	8,538	Aa3	6,618
	A+	678	A1	4,022
	A	2,007	A2	-
	Not Available	20,099	Not Available	8,461
Total municipal bonds		<u>\$ 88,053</u>		<u>\$ 88,053</u>
Commercial paper	A-1+	\$ 26,295	P-1	\$ 37,357
	Not rated	11,062	Not rated	-
Total commercial paper		<u>\$ 37,357</u>		<u>\$ 37,357</u>
Mutual funds	AAAmG	\$ 85,239	Aaa-mf	\$ 88,142
	Not Available	2,903	Not Available	-
Total Mutual funds		<u>\$ 88,142</u>		<u>\$ 88,142</u>
Negotiable certificates of deposit	FDIC Insured	\$ 71,600	FDIC Insured	\$ 71,600
Total		<u>\$ 740,165</u>		<u>\$ 740,165</u>

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For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS**B – Investments (continued)***Custodial Credit Risk*

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy is to comply with Minnesota Statutes Chapter 118A and use a third party financial institution for safekeeping of securities which mitigates custodial credit risk. The City's investments were not exposed to custodial credit risk at December 31, 2019.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the City's investment in a single issuer. It is the City's policy to diversify its investment portfolio. Assets held shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide for stability of income and reasonable liquidity.

Fair Value Measurement

The City categorizes its fair value measurements in accordance with guidelines established by generally accepted accounting principles. These guidelines establish a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

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For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS

B – Investments (continued)

At December 31, 2019, the City had the following recurring fair value measurements:

	December 31, 2019	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. Treasury securities	\$ 169,868	\$ -	\$ 169,868	\$ -
U.S. Federal agency obligations	261,835	-	261,835	-
U.S. Mortgage obligations	23,310	-	23,310	-
Municipal bonds	88,053	-	88,053	-
Commercial paper	37,357	-	37,357	-
Total investments by fair value level	\$ 580,423	\$ -	\$ 580,423	\$ -
Investments measured at net asset value (NAV)				
Government money market mutual funds	\$ 88,142			
Negotiable certificates of deposit	71,600			
Total investments measured at the NAV	\$ 159,742			
Total investments measured at fair value and NAV	\$ 740,165			

Debt securities classified in Level 1 are valued using a market approach quoted in active markets for those securities. Debt securities classified in Level 2 are valued using the following approaches:

- U.S. Treasury obligations and U.S. Federal agency obligations are valued using a market approach by utilizing quoted prices for identical securities in markets that are not active;
- U.S. Mortgage obligations and Commercial paper are valued using matrix pricing based on the securities relationship to benchmark quoted prices; and
- Municipal bonds are valued using a market approach using quoted prices for similar securities in active markets.

The City also holds \$88,142 in Government money market mutual funds. The fair value of the investment is the fair value per share of the underlying portfolio. The City may redeem these funds at any time and for any use the City has designated. The City invests in these funds in order to have a rate of return on cash that is currently “in between” investments. The City also holds \$71,600 in negotiable certificates of deposit, which will mature and be redeemed in less than one year from issuance. The fair value is measured based on current market conditions. The City invests in these certificates of deposit in order to diversify the portfolio.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 3 – RECEIVABLES

A – Receivables Detail

Receivables at year-end for the City’s major individual governmental and enterprise funds and non-major and internal service funds in the aggregate, including applicable allowances for uncollectible amounts are as follows:

Governmental Activities	Community Planning				Non-Major Governmental Funds	Internal Service Funds	Total Governmental
	General Fund	and Economic Development	Permanent Improvement	Special Assessment			
	Accounts	\$ 5,698	\$ 69	\$ 2,652			
Taxes	1,930	54	3	-	956	-	2,943
Special assessments	340	6,672	1,976	60,851	529	-	70,368
Intergovernmental	1,560	775	46,474	-	15,686	-	64,495
Loans	-	198,012	-	-	128,742	-	326,754
Accrued interest	1,419	625	293	25	309	-	2,671
Gross receivables	10,947	206,207	51,398	60,876	149,699	149	479,276
Less: Allowance for uncollectibles	(120)	(161,834)	(252)	-	(100,669)	(6)	(262,881)
Total receivables (due within one year)	<u>\$ 10,827</u>	<u>\$ 44,373</u>	<u>\$ 51,146</u>	<u>\$ 60,876</u>	<u>\$ 49,030</u>	<u>\$ 143</u>	<u>\$ 216,395</u>

Business-type Activities	Water Treatment and				Solid Waste and Recycling	Community Planning and Economic Development	Total Business-type
	Sanitary Sewer	Stormwater	Distribution Services	Municipal Parking			
	Accounts	\$ 4,914	\$ 3,747	\$ 3,766			
Special assessments	108	100	3,002	3,804	113	-	7,127
Intergovernmental	-	282	-	3,448	77	-	3,807
Accrued interest	-	-	-	-	-	125	125
Gross receivables	5,022	4,129	6,768	8,083	3,773	125	27,900
Less: Allowance for uncollectibles	-	(4)	-	(11)	-	-	(15)
Total receivables (due within one year)	<u>\$ 5,022</u>	<u>\$ 4,125</u>	<u>\$ 6,768</u>	<u>\$ 8,072</u>	<u>\$ 3,773</u>	<u>\$ 125</u>	<u>\$ 27,885</u>

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For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 3 – RECEIVABLES (continued)

B – Business-type Activities – Leases

According to the Basic Resolution and Indenture of the General Agency Reserve Fund System (GARFS) within the CPED Enterprise Fund, agreements are to be formed with developers receiving funds for construction. Such agreements are in the form of capitalized leases or notes receivable.

The annual lease and loan payments approximate the principal and interest requirements on the outstanding bonds. The leases are capitalized in an amount equal to the principal of the related bonds, net of any unexpended construction fund proceeds. Each lease agreement includes a bargain purchase option exercisable at the end of the lease term. In addition, the leased property may be purchased at various anniversaries during the lease term at amounts at least equal to the outstanding principal amount of the underlying bonds. In the event developers are unable to continue with lease and loan payments, the City takes possession of the developed property.

The future payment requirements for these agreements are as follows:

<u>Scheduled Lease Payments</u>	<u>Capitalized Leases</u>
2020	\$ 6,117
2021	5,256
2022	5,265
2023	5,262
2024	5,083
2025-2029	25,398
2030-2034	25,363
2035-2039	19,058
2040	<u>2,636</u>
Subtotal	99,438
Less: Interest over lease term	<u>(40,603)</u>
Total Principal	58,835
Less: Current Portion	<u>(2,675)</u>
Noncurrent Portion	<u><u>\$ 56,160</u></u>

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For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS

A – Current Year Activity

Capital asset activity for the year ended December 31, 2019 was as follows:

	Balance January 1, 2019 <u>Restated</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, 2019
Governmental activities				
<i>Capital assets, not being depreciated</i>				
Land and easements	\$ 114,788	\$ -	\$ -	\$ 114,788
Construction in progress	458,308	184,965	(81,733)	561,540
Total capital assets, not being depreciated	<u>573,096</u>	<u>184,965</u>	<u>(81,733)</u>	<u>676,328</u>
<i>Capital assets, being depreciated</i>				
Infrastructure	967,923	76,892	-	1,044,815
Buildings and structures	632,199	16,295	(36)	648,458
Public improvements	36,292	56	(67)	36,281
Machinery and equipment	161,436	11,413	(5,822)	167,027
Computer equipment	33,164	749	-	33,913
Software	63,978	-	-	63,978
Other capital outlay	37	-	-	37
Total capital assets, being depreciated	<u>1,895,029</u>	<u>105,405</u>	<u>(5,925)</u>	<u>1,994,509</u>
Less accumulated depreciation for:				
Infrastructure	(540,828)	(24,638)	-	(565,466)
Buildings and structures	(264,499)	(12,332)	11	(276,820)
Public improvements	(12,905)	(1,442)	14	(14,333)
Machinery and equipment	(100,053)	(10,238)	5,449	(104,842)
Computer equipment	(29,744)	(1,314)	-	(31,058)
Software	(37,239)	(9,157)	-	(46,396)
Other capital outlay	(37)	-	-	(37)
Total accumulated depreciation	<u>(985,305)</u>	<u>(59,121)</u>	<u>5,474</u>	<u>(1,038,952)</u>
Total capital assets, being depreciated, net	<u>909,724</u>	<u>46,284</u>	<u>(451)</u>	<u>955,557</u>
Governmental activities capital assets, net	<u>\$ 1,482,820</u>	<u>\$ 231,249</u>	<u>\$ (82,184)</u>	<u>\$ 1,631,885</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 20,474
Public safety	1,379
Public works	24,376
Health and welfare	1
Community planning and economic development	12,891
Total depreciation expense - governmental functions	<u>\$ 59,121</u>

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS

A – Current Year Activity (continued)

Asset beginning balances were restated as follows:

Total capital assets, not being depreciated were restated from \$580,296 to \$573,096. Total capital assets, being depreciated were restated from \$1,973,618 to \$1,895,029. Total accumulated depreciation was restated from \$(988,619) to \$(985,305).

	<u>Balance January 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance December 31, 2019</u>
Business-type activities				
<i>Capital assets, not being depreciated</i>				
Land and easements	\$ 129,590	\$ 1	\$ -	\$ 129,591
Construction in progress	128,512	106,880	(20,759)	214,633
Total capital assets, not being depreciated	258,102	106,881	(20,759)	344,224
<i>Capital assets, being depreciated</i>				
Buildings and structures	533,208	840	-	534,048
Public improvements	807,490	11,680	-	819,170
Machinery and equipment	75,070	7,179	-	82,249
Computer equipment	1,868	1,062	-	2,930
Software	2,865	16	-	2,881
Other capital outlay	707	24	-	731
Total capital assets, being depreciated	1,421,208	20,801	-	1,442,009
Less accumulated depreciation for:				
Buildings and structures	(249,584)	(11,213)	-	(260,797)
Public improvements	(282,655)	(10,145)	-	(292,800)
Machinery and equipment	(39,436)	(3,974)	-	(43,410)
Computer equipment	(1,698)	(95)	-	(1,793)
Software	(2,855)	(6)	-	(2,861)
Other capital outlay	(87)	(70)	-	(157)
Total accumulated depreciation	(576,315)	(25,503)	-	(601,818)
Total capital assets, being depreciated, net	844,893	(4,702)	-	840,191
Business-type activities capital assets, net	\$ 1,102,995	\$ 102,179	\$ (20,759)	\$ 1,184,415

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS

A – Current Year Activity (continued)

Depreciation expense was charged to business-type functions as follows:

Sanitary sewer	\$ 1,756
Stormwater	4,884
Water treatment and distribution services	10,921
Municipal parking	6,675
Solid waste and recycling	<u>1,267</u>
Total depreciation expense - business-type functions	<u>\$ 25,503</u>

B – Capital Project Commitments

For the year ended December 31, 2019, the City of Minneapolis made capital project commitments for the following:

Property services	\$ 8,950
Sewer construction	26,750
Street construction	62,152
Bridge construction	6,495
Sidewalk construction	3,505
Street lighting & traffic signals	7,400
Bicycle trails	3,040
Non-departmental	700
Water	42,435
Total capital project commitments	<u>\$ 161,427</u>

C – Discretely Presented Component Units

Activity for the discretely presented component units for the year ended December 31, 2019, was as follows:

	Balance			Balance
Minneapolis Park and Recreation Board	January 1, 2019	Additions	Retirements	December 31, 2019
Capital assets, not being depreciated	\$ 166,706	\$ 23,403	\$ (57,785)	\$ 132,324
Capital assets, being depreciated, net	<u>214,632</u>	<u>40,360</u>	<u>(15)</u>	<u>254,977</u>
	<u>\$ 381,338</u>	<u>\$ 63,763</u>	<u>\$ (57,800)</u>	<u>\$ 387,301</u>
Depreciation expense charged	\$ 16,506			
	Balance			Balance
Municipal Building Commission	January 1, 2019	Additions	Retirements	December 31, 2019
Capital assets, not being depreciated	\$ 18,680	\$ 3,525	\$ -	\$ 22,205
Capital assets, being depreciated, net	<u>6,060</u>	<u>(1,034)</u>	<u>-</u>	<u>5,026</u>
	<u>\$ 24,740</u>	<u>\$ 2,491</u>	<u>\$ -</u>	<u>\$ 27,231</u>
Depreciation expense charged	\$ 1,034			

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 5 – LONG-TERM DEBT

The City's full faith, credit and taxing power are pledged to pay general obligation debt principal and interest.

Property Tax Supported General Obligation Bonds

Various issues of general obligation (GO) bonds are recorded in the Governmental Funds and are backed by the full faith and credit of the City. Annual property tax levies are used to pay debt service on these bonds.

Self-Supporting General Obligation Bonds and Notes

Self-supporting bonds and notes issued by the City are recorded in the Enterprise Funds, Internal Service Funds or Governmental Funds. While these bonds and notes are backed by the full faith and credit of the City, they are payable from revenue derived from the function for which they were issued.

General Obligation Improvement Bonds and Notes

Improvement bonds and notes are recorded in the Governmental Funds and are payable from special assessments levied and collected for local improvements and are backed by the full faith and credit of the City. The general credit of the City is obligated only to the extent that liens foreclosed against properties involved in special assessment districts are insufficient to retire outstanding bonds and notes.

Tax Increment General Obligation Bonds and Notes

Tax increment bonds and notes are payable primarily from the increase in property taxes resulting from replacing older improvements with new or remodeled improvements. These bonds and notes are recorded in the Governmental Funds and are also backed by the full faith and credit of the City.

Revenue Bonds and Notes

Revenue bonds and notes are recorded in the Governmental Funds. These bonds and notes are payable solely from revenues of the respective Enterprise Funds or tax increment districts. In addition, the City has pledged one-half percent of tax capacity to secure payment of bond principal and interest on all bonds issued after May 22, 1987, for the General Agency Reserve Fund System (GARFS) bonds within the Community Planning and Economic Development (CPED) Enterprise Fund.

Sinking Fund Provisions

Sinking fund provisions on certain general obligation bonds require sufficient deposits on or before October 1st of each year to pay all principal and interest amounts coming due on such bonds for the remainder of the current year, and during all of the following year. If this provision is not met, a general tax levy will be made for the balance required. Minnesota State Laws generally require initial tax levies for general obligation bonds to be at least five percent in excess of the bond and interest maturities less estimated pledged assessments and revenues. The initial tax levies cannot be repealed and can only be modified as they relate to current levies and then only upon certification to the Director of Property Taxation that funds are available to pay current maturities in whole or in part.

For Tax Increment Revenue Refunding Bonds, a separate sinking fund has been provided. These bonds are special limited obligations of the City payable from tax increments and investment earnings in the sinking fund. The City is required to have a reserve in the sinking fund equal to the lesser of maximum principal and interest due on the bonds in any succeeding bond year or 125 percent of average principal and interest due on the bonds in the succeeding bond years. In addition, the Municipal Bond Insurance Association insures payment of principal and interest on the bonds.

2019 Bond and Note Sales

In 2019, the City of Minneapolis issued general obligation bonds and notes totaling \$242,800. Below are details of the 2019 debt issuances.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 5 – LONG-TERM DEBT**2019 Bond and Note Sales (continued)**

In May 2019, the City issued \$4,055 of Taxable General Obligation Housing Improvement Area Bonds, Series 2019. The bonds were issued to finance improvements and a debt service reserve fund for the Condos on Blaisdell Housing Improvement Area (HIA) project. The project included rehabilitation of the parking structure, and replacement of windows, frames, masonry, water lines and air conditioning for the 54-unit complex and qualified for a Housing Improvement Area pursuant to Minnesota Statutes, Section 428A.16 and Chapter 475. Debt service for the bonds will be paid for by homeowner improvement area fees assessed against the individual condominium units. The City received net proceeds of \$4,062 including a \$45 bond premium offset by a \$38 underwriter discount. On December 9, 2019, the City used \$3,710 of the proceeds to reimburse itself for a short-term construction loan payoff to a bank and \$276 to establish a debt service reserve fund for the project. The remaining proceeds were used for costs of issuing the bonds and for City processing fees. The bonds were issued in fixed rate mode and had interest rates ranging from 3.00% to 3.30% and a final maturity date of December 1, 2037.

In May 2019, the City also issued \$112,420 of General Obligation Improvement and Various Purpose Bonds, Series 2019 to fund a variety of special assessment improvement projects, general infrastructure projects, sanitary and storm sewer projects and water enterprise projects. The City received bond proceeds of \$118,129 including an original issue premium of \$6,056 offset by a \$347 underwriter's discount. The proceeds were used to reimburse design and construction costs of \$12,860 for special assessment projects related to street reconstruction and resurfacing and \$105,140 for a variety of other capital infrastructure and enterprise fund improvements. With the net premium received, the par amount of bonds required for the purposes described above was reduced to \$12,245 and \$100,175 respectively. Of the remaining proceeds, \$125 was used for cost of issuance expenses and the balance will be used for debt service on the bonds. The bonds were dated June 4, 2019 and were issued with fixed interest rates ranging from 2.00% to 4.00% and a final maturity date of December 1, 2033.

In November 2019, the City issued \$114,400 of General Obligation Bonds (Green Bonds), Series 2019 to fund construction of the City's new Public Service Center. The City received bond proceeds of \$117,926 including an original issue premium of \$3,700 offset by a \$174 underwriter's discount. The proceeds will be used to reimburse the design, construction, and furnishings necessary for the new Public Service Center in downtown Minneapolis. A portion of the proceeds totaling \$3,304 will be used for capitalized interest costs during construction and \$130 will be used for costs of issuance. The bonds were dated December 5, 2019 and were issued with fixed interest rates ranging from 2.00% to 3.00% and a final maturity date of December 1, 2046.

Minnesota Public Facilities Authority Notes

The City has entered into eight general obligation notes with the Minnesota Public Facilities Authority (PFA) to finance the City's drinking water ultra-filtration project, new filter presses project and a major rehabilitation of the Fridley water treatment plant. The notes are part of a federally sponsored below market financing program related to the Safe Drinking Water Act and the City saves up to 1.5% on interest costs by participating in the program. The interest rates on the eight notes range from 1.00% - 2.82% and the final maturity dates range from August 20, 2019 to August 20, 2035.

During 2018, the City entered into two of the eight notes in this program to assist with financing of the improvements to the Fridley water treatment plant. The first note of \$28,900 was issued on April 11, 2018 at a 1.01% interest rate and has a final maturity date of August 20, 2032. During 2019, the City completed draw requests of \$1,970 which fully utilized this note. The second note of \$27,300 was issued on November 9, 2018 at a 1.47% interest rate and has a final maturity date of August 20, 2035. The second note provided funding for expenses beginning in 2019 and \$9,956 was drawn as of December 31, 2019. The City received proceeds totaling \$143,044 on these notes in total and at December 31, 2019, the outstanding debt balance of the notes in this program is \$86,195.

NOTE 5 – LONG-TERM DEBT (continued)

Discrete Component Unit Debt

Due to current debt issuance policies, the City issues debt on behalf of the Minneapolis Park & Recreation Board and the Municipal Building Commission and previously issued debt for the Minneapolis Library Board. The Minneapolis Public Library System was merged into the Hennepin County Library System on January 1, 2008. As of December 31, 2019, \$55,250 of the outstanding governmental debt is related to activities of these discretely presented component units and is reported within the debt balances of the primary government. Of this balance, \$26,430 is related to library improvements transferred to the Hennepin County Library System. The capital assets purchased with funds obtained from this debt issuance are held by the respective discrete component units and are reported with their capital assets on the Statement of Net Position, except for the library assets now held by Hennepin County.

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For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 5 – LONG-TERM DEBT (continued)

Long-term liabilities at December 31, 2019 (in thousands) are detailed below.

	<u>Balance 1/1/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/2019</u>	<u>Due Within One Year</u>
Governmental activities:					
<u>Bonds and Notes</u>					
Property Tax Supported GO Bonds	\$ 152,090	\$ 172,330	\$ (45,920)	\$ 278,500	\$ 43,745
Self-Supporting GO Bonds	192,765	-	(30,075)	162,690	33,000
Special Assessment GO Bonds	48,240	16,600	(11,075)	53,765	7,090
Special Assessment GO Notes	3,200	-	(1,100)	2,100	-
Tax Increment GO Bonds	52,380	-	(50,670)	1,710	215
Tax Increment Revenue Bonds	18,940	-	(1,420)	17,520	1,480
Tax Increment Revenue Notes	3,270	-	(465)	2,805	495
Total Governmental Bonds and Notes	<u>470,885</u>	<u>188,930</u>	<u>(140,725)</u>	<u>519,090</u>	<u>86,025</u>
<u>Other Long-term Liabilities</u>					
Unamortized Premium (Discount)	<u>14,124</u>	<u>7,294</u>	<u>(2,948)</u>	<u>18,470</u>	<u>-</u>
Total Long-term Liabilities Governmental	<u>485,009</u>	<u>196,224</u>	<u>(143,673)</u>	<u>537,560</u>	<u>86,025</u>
Business-type activities:					
<u>Bonds and Notes</u>					
Sanitary Sewer Fund GO Bonds	23,330	15,730	(4,990)	34,070	5,700
Stormwater Fund GO Bonds	-	4,670	(155)	4,515	600
Water Treatment and Distribution Services Fund GO Bonds	25,960	21,545	(6,685)	40,820	5,125
Water Treatment and Distribution Services Fund GO Notes	83,945	11,925	(9,675)	86,195	11,050
Municipal Parking Fund GO Bonds	42,200	-	(10,995)	31,205	3,250
Municipal Parking Fund GO Notes	27,595	-	(195)	27,400	195
Solid Waste and Recycling Fund GO Bonds	28,005	-	(2,760)	25,245	3,835
CPED Fund Non-GO Bonds					
General Agency Reserve Fund System	<u>61,565</u>	<u>-</u>	<u>(2,730)</u>	<u>58,835</u>	<u>2,675</u>
Total Business-type Bonds and Notes	<u>292,600</u>	<u>53,870</u>	<u>(38,185)</u>	<u>308,285</u>	<u>32,430</u>
<u>Other Long-term Liabilities</u>					
Unamortized Premium (Discount)	<u>4,796</u>	<u>2,507</u>	<u>(1,174)</u>	<u>6,129</u>	<u>-</u>
Total Long-term Liabilities Business-type	<u>297,396</u>	<u>56,377</u>	<u>(39,359)</u>	<u>314,414</u>	<u>32,430</u>
Total Long-term Liabilities	<u>\$ 782,405</u>	<u>\$ 252,601</u>	<u>\$ (183,032)</u>	<u>\$ 851,974</u>	<u>\$ 118,455</u>

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 5 – LONG-TERM DEBT (continued)

For governmental activities, debt service is generally paid from Debt Service Funds.

Amortization of Outstanding Governmental City Debt

As of December 31, 2019, annual debt service requirements for Governmental activities to maturity are as follows:

Year Ending December 31:	Governmental Activities				Total Governmental Activities Bonds & Notes	
	Bonds		Notes		Principal	Interest
	Principal	Interest	Principal	Interest		
2020	\$ 85,530	\$ 18,704	\$ 495	\$ 161	\$ 86,025	\$ 18,865
2021	27,120	15,335	2,625	144	29,745	15,479
2022	30,720	14,327	560	62	31,280	14,389
2023	25,255	13,210	595	43	25,850	13,253
2024	22,135	12,267	630	22	22,765	12,289
2025 - 2029	99,500	49,754	-	-	99,500	49,754
2030 - 2034	75,815	34,466	-	-	75,815	34,466
2035 - 2039	58,880	22,653	-	-	58,880	22,653
2040 - 2044	68,420	11,070	-	-	68,420	11,070
2045 - 2046	20,810	1,070	-	-	20,810	1,070
	<u>\$ 514,185</u>	<u>\$ 192,856</u>	<u>\$ 4,905</u>	<u>\$ 432</u>	<u>\$ 519,090</u>	<u>\$ 193,288</u>

Amortization of Outstanding Business-type Activities City Debt

As of December 31, 2019, annual debt service requirements for Business-type Activities to maturity are as follows:

Year Ending December 31:	Bonds		Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 21,185	\$ 7,582	\$ 11,245	\$ 2,806	\$ 32,430	\$ 10,388
2021	21,755	6,835	11,795	2,552	33,550	9,387
2022	24,435	6,067	10,585	2,288	35,020	8,355
2023	18,895	5,226	10,740	2,050	29,635	7,276
2024	13,815	4,676	7,180	1,809	20,995	6,485
2025 - 2029	45,230	17,351	43,415	4,786	88,645	22,137
2030 - 2034	28,335	10,097	18,635	994	46,970	11,091
2035 - 2039	18,520	3,479	-	-	18,520	3,479
2040 - 2044	2,520	116	-	-	2,520	116
	<u>\$ 194,690</u>	<u>\$ 61,429</u>	<u>\$ 113,595</u>	<u>\$ 17,285</u>	<u>\$ 308,285</u>	<u>\$ 78,714</u>

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 5 – LONG-TERM DEBT (continued)

Discretely Presented Component Unit

Activity for the Minneapolis Park and Recreation Board for the year ended December 31, 2019 was as follows:

	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019	Amounts Due Within One Year
Notes payable	\$ 3,843	\$ -	\$ (304)	\$ 3,539	\$ 2,316

Year Ending December 31:	Principal	Interest
2020	\$ 2,316	\$ 67
2021	295	41
2022	272	30
2023	116	20
2024	120	16
2024-2028	420	24
Total	\$ 3,539	\$ 198

NOTE 6 – INDUSTRIAL, COMMERCIAL, AND HOUSING REVENUE BONDS AND NOTES

As of December 31, 2019, outstanding industrial, commercial, and housing revenue bonds and notes approximated \$1,906,126. The bonds are payable solely from revenues of the respective enterprises and do not constitute an indebtedness of the City. They are not a charge against the City’s general credit or taxing power.

NOTE 7 – DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources for the City’s major individual governmental funds and non-major funds in aggregate include the following unavailable revenue sources:

	General Fund	Community Planning and Economic Development	Permanent Improvement	Special Assessment	Non-Major Governmental Funds	Total Governmental
Deferred Inflows of Resources						
Property taxes	\$ 874	\$ -	\$ 3	\$ -	\$ 563	\$ 1,440
Special assessments	252	6,672	1,960	61,202	398	70,484
Intergovernmental	-	-	45,100	-	-	45,100
Loans receivable	-	36,178	-	-	28,102	64,280
Interest	665	303	137	11	145	1,261
Other unavailable revenue	-	54	1,848	-	737	2,639
Total deferred inflows of resources	\$ 1,791	\$ 43,207	\$ 49,048	\$ 61,213	\$ 29,945	\$ 185,204

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 8 – LEASES

A – Operating Leases

The City of Minneapolis leases office space for several departments. The future minimum lease payments for operating leases are as follows:

<u>Year Ending December 31</u>	Governmental Activities Amount
2020	\$ 4,176
2021	2,433
2022	2,153
2023	2,033
2024	1,981
2025-2029	8,803
2030-2034	7,051
Total	<u>\$ 28,630</u>

B – Operating leases with scheduled rent increases

The City leases office space for various operations. The leases contain scheduled rent increases with terms varying from three to fifteen years. The operating lease transactions are measured on a straight-line basis over the lease term per GASB Statement No. 13 – *Accounting for Operating Leases with Scheduled Rent Increases*. During 2019, the lease expense on these leases totaled \$196. Application of the straight-line basis to the future minimum lease expenditures of \$2,011 over the lease terms results in a total annual lease amount of \$296.

The future minimum lease expenditures for operating leases with scheduled rent increases are as follows:

<u>Year Ending December 31</u>	Governmental Activities Amount
2020	\$ 196
2021	274
2022	282
2023	292
2024	301
2025-2029	666
Total	<u>\$ 2,011</u>

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 9 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables

The composition of interfund balances as of December 31, 2019 are as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Non-Major Governmental Funds	Non-Major Governmental Funds	\$ 3,160

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.

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Non-Major Governmental Funds	Non-Major Governmental Funds	\$ 13,107
Non-Major Governmental Funds	Municipal Parking Fund	5,903
Internal Service Funds	Municipal Parking Fund	272
	Total	\$ 19,282

Advances to other funds are to provide working capital for general operations of the other fund.

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For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

Note 9 – Interfund TRANSACTIONS (continued)

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations and re-allocations of special revenues. The following schedule briefly summarizes the City’s transfer activity:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Total Transfers In</u>
Governmental Funds:		
General Fund	CPED Special Revenue Fund	\$ 10,330
	Permanent Improvement Fund	2,000
	Non-major Governmental Funds	36,462
	Internal Service Funds	4,280
	Stormwater Fund	110
	Municipal Parking Fund	<u>7,000</u>
CPED Special Revenue Fund	General Fund	16,471
	Special Assessment Debt Service Fund	3,710
	Non-major Governmental Funds	<u>2,265</u>
Permanent Improvement Fund	General Fund	10,626
	CPED Enterprise Fund	7,500
	Stormwater Fund	<u>1,530</u>
Non-Major Governmental Funds	General Fund	810
	CPED Special Revenue Fund	55,700
	Special Assessment Debt Service Fund	46
	Permanent Improvement Fund	6,406
	Non-major Governmental Funds	94,656
	Internal Service Fund	500
	Sanitary Sewer Fund	20
	Stormwater Fund	8
	Water Treatment and Distribution Services Fund	24
	Municipal Parking Fund	4,383
Solid Waste and Recycling Fund	<u>44</u>	<u>162,597</u>
Total Governmental Funds		<u>\$ 264,881</u>

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For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 9 – INTERFUND TRANSACTIONS

Transfers (continued)

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Total Transfers In</u>
Proprietary Funds:		
Business-type Activities		
Water Treatment and Distribution Services Fund	General Fund	\$ 29
	Sanitary Sewer Fund	<u>593</u>
		<u>622</u>
Municipal Parking Fund	CPED Special Revenue Fund	<u>880</u>
		<u>880</u>
Solid Waste and Recycling Fund	General Fund	325
	Non-major Governmental Funds	3,523
	Municipal Parking Fund	<u>146</u>
		<u>3,994</u>
	Total Business-type Activities	<u>\$ 5,496</u>
Governmental Activities		
Internal Service Funds	General Fund	\$ 893
	Permanent Improvement Fund	973
	Internal Service Funds	<u>317</u>
		<u>2,183</u>
	Total Governmental Activities	<u>\$ 2,183</u>

Transfers are made throughout the year between various funds. The majority of the transfers are funding the repayment of debt in the Development Debt and the General Debt Service Funds, transfers to Internal Service Funds for intergovernmental services and transfers to pass through grant resources between funds. Other significant transfers are to support economic development projects and capital projects.

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For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 10 – NET POSITION/FUND BALANCES

The government-wide, proprietary funds, and internal service fund-type financial statements use a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – This category represents net position of the City, not restricted for any project or other purpose.

In the governmental fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted, or committed. The City Council has authorized the Finance Officer to assign fund balances. This authorization is included in the financial policies section of the City’s budget book, and is approved by resolution each year.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In the other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 10 – NET POSITION/FUND BALANCES (continued)

The City Council has formally adopted a fund balance policy for the General Fund. The City's policy is to maintain a minimum unassigned fund balance of 17% of the following year's budgeted expenditures for cash-flow timing needs.

Fund Balances	General	Community Planning and Economic Development	Permanent Improvement	Special Assessment	Non-Major Governmental	Total
<u>Restricted for</u>						
Debt service:						
Community development	\$ -	\$ -	\$ -	\$ -	\$ 3,122	\$ 3,122
General debt service	-	-	-	-	26,899	26,899
Special assessment	-	-	-	8,680	-	8,680
Community and economic development	-	141,008	-	-	-	141,008
Law enforcement:						
Gambling compliance	-	-	-	-	33	33
Forfeitures	-	-	-	-	1,952	1,952
Grants	-	-	-	-	2,386	2,386
Properties held for resale	-	35,253	7,200	-	8,187	50,640
Capital improvements	-	-	155,469	-	-	155,469
Total restricted	-	176,261	162,669	8,680	42,579	390,189
<u>Assigned to</u>						
General government	-	-	-	-	714	714
Grants	-	-	-	-	135	135
Public safety:						
Police	-	-	-	-	939	939
Compliance and regulation	-	-	-	-	1,025	1,025
Community & economic development	-	54,214	-	-	57,083	111,297
Neighborhood & community relations	-	-	-	-	3,113	3,113
Pension obligations	-	-	-	-	36,663	36,663
Capital improvements	-	-	27,955	-	-	27,955
Total assigned	-	54,214	27,955	-	99,672	181,841
<u>Unassigned</u>	128,040	-	-	-	(13,822)	114,218
Total fund balances	\$ 128,040	\$ 230,475	\$ 190,624	\$ 8,680	\$ 128,429	\$ 686,248

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For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 11 – DEFINED BENEFIT PENSION PLANS**A – Plan Description**

The City of Minneapolis, along with the discretely presented component units Park Board and MBC, participate in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code. The City participates as a non-employer contributing entity in the Teachers' Retirement Association (TRA) which is administered on a statewide basis.

1. General Employees Retirement Plan (GERP)

All full-time and certain part-time employees of the City, Park Board, and MBC are covered by the General Employees Retirement Plan (GERP), accounted for in the General Employees Fund. GERP members belong to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security and Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Retirement Plan in 2015. All new members must participate in the Coordinated Plan and benefits vest after five years of service.

2. Public Employees Police and Fire Plan (PEPFP)

The PEPFP, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFP also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA. For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent for ten years and increasing five percent for each year of service until fully vested after 20 years.

3. Teacher Retirement Association Fund (TRA)

TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member and three statutory officials.

B – Benefits Provided

PERA and TRA provide retirement, disability, and death benefits. PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January. Beginning January 1, 2019, GERP benefit recipients will receive a post-retirement increase equal to 50 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least one percent and maximum of one in a half percent. Recipients that have been receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 11 – DEFINED BENEFIT PENSION PLANS**B – Benefits Provided (continued)**

Beginning January 1, 2019, PEPFP benefit recipients will receive a one percent post-retirement increase. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

TRA: Postretirement benefit increases are provided to eligible benefit recipients each January. The increase is 1.0 percent for January 2019 through January 2023. Beginning January 1, 2024, this amount will increase in 0.1 percent step increments until the COLA reaches 1.5 percent.

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

1. PERA Benefits

Benefits are based on a member's highest average salary for any 60 consecutive months of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Employees Retirement Plan Coordinated and Basic Plan members. Members hired prior to July 1, 1989, receive 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. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service 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. Only Method 2 is used for members hired after June 30, 1989. Minneapolis Employees Retirement Fund members have an annuity accrual rate of 2.0 percent of average salary for each of the first ten years of service and 2.5 percent for each remaining year. For Public Employees Police and Fire Plan members, the annuity accrual rate is 3.0 percent of average salary for each year of service.

For General Employees Retirement Plan members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. For Public Employees Police and Fire Plan members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits are available for vested members and are based on years of service and average high five salary.

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For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 11 – DEFINED BENEFIT PENSION PLANS**B – Benefits Provided (continued)****2. TRA Benefits**

The Teachers Retirement Association (TRA) covers teachers and other related professionals employed by school districts or by the state. Approximately 590 employers participate in this plan. The plan provides retirement, survivor, and disability benefits. Basic membership includes participants who are not covered by the Social Security Act, while coordinated membership includes participants who are covered by the Act. The annuity formula for the coordinated members is the greater of a step rate with a flat reduction for each month of early retirement, or a level rate (the higher step rate) with an actuarially based reduction for early retirement. The annuity formula for Tier I basic members is 2.2 percent for the first 10 years and 2.7 percent for each subsequent year and Tier II is 2.7 percent of the member's high-five average salary. The annuity formula for Tier I coordinated members for services prior to July 1, 2006, is 1.2 percent for the first 10 years and 1.7 percent each subsequent year of the member's high-five average salary. The annuity formula for Tier I coordinated members for services subsequent to July 1, 2006, is 1.4 percent for the first 10 years and 1.9 percent each subsequent year of the member's high-five average salary. The annuity formula for Tier II coordinated members is 1.7 percent for services prior to July 1, 2006, and 1.9 percent for each year subsequent of the member's high-five average salary. Annual benefits increase by 2.0 percent each year and 2.5 percent if the plan is funded at least 90 percent of full funding.

C – Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature. The employee and employer contribution rates did not change from the previous year.

1. GERP Contributions

Basic Plan members, Coordinated Plan members, and Minneapolis Employee Retirement Fund members, were required to contribute 9.10 percent, 6.50 percent, and 9.75 percent respectively, of their annual covered salary in calendar year 2019. Participating employers are required to contribute 11.78 percent of pay for Basic Plan members, 7.50 percent for Coordinated Plan members, and 9.75 percent for Minneapolis Employee Retirement Fund members in calendar year 2019. The City, Park Board, and MBC contributions related to payroll to the GERP for the year ended December 31, 2019, were \$15,618, \$2,940, and \$203, respectively. The City, Park Board, and MBC fixed contributions to the GERP for the year ended December 31, 2019, were \$11,869, \$2,169, and \$227 respectively. Total contributions were equal to the required contractual contribution as set by state statute.

2. PEPFP Contributions

Plan members were required to contribute 11.30 percent of their annual covered salary in calendar year 2019. Employers were required to contribute 16.95 percent of pay for PEPFP members in calendar year 2019. Contributions to the PEPFP related to payroll for the year ended December 31, 2019, were \$21,481 for the City and \$640 for the Park Board. The City also made fixed contributions to PEPFP, non-payroll related, of \$7,679 for the year ended December 31, 2019. Total contributions were equal to the required contractual contributions as set by state statute.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 11 – DEFINED BENEFIT PENSION PLANS**C – Contributions (continued)****3. TRA Contributions**

The City's non-employer contributions to the TRA for the year ended December 31, 2019, were \$2,250. The City's contributions were equal to the required contractual contributions as set by state statute.

D – Pension Costs**1. GERP Pension Costs**

At December 31, 2019, the City, Park Board, and MBC reported a liability of \$164,695, \$30,866 and \$2,237 respectively for the proportionate share of the GERP's net pension liability related to payroll contributions. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City, Park Board, and MBC proportion of the net pension liability was based on each entity's contributions received by PERA during the measurement period for employer payroll paid from July 1, 2018, through June 30, 2019, relative to the total employer payroll related contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share related to payroll contributions was 3.1508 percent, which was an increase of 0.0251 percent from its proportion measured as of June 30, 2018. At June 30, 2019 the Park Board's proportionate share related to payroll contributions was 0.5905 percent, which was an increase of 0.0256 percent from its proportion measured as of June 30, 2018. At June 30, 2019, MBC's proportionate share related to payroll contributions was 0.0428 percent, which was a decrease of 0.0011 percent from its proportion measured as of June 30, 2018. In addition to the payroll contributions, the City, Park Board, and MBC contribute statutorily fixed amounts related to closed pension plans now merged into PERA. The City, Park Board, and MBC will continue to make these contributions through 2031, and the net present values of these fixed contributions are \$96,783, \$17,689, and \$1,849 respectively as of the June 30, 2019 measurement date. The resulting combined net pension liability reported by the City, Park Board, and MBC as of December 31, 2019 is \$261,478, \$48,555, and \$4,086, respectively. The combined liability represents a proportionate share of the Plan's net pension liability equal to 4.7294 percent for the City, 0.8782 percent for Park Board, and 0.0739 percent for MBC.

For the year ended December 31, 2019, the City, Park Board, and MBC recognized pension expense of \$3,595, \$1,325, and \$124, respectively for the proportionate share of the GERP's pension expense.

In addition, the City, Park Board, and MBC also recognized \$795, \$147, and \$13, respectively as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16,000 to the General Employees Fund.

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For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 11 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

1. GERP Pension Costs (continued)

	<u>City Governmental Activities</u>	<u>City Business- type Activities</u>	<u>City Total</u>	<u>Park Board</u>	<u>MBC</u>
Payroll related proportionate share of the net pension liability	\$ 133,306	\$ 31,389	\$ 164,695	\$ 30,866	\$ 2,237
Net present value of fixed pension contributions	78,338	18,445	96,783	17,689	1,849
State of Minnesota’s proportionate share of the net pension liability associated with the entity	8,588	2,022	10,610	1,962	175
Total	<u>\$ 220,232</u>	<u>\$ 51,856</u>	<u>\$ 272,088</u>	<u>\$ 50,517</u>	<u>\$ 4,261</u>

At December 31, 2019, the City, Park Board, and MBC reported proportionate shares of the GERP’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>			<u>Deferred Inflows of Resources</u>		
	<u>City</u>	<u>Park Board</u>	<u>MBC</u>	<u>City</u>	<u>Park Board</u>	<u>MBC</u>
Differences between expected and actual economic experiences	\$ 4,731	\$ 863	\$ 66	\$ -	\$ -	\$ -
Changes in actuarial assumptions	-	-	-	13,369	2,409	187
Difference between projected and actual investment earnings	-	-	-	17,151	2,989	242
Changes in proportion	4,347	1,982	39	39,339	7,668	796
Contributions paid to PERA subsequent to the measurement date	7,929	1,527	104	-	-	-
Total	<u>\$ 17,007</u>	<u>\$ 4,372</u>	<u>\$ 209</u>	<u>\$ 69,859</u>	<u>\$ 13,066</u>	<u>\$ 1,225</u>

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 11 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

1. GERP Pension Costs (continued)

Contributions subsequent to the measurement date are shown as deferred outflows in the above table and will be recognized as a reduction to net pension liability for the year ended December 31, 2020. These contributions total \$7,929 for the City, \$1,527 for the Park Board, and \$104 for MBC. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount		
	City	Park Board	MBC
2020	\$ (20,462)	\$ (3,654)	\$ (380)
2021	(24,534)	(3,966)	(434)
2022	(16,066)	(2,654)	(310)
2023	281	53	4

2. PEPFP Pension Costs

At December 31, 2019, the City reported a liability of \$123,533 for the proportionate share of the PEPFP’s net pension liability related to payroll contributions. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s contributions received by PERA during the measurement period for employer payroll paid from July 1, 2018, through June 30, 2019, relative to the total employer payroll related contributions received from all of PERA’s participating employers. At June 30, 2019, the City’s proportionate share related to payroll contributions was 12.3417 percent, which was a decrease of 0.4684 percent from its proportion measured as of June 30, 2018. In addition to the payroll contributions, the City contributes statutorily fixed amounts related to closed pension plans now merged into PERA. The City will continue to make these contributions through 2031, and the net present value of these fixed contributions is \$63,659 as of the June 30, 2019 measurement date. The resulting combined net pension liability reported by the City as of December 31, 2019 is \$187,192. The combined liability represents a proportionate share of the Plan’s net pension liability equal to 17.5833 percent for the City.

At December 31, 2019, the Park Board reported a liability of \$3,275 for the proportionate share of the PEPFP’s net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Each employer’s proportion of the net pension liability was based on the employer’s contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2019, the Park Board’s proportion share was 0.3272 percent, which was a decrease of 0.0436 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the City and Park Board recognized pension expense of (\$16,851) and \$33 respectively for the proportionate share of the PEPFP’s pension expense.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 11 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

2. PEPFP Pension Costs (continued)

The City and Park Board also recognized \$2,187 and \$42 respectively as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota’s on-behalf contribution to the Public Employees Police and Fire Plan. Legislation requires the State of Minnesota to contribute \$9,000 to the Public Employees Police and Fire Plan each year, starting in fiscal year 2014, until the plan is 90.0 percent funded. In addition, the

State will pay direct state aid of \$4,500 on October 1, 2018 and October 1, 2019 and \$9,000 by October 1 of each subsequent year until full funding is reached or July 1, 2048, whichever is earlier.

At December 31, 2019, the City and Park Board reported proportionate shares of the PEPFP’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>City</u>	<u>Park Board</u>	<u>City</u>	<u>Park Board</u>
Differences between expected and actual economic experiences	\$ 5,735	\$ 154	\$ 19,831	\$ 541
Changes in actuarial assumptions	115,928	2,930	158,510	3,890
Difference between projected and actual investment earnings	-	-	29,217	777
Changes in proportion	13,517	376	37,264	368
Contributions paid to PERA subsequent to the measurement date	10,853	292	-	-
Total	<u>\$ 146,033</u>	<u>\$ 3,752</u>	<u>\$ 244,822</u>	<u>\$ 5,576</u>

Contributions subsequent to the measurement date are shown as deferred outflows in the above table and will be recognized as a reduction to net pension liability for the year ended December 31, 2020. These contributions total \$10,853 for the City and \$292 for the Park Board. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u> <u>December 31:</u>	<u>Pension Expense Amount</u>	
	<u>City</u>	<u>Park Board</u>
2020	\$ (11,738)	\$ (225)
2021	(24,602)	(493)
2022	(59,085)	(1,397)
2023	(7,124)	44
2024	(7,093)	(45)

NOTE 11 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs (continued)

3. TRA Pension Costs

At December 31, 2019, the City reported a liability of \$26,316 for its share of the TRA’s net pension liability. The net pension liability for TRA is equivalent to the net present value of the City’s statutorily required contributions for the life of the obligation. The City is statutorily obligated to contribute \$2,250 each year to TRA until the plan is fully funded as determined by the plan’s actuary. It is currently expected that the plan will be fully funded, ending the City’s obligation, in the year 2039. The net present value of the City’s obligation was determined using the expected remaining years of contributions, discounted at the plan’s discount rate of 7.50 percent.

For the year ended December 31, 2019, the City recognized pension expense of \$624 for its share of the TRA’s pension expense.

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to TRA’s pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in actuarial assumptions	\$ 2,732	\$ 1,945

As mentioned above, the City has a statutory obligation to contribute to the TRA as a non-employer contributing agency. There were no contributions subsequent to the measurement date that would be recognized as a reduction to net pension liability for the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Pension Expense Amount</u>
2020	\$ 858
2021	797
2022	(539)
2023	(329)

4. Total Pension Costs

Total pension expense for the year ended December 31, 2019 was as shown in the chart below:

	<u>City</u>	<u>Park Board</u>	<u>MBC</u>
GERP	\$ 3,595	\$ 1,325	\$ 124
PEPFF	(16,851)	33	-
TRA	624	-	-
	<u>\$ (12,632)</u>	<u>\$ 1,358</u>	<u>\$ 124</u>

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 11 – DEFINED BENEFIT PENSION PLANS (continued)

E – Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

Assumption	GERP/PEFP	TRA
Inflation	2.50% per year	2.50%
Active Member Payroll Growth	3.25% per year	3.00%
Investment Rate of Return	7.50%	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants for all plans were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA’s experience. Cost of living benefit increases for retirees are assumed to be 1.25 percent per year for the General Employees Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.00 percent as set by statute. Cost of living increases for TRA are 1.00 percent for January 2019 through January 2023, then increasing by 0.1 percent each year up to 1.5 percent annually.

The experience study for the General Employees Plan was dated June 30, 2015. The experience study for PEPFP was dated August 30, 2016. Inflation and investment assumptions for both plans were reviewed in the experience study report for the GERP dated June 27, 2019. A four-year experience study was completed in June 2019 for TRA, but it contained no significant recommended changes to the assumptions.

The long-term expected rate of return on pension plan investments is 7.5 percent for PERA and TRA. The State Board of Investment, which manages the investments of PERA and TRA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic stocks	35.50%	5.10%
International equity	17.50%	5.30%
Private markets	25.00%	5.90%
Fixed income	20.00%	0.75%
Unallocated cash	2.00%	0.00%

F – Discount Rate

The discount rate used to measure the total pension liability for PERA in 2019 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Plan and the Police and Fire Plan was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 11 – DEFINED BENEFIT PENSION PLANS

F – Discount Rate (continued)

In the TRA Plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on investments of 7.50% was applied to all periods of projected benefit payments to determine the total pension liability.

G – Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2019:

General Employees Retirement Plan

- The morality projection scale was changed from MP-2017 to MP-2018.

Public Employees Police and Fire Plan

- The morality projection scale was changed from MP-2017 to MP-2018.

Teachers Retirement Association

- No changes in actuarial assumptions for 2019

H – Pension Liability Sensitivity

The following presents the City’s, Park Board’s, and MBC’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s, Park Board’s, and MBC’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

<u>Plan and Entity</u>	<u>1% Decrease to Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF Discount Rate	6.5%	7.5%	8.5%
City	372,137	261,478	169,644
Park Board	69,272	48,555	31,364
MBC	5,615	4,086	2,816
PEPFF Discount Rate	6.5%	7.5%	8.5%
City	336,565	187,192	63,373
Park Board	7,159	3,275	63
TRA Discount Rate	6.5%	7.5%	8.5%
City	29,042	26,316	23,986

I – Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org . Detailed information about TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 12 - DEFINED CONTRIBUTION PLAN – CPED**A – Plan Description**

Qualified CPED employees belong to a defined contribution pension plan administered by Union Central Life Insurance Company. A permanent employee becomes a participant in the plan on April 1 or October 1, following completion of his or her probationary period and after attaining age 20 1/2.

Benefits and contribution requirements are established and can be amended by the City of Minneapolis City Council. All provisions are within limitations established by Minnesota Statutes.

The payroll for employees covered by the CPED's defined contribution plan for the year ended December 31, 2019, was \$1,826 and the CPED's total payroll was \$22,136.

B – Contributions Required and Made

The City of Minneapolis and CPED employee participants are each required to contribute five percent of the participants' annual compensation to an investment fund administered by Union Central Life Insurance Company, which will provide retirement benefits under a Money Purchase Plan. Participants are vested at the rate of 20 percent per year, for the employer's share of the contribution, and are 100 percent vested immediately for their individual contribution.

The City and CPED employee participants contributed \$101 and \$93 respectively to the plan during the year, which amounts represented 5.53 percent and 5.10 percent respectively of the covered payroll.

NOTE 13 – POSTEMPLOYMENT BENEFITS PLAN

The City engaged a consulting actuary who has conducted a review of liabilities to be reported as required by Governmental Accounting Standards Board (GASB) Statement number 75. In general, the City does not pay the cost of health insurance for retired employees, except in limited circumstances. Retired City employees, however, may purchase health insurance offered to City employees at the retired employee's expense. Including retired employees with current employees causes health insurance premiums for current employees to be more than if retired employees were not in the same pool of insureds. The City and current employees share the cost of health insurance for current employees. The increased cost of health insurance premiums for current employees is considered an implicit subsidy for the retired employees and is disclosed as required by GASB 75.

Plan Description

The City, Park Board and MBC provide 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 and Park Board are self-insured for both medical and dental coverage. Beginning in 2018, MBC was no longer under the City's insurance plan. Results below reflect the results of the January 1, 2019 actuarial valuation. Retirees pay 100 percent of the blended active/retiree premium rate, in accordance with Minnesota Statutes Chapt. 471.61, subd. 2b.

No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. The other postemployment benefit plan (OPEB) does not issue a stand-alone financial report.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 13 – POSTEMPLOYMENT BENEFITS PLAN

Plan Description (continued)

As of the December 31, 2018 and January 1, 2019 actuarial valuations, the following employees were covered by the benefit terms:

<u>Category</u>	<u>City</u>	<u>Park Board</u>	<u>MBC</u>
Inactive employees or beneficiaries currently receiving benefit payments	328	18	12
Active plan participants	4,088	438	43
Total	<u>4,416</u>	<u>456</u>	<u>55</u>

Total OPEB Liability

The City’s and Park Board’s total OPEB liability of \$37,614 and \$913 respectively, was measured as of December 31, 2018, and was determined by an actuarial valuation as of December 31, 2019. MBC’s total OPEB liability of \$881 was measured as of January 1, 2019 and was determined by an actuarial valuation as of January 1, 2019.

The total OPEB liability in the fiscal year-end December 31, 2019, actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods and entities included in the measurement, unless otherwise specified:

Inflation	2.50 %
Salary increases	2.90 %
Health care cost trend	6.40% in 2019, gradually decreasing over several decades to an ultimate rate of 4.00% in 2075 and later years for the City and Park Board 6.5% in 2019, grading to 5.00% over 6 years for MBC.
Discount Rate	3.71% for City and Park Board; 3.80% for MBC .
Mortality Rate	PERA General employees and MERF – From the July 1, 2019 PERA of Minnesota General Employees Retirement Plan actuarial valuation, mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2018, and other adjustments, for the City and Park Board. PERA Police & Fire, MPRA, and MFRA – From the July 1, 2019 PERA of Minnesota Public Employees' Police & Fire Plan actuarial valuation, mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2018, and other adjustments, for the City and Park Board. Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2018 Generational Improvement Scale for MBC
Actuarial Cost Method	Entry age, level percentage of pay

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 13 – POSTEMPLOYMENT BENEFITS PLAN (continued)

Changes in the Total OPEB liability

	City	Park Board	MBC
Balance at January 1, 2019	\$ 33,674	\$ 1,407	\$ 894
Changes for the year			
Service cost	1,531	37	31
Interest cost	1,147	28	29
Difference between expected and actual experience	3,124	77	46
Changes of assumptions	186	(586)	(4)
Benefit payments	(2,048)	(50)	(115)
Total net change	<u>3,940</u>	<u>(484)</u>	<u>(13)</u>
Balance at December 31, 2019	<u>\$ 37,614</u>	<u>\$ 913</u>	<u>\$ 881</u>

Liabilities arising from postemployment benefits are generally liquidated from the fund where the employee’s salary was originally charged.

OPEB Liability Sensitivity

The following presents the total OPEB liability of the City, Park Board, and MBC, calculated using the discount rate previously disclosed, as well as what each entity’s total OPEB liability would be if it were calculated using a discount rate that is 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	1% Decrease	Current	1% Increase
Discount Rate	2.71%	3.71%	4.71%
City total OPEB liability	\$ 40,331	\$ 37,614	\$ 35,071
Park Board total OPEB liability	\$ 980	\$ 913	\$ 852
Discount Rate	2.80%	3.80%	4.80%
MBC total OPEB liability	\$ 920	\$ 881	\$ 843

The following presents the total OPEB liability of the City, Park Board, and MBC, calculated using the health care cost trend previously disclosed, as well as what the City’s, Park Board’s, and MBC’s total OPEB liability would be if it were calculated using health care cost trend rates that are 1.0 percentage point lower or 1.0 percentage point higher than the current health care cost trend rate:

	1% Decrease	Current	1% Increase
Medical Trend Rate	5.40% Decreasing to 3.00% by 2075	6.40% Decreasing to 4.00% by 2075	7.40% Decreasing to 5.00% by 2075
City total OPEB liability	\$ 34,210	\$ 37,614	\$ 41,486
Park Board total OPEB liability	\$ 831	\$ 913	\$ 1,008
Medical Trend Rate	5.50% Decreasing to 4.00% over 6 years	6.50% Decreasing to 5.00% over 6 years	7.50% Decreasing to 6.00% over 6 years
MBC total OPEB liability	\$ 834	\$ 881	\$ 932

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 13 – POSTEMPLOYMENT BENEFITS PLAN (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the City, Park Board, and MBC recognized OPEB expense of \$1,246, \$(493), and (\$24), respectively. The City, Park Board, and MBC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	City	Park Board	MBC	City	Park Board	MBC
Liability experience (gains) and losses	\$ 2,738	\$ 67	\$ 31	\$ -	\$ -	\$ -
Changes in actuarial assumptions	-	-	-	343	8	3
Contributions paid subsequent to the Measurement date	2,236	55	98	-	-	-
Total	4,974	122	129	343	8	3

Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2019 for the City and Park Board:

- The discount rate was changed from 3.30% to 3.71% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- The increases in explicit subsidy amounts were updated to reflect recent experience and future increase expectations.
- Medical per capita claims costs were updated to reflect recent experience and new plan offerings, including an adjustment to reflect age/gender-based risk scores published by the Society of Actuaries.
- Withdrawal and retirement rates were updated from the rates used in the 7/1/2016 PERA Police & Fire Plan valuation to the rates used in the 7/1/2019 valuation.
- Mortality rates were updated from the RP-2014 White-Collar and Blue-Collar mortality tables with MP-2016 generational improvement scale to the rates used in the 7/1/2019 PERA General Employees Plan and 7/1/2019 PERA Police & Fire Plan valuations.
- The salary scale assumption was updated from a flat 2.90% to the rates used in the 7/1/2019 PERA General Employees Plan and 7/1/2019 PERA Police & Fire Plan valuations.
- 25% percent of future retirees are assumed to elect family coverage at retirement. The prior valuation assumed 85% of future male retirees and 65% of future female retirees would be married. Of these married retirees, 30% would elect family coverage.
- The percent of active ex-spouses assumed to continue coverage under the original member changed from 20% to 25% based on the change in family coverage assumption.
- The percent of future non-Medicare eligible retirees electing each medical plan was updated to reflect recent experience.

The following changes in actuarial assumptions occurred in 2019 for MBC:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2018 Generational Improvement Scale.
- The discount rate was changed from 3.30% to 3.80%.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 14 – VACATION, SEVERANCE, SICK AND COMPENSATORY TIME PAY

Depending on the terms of their collective bargaining contract, or the policies applicable to their classification, employees may accumulate up to 400 hours of vacation.

Sick leave may be accumulated indefinitely by employees. Also, employees have the option of being paid once a year for current unused sick leave accumulated over a minimum base of 480 hours or, under certain circumstances, CPED employees may be allowed to have unused sick leave converted to vacation and added to their vacation balance. 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.

Employees, depending on their classification, and subject to prior approval of their supervisor, may earn compensatory time in lieu of paid overtime. Policies are in effect which are designed to place constraints on the amount of compensatory time an employee may accumulate.

Liabilities arising from compensated absences are generally liquidated from the fund where the employee’s salary was originally charged.

Primary Government

Activity for the primary government for the year ended December 31, 2019, was as follows:

	<u>Balance 1/1/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/2019</u>	<u>Amounts Due Within One Year</u>
Compensated absences payable:					
Governmental activities	\$ 40,217	\$ 26,682	\$ (25,909)	\$ 40,990	\$ 24,718
Business-type activities	3,384	2,927	(2,653)	3,658	2,629
Total	<u>\$ 43,601</u>	<u>\$ 29,609</u>	<u>\$ (28,562)</u>	<u>\$ 44,648</u>	<u>\$ 27,347</u>

Discretely Presented Component Units

Activity for the discretely presented component units for the year ended December 31, 2019, was as follows:

	<u>Balance 1/1/2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/2019</u>	<u>Amounts Due Within One Year</u>
Compensated absences payable:					
Minneapolis Park and Recreation Board	\$ 5,171	\$ 3,492	\$ (3,344)	\$ 5,319	\$ 3,099
Municipal Building Commission	206	198	(205)	199	164
Total	<u>\$ 5,377</u>	<u>\$ 3,690</u>	<u>\$ (3,549)</u>	<u>\$ 5,518</u>	<u>\$ 3,263</u>

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 15 – SELF-INSURED EMPLOYEE HEALTH PLANS

Employee health claims are accounted for in the Self-Insurance internal service fund. The City makes premium payments to the fund that include both employer and employee contributions. A liability was recorded at year-end for estimated open and IBNR claims which are evaluated through a review of current year claims paid as well as claims paid subsequent to year-end. Changes in the employee health plan liability during fiscal 2019 are as follows:

	<u>2019</u>
Incurring but not Received Claims (IBNR)	\$ 6,533
Claims Adjustment Expense	455
Provision for Adverse Deviation	<u>136</u>
Total Estimated Actuarial Liabilities	<u>\$ 7,124</u>

NOTE 16 – RISK MANAGEMENT AND CLAIMS

The City is self-insured and exposed to a variety of risks related to liability claims; property, personal injury and accidents. The City is self-insured for workers' compensation, general liability, and re-employment. Liability claims under \$25 and unrepresented are managed by Risk Management and Claims. Liability claims that are represented and over \$25 are managed by the City Attorneys' Office. The City, CPED and the BET are self-insured for general liability. The workers' compensation program includes the BET and all City departments. The Park Board and MBC maintain their own workers' compensation and liability programs. The claims liability of \$78,708 reported in the Self-Insurance Internal Service Fund at December 31, 2019, is based on the requirements of GASB Statement No. 10 - *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* and covers the exposures of workers' compensation and liability. An actuarial study completed in March of 2020 for claim exposure and settlements payments, calculated that the claims liability at December 31, 2019 is \$78,708, an increase of \$7,266 from the liability amount of \$71,442 at December 31, 2018.

Per State Statute, the City purchases excess insurance for its workers' compensation program from the Workers' Compensation Reinsurance Association (WCRA) and supports the State's regulation authority through payments in the Special Compensation Fund (SCF). The WCRA reimburses members for individual claim losses exceeding the City's retention limit. Reimbursements by the Second Injury Fund come through the SCF. Workers' compensation coverage is governed by State of Minnesota statutes. Claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can reasonably be estimated. Liabilities include an amount for estimated claims administration expenses and an amount for claims that have been incurred but are not reported (IBNR).

The City, including all discrete and blended component units of government, also maintains a self-funded dental plan for covered employees. Dental coverage is based on plan design and includes Delta Dental PPO coverage of up to \$1.5 or Delta Dental Premier coverage of up to \$1.0 per person annually.

Changes in the claim's liabilities during fiscal 2018 and 2019 are:

	<u>2018</u>	<u>2019</u>
Liability balance – January 1	\$ 55,092	\$ 71,442
Current year claims and changes in estimates	17,127	24,486
Claim payments	<u>(777)</u>	<u>(17,220)</u>
Liability balance – December 31	<u>\$ 71,442</u>	<u>\$ 78,708</u>

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 17 – CLEANUP OF HAZARDOUS MATERIALS

Properties owned by the City of Minneapolis may have certain contingent liabilities associated with them due to potential contamination from hazardous material or difficulty in securing vacant structures located on them. It is not expected that these contingencies will have a material effect on the financial statements of the City.

Any of these related costs that are incurred during City project construction are charged to the project that incurs them and are capitalized when the project is completed.

NOTE 18 – TAX ABATEMENTS

Tax Increment Financing Notes

The City is a party to tax abatements created by tax increment finance (TIF) agreements for development within City. TIF authorities are defined in Minn. Stat. § 469.174 and can include cities, housing redevelopment authorities, economic development authorities and port authorities. TIF captures the increased property taxes (increment) that a new real estate development generates to pay qualifying expenses related to the development. In many instances, the developer agrees to provide financing for the qualifying expenses. In exchange, the TIF authority agrees to annually pay a portion of the increment to the developer. These TIF agreements affect the property tax revenues of all governments that levy property tax on the property subject to the TIF agreement.

In the case of the City, TIF agreements with various developers have effectively reduced the property tax revenues for the year ended December 31, 2019 as shown below:

<u>Tax Abatement Program</u>	<u>Taxes Abated</u>
Tax Increment Financing	\$ 9,261

NOTE 19 – OTHER COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the grantor agencies. Any disallowed claims, including amounts previously recognized by the City as revenue, would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time. City officials expect such amounts, if any, to be immaterial.

In connection with the normal conduct of its affairs, the City is involved in various claims and litigations pending against the City involving claims for monetary damages. Except as follows, these pending cases are not unusual in number and amount.

- The City is a defendant in four cases that allege injury or wrongful death, as a result of police misconduct.

For the fiscal year ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 20 – SUBSEQUENT EVENTS**A. COVID-19**

In early 2020, the entire world began to feel the impacts of the novel coronavirus disease 2019, or COVID-19 pandemic. There were immediate economic impacts due to the closure of public spaces, shops, restaurants, and many other businesses. The City of Minneapolis, like every public and private entity in the country and around the world, encountered a set of reactions and consequences in response to this unknown and serious public health threat. Along with general guidance from the State of Minnesota, Minneapolis enacted emergency responses that included sending non-essential workers to work remotely, closing public buildings and otherwise attempting to restrict the spread of the virus by limiting in-person interaction between employees and/or the public. Where it was determined that jobs were essential to be carried out, additional precautions were taken to ensure employees had the resources and personal protective equipment needed to continue performing their duties. Beyond the safety of employees, the City also took measures to provide funds and services to business, not-for-profit partners, and individuals most at risk of being negatively impacted by COVID-19. These efforts continue today and will continue to cost the City additional resources. The City will be receiving CARES funds from the State of Minnesota, passed through the Federal government, to help offset the costs of some of this response effort.

In addition to the direct costs of the City's response to COVID-19 there is a significant economic impact to the City in the form of lost revenue. The City has implemented a series of steps including a hiring freeze, wage freeze, and discretionary spending freeze to accomplish a reduction of expenditures equal to the projected loss of revenue. Much of the lost revenue is attributable to the reduction of economic activity within the City which will reduce the collection of local taxes on food, liquor, lodging, and entertainment. The businesses that traditionally provide those services and pay those taxes were shut down for several months and will not return to pre-pandemic status for the foreseeable future. In addition, downtown office workers have switched to remote work, further decreasing the need for parking, utilities, and other services the City provides in the normal course of business, resulting in further lost revenues.

B. CIVIL UNREST

In late May of 2020, officers from the Minneapolis Police Department were involved in the death of George Floyd. Protests involving large numbers of citizens throughout the City were held in response to this tragedy. Over the course of several nights in late May and early June, those protests devolved into riots and civil unrest that resulted in property damage to scores of private businesses and seven public buildings. Most financially significant to the City was the fire at the Third Police Precinct that caused extensive damage to the building and contents inside.

Much like COVID-19, the civil unrest had both an immediate response cost and ongoing economic impacts. The direct costs to the City include the personnel costs of Police, Fire, and Public Works employees responding to the unrest, as well as the costs of providing protection and equipment for that response. The Third Precinct building housed both Police and 311 operations and was a total loss from a usability standpoint. The cost of repairing that facility and leasing office space for the displaced City employees will be ongoing until decisions are made on restoring the building. The 311 staff will move to the new Public Service building in November as originally planned and will continue to work remotely until then. There will be ongoing economic development related impacts as the City helps businesses return and rebuild in the coming months and years. Also, like COVID-19, the City will access all available State and Federal funds to assist in the rebuilding efforts.



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**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 240,651	\$ 240,651	\$ 237,929	\$ (2,722)
Licenses and permits	47,494	47,694	55,642	7,948
Intergovernmental revenues	85,926	85,926	91,153	5,227
Charges for services and sales	53,635	53,635	58,586	4,951
Fines and forfeits	6,602	6,602	7,246	644
Special assessments	3,440	3,440	3,417	(23)
Investment earnings	6,050	6,050	14,184	8,134
Miscellaneous revenues	3,355	3,355	3,374	19
Total revenues	<u>447,153</u>	<u>447,353</u>	<u>471,531</u>	<u>24,178</u>
CURRENT EXPENDITURES:				
Current:				
General government:				
Mayor	2,387	2,439	2,439	-
Council & Clerk	11,649	12,156	11,096	1,060
Assessor	6,148	7,423	5,602	1,821
Attorney	10,691	10,716	9,837	879
Civil rights	4,543	5,205	4,601	604
Coordinator	9,243	7,888	7,264	624
Coordinator - 311	4,145	4,332	4,189	143
Coordinator - Communications	2,309	2,309	2,258	51
Coordinator - Finance	24,896	24,919	22,799	2,120
Coordinator - Human resources	7,710	7,939	7,171	768
Coordinator - Intergovernmental relations	1,523	1,523	1,443	80
Internal audit	858	958	700	258
Contingency	5,730	1,761	-	1,761
General government pensions	-	-	540	(540)
Total general government	<u>91,832</u>	<u>89,568</u>	<u>79,939</u>	<u>9,629</u>
Public safety:				
Regulatory services	20,776	20,865	20,779	86
Coordinator - 911	9,813	9,918	9,918	-
Coordinator - Emergency management	1,124	1,124	1,040	84
Fire	69,331	69,330	69,151	179
Police	179,195	179,378	176,190	3,188
Public safety pensions	-	-	2,187	(2,187)
Total public safety	<u>280,239</u>	<u>280,615</u>	<u>279,265</u>	<u>1,350</u>
Public works:				
Administration	3,934	3,925	3,798	127
Engineering design	2,142	2,300	2,302	(2)
Field services	36,014	41,307	41,632	(325)
Transportation and special projects	20,475	21,417	20,795	622
Total public works	<u>62,565</u>	<u>68,949</u>	<u>68,527</u>	<u>422</u>
Health and welfare - Health and family support	<u>12,306</u>	<u>14,055</u>	<u>13,995</u>	<u>60</u>
Community planning & economic development	<u>35,761</u>	<u>39,758</u>	<u>36,784</u>	<u>2,974</u>
Intergovernmental:				
General government:				
Coordinator	200	200	200	-
Total expenditures	<u>482,903</u>	<u>493,145</u>	<u>478,710</u>	<u>14,435</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(35,750)</u>	<u>(45,792)</u>	<u>(7,179)</u>	<u>38,613</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	59,852	60,197	60,182	(15)
Transfers to other funds	(29,149)	(29,145)	(29,154)	(9)
Total other financing sources (uses)	<u>30,703</u>	<u>31,052</u>	<u>31,028</u>	<u>(24)</u>
Net change in fund balance	(5,047)	(14,740)	23,849	38,589
Fund balance - January 1, restated (see note 1.Q)	<u>104,191</u>	<u>104,191</u>	<u>104,191</u>	<u>-</u>
Fund balance - December 31	<u>\$ 99,144</u>	<u>\$ 89,451</u>	<u>\$ 128,040</u>	<u>\$ 38,589</u>

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

**COMMUNITY PLANNING AND ECONOMIC DEVELOPMENT
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 60,793	\$ 60,793	\$ 63,736	\$ 2,943
Intergovernmental revenues	-	-	606	606
Charges for services and sales	10,000	10,000	11,316	1,316
Special assessments	-	-	364	364
Investment earnings	561	561	6,779	6,218
Miscellaneous revenues	4,728	4,728	4,417	(311)
Total revenues	<u>76,082</u>	<u>76,082</u>	<u>87,218</u>	<u>11,136</u>
EXPENDITURES:				
Current:				
Community planning & economic development	67,716	121,203	57,844	63,359
Intergovernmental:				
Culture and recreation	-	-	88	(88)
Total expenditures	<u>67,716</u>	<u>121,203</u>	<u>57,932</u>	<u>63,271</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,366</u>	<u>(45,121)</u>	<u>29,286</u>	<u>74,407</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	16,655	20,365	22,446	2,081
Transfers to other funds	(43,967)	(63,725)	(66,910)	(3,185)
Total other financing sources (uses)	<u>(27,312)</u>	<u>(43,360)</u>	<u>(44,464)</u>	<u>(1,104)</u>
Net change in fund balance	(18,946)	(88,481)	(15,178)	73,303
Fund balance - January 1	<u>245,653</u>	<u>245,653</u>	<u>245,653</u>	-
Fund balance - December 31	<u>\$ 226,707</u>	<u>\$ 157,172</u>	<u>\$ 230,475</u>	<u>\$ 73,303</u>

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

DEFINED BENEFIT PENSION PLANS

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2019 (Dollar Amounts Expressed In Thousands)

**Schedule of City of Minneapolis' Contributions
PERA General Employees Retirement Plan
Required Supplemental Information (Last Ten Years*)**

Fiscal Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll** (d)	Actual Contributions as a Percentage of Covered Payroll*** (b/d)
December 31, 2015	\$ 32,333	\$ 32,333	\$ -	\$167,834	19.3%
December 31, 2016	30,921	30,921	-	178,002	17.4%
December 31, 2017	25,977	25,977	-	187,351	13.9%
December 31, 2018	26,798	26,798	-	198,557	13.5%
December 31, 2019	27,487	27,487	-	208,180	13.2%

**Schedule of Municipal Building Commission's Contributions
PERA General Employees Retirement Plan
Required Supplemental Information (Last Ten Years*)**

Fiscal Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll** (d)	Actual Contributions as a Percentage of Covered Payroll*** (b/d)
December 31, 2015	\$ 518	\$ 518	\$ -	\$ 2,447	21.2%
December 31, 2016	527	527	-	2,392	22.0%
December 31, 2017	538	538	-	2,706	19.9%
December 31, 2018	436	436	-	2,814	15.5%
December 31, 2019	430	430	-	2,708	15.9%

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

** For purposes of this schedule, covered payroll is defined as "pensionable wages."

*** Statutorily required contributions include additional contributions as required by statute which affects contributions as a percentage of covered payroll.

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

For the Fiscal Year Ended December 31, 2019

(Dollar Amounts Expressed In Thousands)

Schedule of City of Minneapolis' Proportionate Share of Net Pension Liability
 PERA General Employees Retirement Plan
 Required Supplemental Information (Last Ten Years*)

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with City of Minneapolis (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a + b)	Employer's Covered Payroll** (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/c)	Plan Fiduciary Net Position of the Total Pension Liability
June 30, 2015	6.8465%	\$ 354,821	N/A	\$ 354,821	\$ 160,155	221.5%	78.2%
June 30, 2016	6.5619%	532,790	6,959	539,749	172,446	309.0%	68.9%
June 30, 2017	5.2275%	333,721	4,254	337,975	182,342	183.0%	75.9%
June 30, 2018	5.6525%	313,579	9,555	323,134	193,999	161.6%	79.5%
June 30, 2019	4.7294%	261,478	10,610	272,088	202,835	128.9%	80.2%

Schedule of Municipal Building Commission's Proportionate Share of Net Pension Liability
 PERA General Employees Retirement Plan
 Required Supplemental Information (Last Ten Years*)

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Municipal Building Commission (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a + b)	Employer's Covered Payroll** (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/c)	Plan Fiduciary Net Position of the Total Pension Liability
June 30, 2015	0.0870%	\$ 4,509	N/A	\$ 4,509	\$ 2,365	190.7%	78.2%
June 30, 2016	0.1116%	9,061	118	9,179	2,398	377.9%	68.9%
June 30, 2017	0.0857%	5,469	70	5,539	2,499	218.8%	75.9%
June 30, 2018	0.0931%	5,164	156	5,320	2,750	187.8%	79.5%
June 30, 2019	0.0739%	4,086	175	4,261	2,753	148.4%	80.2%

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

** For purposes of this schedule, covered payroll is defined as "pensionable wages."

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

DEFINED BENEFIT PENSION PLANS

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2019

(Dollar Amounts Expressed In Thousands)

Schedule of City of Minneapolis' Contributions
PERA Public Employees Police and Fire Plan
Required Supplemental Information (Last Ten Years*)

Fiscal Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll** (d)	Actual Contributions as a Percentage of Covered Payroll*** (b/d)
December 31, 2015	\$ 28,504	\$ 28,504	\$ -	\$ 104,749	27.2%
December 31, 2016	31,460	31,460	-	109,924	28.6%
December 31, 2017	33,652	33,652	-	123,464	27.3%
December 31, 2018	33,814	33,814	-	124,135	27.2%
December 31, 2019	29,160	29,160	-	126,780	23.0%

Schedule of City of Minneapolis' Proportionate Share of Net Pension Liability
PERA Public Employees Police and Fire Plan
Required Supplemental Information (Last Ten Years*)

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll** (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position of the Total Pension Liability
June 30, 2015	19.4220%	\$ 220,680	\$ 101,015	218.5%	86.6%
June 30, 2016	19.8370%	796,093	106,039	750.8%	63.9%
June 30, 2017	20.8345%	281,291	120,133	234.1%	85.4%
June 30, 2018	22.5320%	240,167	123,917	193.8%	88.8%
June 30, 2019	17.5833%	187,192	124,200	150.7%	89.3%

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

** For purposes of this schedule, covered payroll is defined as "pensionable wages."

*** Statutorily required contributions include additional contributions as required by statute which affects contributions as a percentage of covered payroll.

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

For the Fiscal Year Ended December 31, 2019

(Dollar Amounts Expressed In Thousands)

**Schedule of City of Minneapolis' Contributions
Teachers Retirement Association (Special Funding Situation)
Required Supplemental Information (Last Ten Years*)**

Fiscal Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll** (d)	Actual Contributions as a Percentage of Covered Payroll (b/d)
December 31, 2015	\$ 2,250	\$ 2,250	\$ -	\$ -	N/A
December 31, 2016	2,250	2,250	-	-	N/A
December 31, 2017	2,250	2,250	-	-	N/A
December 31, 2018	2,250	2,250	-	-	N/A
December 31, 2019	2,250	2,250	-	-	N/A

**Schedule of City of Minneapolis' Proportionate Share of Net Pension Liability
Teachers Retirement Association (Special Funding Situation)
Required Supplemental Information (Last Ten Years*)**

Measurement Date	City's Proportion (Percentage) of the Net Pension Liability (Asset)	City's Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll** (b)	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position of the Total Pension Liability
June 30, 2015	0.5911%	\$ 36,365	\$ -	N/A	76.8%
June 30, 2016	0.5767%	137,557	-	N/A	44.9%
June 30, 2017	N/A	29,294	-	N/A	51.6%
June 30, 2018	N/A	26,573	-	N/A	78.1%
June 30, 2019	N/A	26,316	-	N/A	78.2%

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

** For purposes of this schedule, covered payroll is defined as "pensionable wages."

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

For the Fiscal Year Ended December 31, 2019

(Dollar Amounts Expressed In Thousands)

Schedule of Changes in the City of Minneapolis'
 Total OPEB Liability and Related Ratios
 Required Supplemental Information (Last Ten Years*)

Fiscal Year Ending	Service Cost	Interest	Differences Between Expected and Actual Experience	Changes of Assumptions	Benefit Payments	Net Change in Total OPEB Liability	Total OPEB Liability - Beginning	Total OPEB Liability - Ending	Covered Payroll	Total OPEB Liability as a Percentage of Covered Payroll
December 31, 2018	\$ 1,453	\$ 1,106	\$ -	\$ -	\$ (1,871)	\$ 688	\$ 32,986	\$ 33,674	\$ 288,517	11.67%
December 31, 2019	1,531	1,147	3,124	186	(2,048)	3,940	33,674	37,614	315,652	11.92%

Schedule of Changes in the Municipal Building Commission's
 Total OPEB Liability and Related Ratios
 Required Supplemental Information (Last Ten Years*)

Fiscal Year Ending	Service Cost	Interest	Differences Between Expected and Actual Experience	Changes of Assumptions	Benefit Payments	Net Change in Total OPEB Liability	Total OPEB Liability - Beginning	Total OPEB Liability - Ending	Covered Payroll	Total OPEB Liability as a Percentage of Covered Payroll
December 31, 2018	\$ 35	\$ 30	\$ -	\$ -	\$ (108)	\$ (43)	\$ 937	\$ 894	\$ 2,489	35.92%
December 31, 2019	31	29	46	(4)	(115)	(13)	894	881	2,596	33.94%

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2018

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

For the Fiscal Year Ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 1 – BUDGETS

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATION

The legal level of budgetary control is at the department level within a fund. This means all Public Works departments report as one department, all Coordinator departments report as one department, and the Council and Clerk and Clerk – Elections departments report as one. The following department in the General Fund had expenditures in excess of appropriation for the fiscal year ending December 31, 2019.

	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
General government pensions	-	540	(540)
Public safety pensions	-	2,187	(2,187)

To mitigate the effects of these excess expenditures, the City regularly reviews budgetary performance and makes adjustments as necessary. No budgets are established for general government or public safety pensions. Because the expense recorded here is offset by an equal amount of revenue related to contributions to the pension plans from the State of Minnesota, it is not expected that the City will budget for this activity.

NOTE 3 – DEFINED BENEFIT PENSION PLANS

A – Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred:

General Employees Retirement Plan

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.0 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.
- Minneapolis Employees Retirement Fund plan provisions changed the employer supplemental contribution to \$21,000 in calendar years 2017 and 2018 and returns to \$31,000 through calendar year 2031. The State’s required contribution is \$16,000 in PERA’s fiscal years 2018 and 2019 and returns to \$6,000 annually through calendar year 2031.

For the Fiscal Year Ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 3 – DEFINED BENEFIT PENSION PLANS**A – Changes in Actuarial Assumptions**

General Employees Retirement Plan (continued)

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Police and Fire Plan

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution. Additionally, annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed effective January 1, 2019 and January 1, 2020 from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019 and January 1, 2020 from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65 percent to 60 percent.

For the Fiscal Year Ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 3 – DEFINED BENEFIT PENSION PLANS**A – Changes in Actuarial Assumptions**

Public Employees Police and Fire Plan

2017 (continued)

- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 per annum to 7.50 percent per annum.

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Teachers Retirement Association Fund

2019

- No changes in actuarial assumptions for 2019.

2018

- The investment return assumption was changed from 8.50 percent to 7.50 percent.
- The wage inflation assumption (above price inflation) was reduced from 0.75 percent to 0.35 percent for the next 10 years, and 0.75 percent thereafter.
- The price inflation was lowered from 3.00 percent to 2.50 percent.
- The total salary increase assumption was adjusted by the wage inflation change.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The amortization date for the funding of the Unfunded Actuarial Accrued Liability (UAAL) was reset to June 30, 2048 (30 years).
- A mechanism in the law that provided the TRA Board with some authority to set contribution rates were eliminated.

2017

- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The cost of living adjustment (COLA) was not assumed to increase to 2.50 percent, but remain at 2.0 percent for all future years.
- The price inflation was lowered from 2.75 percent to 2.50 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years followed by 3.25 percent, thereafter.

For the Fiscal Year Ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 3 – DEFINED BENEFIT PENSION PLANS**A – Changes in Actuarial Assumptions**

Teachers Retirement Association Fund

2017 (continued)

- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The Combined Service Annuity (CSA) loads were reduced from 1.40 percent to 0.00 percent for active load, the vested inactive load increase from 4.00 percent to 7.00 percent and the non-vested inactive load increased from 4.00 percent to 9.00 percent.

2016

- The single discount rate was changed from 8.00 percent to 4.66 percent.
- Other assumption changed pursuant to the experience study dated June 5, 2015. The assumed wage growth, payroll growth and inflation were decreased by 0.25 percent. The assumed wage growth and payroll growth were reduced from 3.75 percent to 3.50 percent. Inflation was reduced from 3.00 percent to 2.75 percent.

NOTE 4 – POSTEMPLOYMENT BENEFITS PLAN**A – Employer Contributions to Postemployment Benefits Plan**

Assets have not been accumulated in a trust that meets the criteria in paragraph four of the Governmental Accounting Standards Board (GASB) Statement No. 75 to pay related benefits.

B – Plan Changes Affecting Actuarial Accrued Liability2019

The following changes in actuarial assumptions occurred in 2019 for the City:

- The discount rate was changed from 3.30% to 3.71% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- The increases in explicit subsidy amounts were updated to reflect recent experience and future increase expectations.
- Medical per capita claims costs were updated to reflect recent experience and new plan offerings, including an adjustment to reflect age/gender-based risk scores published by the Society of Actuaries.
- Withdrawal and retirement rates were updated from the rates used in the 7/1/2016 PERA Police & Fire Plan valuation to the rates used in the 7/1/2019 valuation.
- Mortality rates were updated from the RP-2014 White Collar and Blue-Collar mortality tables with MP-2016 generational improvement scale to the rates used in the 7/1/2019 PERA General Employees Plan and 7/1/2019 PERA Police & Fire Plan valuations.
- The salary scale assumption was updated from a flat 2.90% to the rates used in the 7/1/2019 PERA General Employees Plan and 7/1/2019 PERA Police & Fire Plan valuations.
- 25% percent of future retirees are assumed to elect family coverage at retirement. The prior valuation assumed 85% of future male retirees and 65% of future female retirees would be married. Of these married retirees, 30% would elect family coverage.
- The percent of active ex-spouses assumed to continue coverage under the original member changed from 20% to 25% based on the change in family coverage assumption.
- The percent of future non-Medicare eligible retirees electing each medical plan was updated to reflect recent experience.

NOTE 4 – POSTEMPLOYMENT BENEFITS PLAN

B – Plan Changes Affecting Actuarial Accrued Liability

2019 (continued)

The following changes in actuarial assumptions occurred in 2019 for MBC:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2018 Generational Improvement Scale.
- The discount rate was changed from 3.30% to 3.80%.

The following changes in actuarial assumptions occurred for all entities in 2018:

2018

- The discount rate used changed from 3.50% percent to 3.30% percent.



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Non-Major Special Revenue Funds

Arena Reserve (Target Center) – This fund is used to account for the ownership, capital maintenance, and operations of the City owned Arena (Target Center).

Board of Estimate and Taxation – This fund is used to account for the operations of the Board of Estimate and Taxation which issues and sells bonds, and establishes the maximum levies for the City, its Boards, and Commissions.

Downtown Assets – This fund is used to clearly delineate the uses of local sales, liquor, restaurant, entertainment, and lodging taxes; to provide stable, predictable ongoing support from these taxes to the General Fund; and to support the comprehensive management of the City's four primary downtown revenue-generating capital assets, the Minneapolis Convention Center, the Arena (Target Center), the Downtown Commons, and Peavey Plaza.

HUD Consolidated Plan – This fund accounts for federal formula-based grants received from the U.S. Department of Housing and Urban Development's Community Planning and Development Office.

Convention Center – This fund is used to account for the ownership, capital maintenance, and operations of the City owned Minneapolis Convention Center.

Self-Managed Special Service Districts – This fund accounts for the special assessments that are collected to fund the special service districts.

Employee Retirement – This fund is used to account for the activities of the three closed retirement funds of the City including the Minneapolis Employees Retirement Fund, the Minneapolis Firefighter's Relief Association, and the Minneapolis Police Relief Association.

Grants – Federal – This fund is used to account for all federal grants, except for those included in the HUD Consolidated Plan Special Revenue Fund, Permanent Improvement Capital Projects Fund, Police Special Revenue Fund, Enterprise, and Internal Service Funds.

Grants – Other – This fund is used to account for grants received from the State of Minnesota, Hennepin County, local governmental units, and private sources.

Police – This fund is used to account for the revenues and expenditures related to federal and state administrative forfeitures, lawful gambling, and the automated pawn system.

Neighborhood and Community Relations – This fund is used to account for the tax increment financing funded expenditures of the Neighborhood and Community Relations Department.

Regulatory Services – This fund is used to account for special assessments related to nuisance properties.

Non-Major Debt Service Funds

Community Development Agency – This fund is used to account for the debt service activity of the Community Planning and Economic Development Department. It includes various tax increment revenue notes.

Development – This fund is used primarily to account for debt of projects supported by property tax increments and transfers of sales tax revenues from the Downtown Assets Special Revenue Fund for related debt.

General Debt Service – This fund is used to account for debt service activity related to General Obligation governmental debt supported by property tax levies or transfers to/from other City funds. Bonds paid within this fund include general infrastructure, library referendum, and pension obligation bonds. This fund also is used to record debt service activity for governmental revenue notes including the Section 108 HUD note for the Midtown Exchange.

Internal Service Funds

Engineering Materials and Testing – This fund is used to account for operations of the City’s paving products laboratory.

Intergovernmental Services – This fund is used to account for information technology service, central mailing and printing services, and telecommunication operations. These services are provided to City departments as well as the Park Board, the Municipal Building Commission, and the Minneapolis Youth Coordinating Board.

Property Services – This fund is used to account for the physical management and maintenance of various City buildings, except for the City Hall/County Court House building.

Equipment Services – This fund is used to account for the ownership and operation of various equipment and vehicles. The fund operates as a rental agent to various departments to support the construction and maintenance of city infrastructure, fire protection services, and police services.

Public Works Stores – This fund is used to account for the centralized procurement, warehousing, and distribution of stocked inventory items, as well as the purchase of special goods and services.

Self-Insurance – This fund is used to account for employee benefit programs and administrative costs, occupational health services and severance payments to employees who have retired or resigned, a tort liability program, a workers’ compensation program, and a medical self-insurance program.

Custodial Funds

Minneapolis Youth Coordinating Board Agency – This fund is used to account for cash deposited with the City.

Joint Board Agency – This fund is used to account for cash deposited with the City.

**GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 88,985	\$ 25,984	\$ 114,969
Investments with trustees	-	3,057	3,057
Receivables:			
Accounts - net	3,448	-	3,448
Taxes	252	704	956
Special assessments	529	-	529
Intergovernmental	15,686	-	15,686
Loans - net	28,102	-	28,102
Accrued interest	227	82	309
Due from other funds	1,850	1,310	3,160
Advances to other funds	19,010	-	19,010
Properties held for resale	8,187	-	8,187
Total assets	<u>\$ 166,276</u>	<u>\$ 31,137</u>	<u>\$ 197,413</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
Liabilities:			
Salaries payable	\$ 1,225	\$ -	\$ 1,225
Accounts payable	8,838	11	8,849
Due to other governmental agencies	148	-	148
Due to other funds	1,850	1,310	3,160
Deposits held for others	2,557	-	2,557
Advances from other funds	-	13,107	13,107
Unearned revenue	9,993	-	9,993
Total liabilities	<u>24,611</u>	<u>14,428</u>	<u>39,039</u>
Deferred Inflows of Resources:			
Unavailable revenue	<u>29,468</u>	<u>477</u>	<u>29,945</u>
Fund balances:			
Restricted	12,558	30,021	42,579
Assigned	99,672	-	99,672
Unassigned	<u>(33)</u>	<u>(13,789)</u>	<u>(13,822)</u>
Total fund balances	<u>112,197</u>	<u>16,232</u>	<u>128,429</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 166,276</u>	<u>\$ 31,137</u>	<u>\$ 197,413</u>

**GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NON-MAJOR FUNDS
 For the Fiscal Year Ended December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental</u>
REVENUES:			
Taxes	\$ 115,189	\$ 51,477	\$ 166,666
Licenses and permits	744	-	744
Intergovernmental revenues	48,938	4,170	53,108
Charges for services and sales	11,654	-	11,654
Fines and forfeits	327	-	327
Special assessments	9,154	-	9,154
Investment earnings	3,365	1,095	4,460
Miscellaneous revenues	21,143	4,565	25,708
Total revenues	<u>210,514</u>	<u>61,307</u>	<u>271,821</u>
EXPENDITURES:			
Current:			
General government	28,158	-	28,158
Public safety	17,731	-	17,731
Public works	40	-	40
Health and welfare	12,111	-	12,111
Community planning & economic development	103,688	-	103,688
Intergovernmental:			
Public safety	126	-	126
Debt Service:			
Principal retirement	-	128,550	128,550
Interest and fiscal charges	-	18,455	18,455
Total expenditures	<u>161,854</u>	<u>147,005</u>	<u>308,859</u>
Excess (deficiency) of revenues over (under) expenditures	<u>48,660</u>	<u>(85,698)</u>	<u>(37,038)</u>
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	77,840	84,757	162,597
Transfers to other funds	(131,118)	(5,788)	(136,906)
Total other financing sources (uses)	<u>(53,278)</u>	<u>78,969</u>	<u>25,691</u>
Net change in fund balances	(4,618)	(6,729)	(11,347)
Fund balances - January 1	<u>116,815</u>	<u>22,961</u>	<u>139,776</u>
Fund balances - December 31	<u>\$ 112,197</u>	<u>\$ 16,232</u>	<u>\$ 128,429</u>

**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Arena Reserve</u>	<u>Board of Estimate and Taxation</u>	<u>Downtown Assets</u>	<u>HUD Consolidated Plan</u>	<u>Convention Center</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 9,479	\$ 297	\$ 8,813	\$ 88	\$ 20,024
Receivables:					
Accounts - net	2,258	-	-	-	684
Taxes	-	2	-	-	-
Special assessments	-	-	-	-	-
Intergovernmental	-	-	7,316	642	-
Loans - net	-	-	-	28,102	-
Accrued interest	30	-	28	-	65
Due from other funds	-	-	-	-	-
Advances to other funds	-	-	-	-	19,010
Properties held for resale	-	-	-	6,321	-
Total assets	<u>\$ 11,767</u>	<u>\$ 299</u>	<u>\$ 16,157</u>	<u>\$ 35,153</u>	<u>\$ 39,783</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>					
Liabilities:					
Salaries payable	\$ 7	\$ 16	\$ -	\$ 117	\$ 493
Accounts payable	1,967	1	60	464	3,328
Due to other governmental agencies	-	-	-	148	-
Due to other funds	-	-	-	-	-
Deposits held for others	-	-	-	-	2,557
Unearned revenue	1,520	-	-	1	-
Total liabilities	<u>3,494</u>	<u>17</u>	<u>60</u>	<u>730</u>	<u>6,378</u>
Deferred inflows of resources:					
Unavailable revenue	751	1	13	28,102	30
Fund balances:					
Restricted	-	-	-	6,321	-
Assigned	7,522	281	16,084	-	33,375
Unassigned	-	-	-	-	-
Total fund balances	<u>7,522</u>	<u>281</u>	<u>16,084</u>	<u>6,321</u>	<u>33,375</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,767</u>	<u>\$ 299</u>	<u>\$ 16,157</u>	<u>\$ 35,153</u>	<u>\$ 39,783</u>

**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
December 31, 2019**

**CITY OF MINNEAPOLIS, MINNESOTA
(Continued)**

(In Thousands)

Self-Managed Special Service Districts	Employee Retirement	Grants- Federal	Grants- Other	Police	Neighborhood and Community Relations	Regulatory Services	Total
\$ 402	\$ 36,484	\$ 244	\$ 5,760	\$ 2,784	\$ 3,459	\$ 1,151	\$ 88,985
15	-	-	106	385	-	-	3,448
-	250	-	-	-	-	-	252
20	-	-	-	-	-	509	529
-	-	3,993	3,735	-	-	-	15,686
-	-	-	-	-	-	-	28,102
-	100	-	-	-	-	4	227
-	-	-	1,850	-	-	-	1,850
-	-	-	-	-	-	-	19,010
-	-	666	1,200	-	-	-	8,187
\$ 437	\$ 36,834	\$ 4,903	\$ 12,651	\$ 3,169	\$ 3,459	\$ 1,664	\$ 166,276
\$ -	\$ -	\$ 157	\$ 186	\$ 87	\$ 64	\$ 98	\$ 1,225
-	-	504	2,067	122	282	43	8,838
-	-	-	-	-	-	-	148
-	-	1,850	-	-	-	-	1,850
-	-	-	-	-	-	-	2,557
-	-	1,591	6,845	36	-	-	9,993
-	-	4,102	9,098	245	346	141	24,611
4	171	-	-	-	-	396	29,468
-	-	666	3,586	1,985	-	-	12,558
433	36,663	135	-	939	3,113	1,127	99,672
-	-	-	(33)	-	-	-	(33)
433	36,663	801	3,553	2,924	3,113	1,127	112,197
\$ 437	\$ 36,834	\$ 4,903	\$ 12,651	\$ 3,169	\$ 3,459	\$ 1,664	\$ 166,276

**SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS**

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2019

(In Thousands)

	Arena Reserve	Board of Estimate and Taxation	Downtown Assets	HUD Consolidated Plan	Convention Center
REVENUES:					
Taxes	\$ -	\$ 211	\$ 89,182	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental revenues	-	-	-	8,875	-
Charges for services and sales	-	-	-	986	8,542
Fines and forfeits	-	-	-	-	-
Special assessments	-	-	-	-	-
Investment earnings	358	-	431	218	1,393
Miscellaneous revenues	1,491	-	-	1,134	12,934
Total revenues	<u>1,849</u>	<u>211</u>	<u>89,613</u>	<u>11,213</u>	<u>22,869</u>
EXPENDITURES:					
Current:					
General government	-	122	-	1,847	-
Public safety	-	-	-	765	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	724	-
Community planning & economic development	6,490	-	5,564	11,256	51,940
Intergovernmental:					
Public safety	-	-	-	-	-
Total expenditures	<u>6,490</u>	<u>122</u>	<u>5,564</u>	<u>14,592</u>	<u>51,940</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,641)</u>	<u>89</u>	<u>84,049</u>	<u>(3,379)</u>	<u>(29,071)</u>
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	4,383	5	2,757	3,487	59,520
Transfers to other funds	(2,757)	-	(96,679)	-	(26,682)
Total other financing sources (uses)	<u>1,626</u>	<u>5</u>	<u>(93,922)</u>	<u>3,487</u>	<u>32,838</u>
Net change in fund balances	(3,015)	94	(9,873)	108	3,767
Fund balances - January 1	<u>10,537</u>	<u>187</u>	<u>25,957</u>	<u>6,213</u>	<u>29,608</u>
Fund balances - December 31	<u>\$ 7,522</u>	<u>\$ 281</u>	<u>\$ 16,084</u>	<u>\$ 6,321</u>	<u>\$ 33,375</u>

**SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NON-MAJOR FUNDS**

**CITY OF MINNEAPOLIS, MINNESOTA
 (Continued)**

For the Fiscal Year Ended December 31, 2019

(In Thousands)

Self-Managed Special Service Districts	Employee Retirement	Grants- Federal	Grants- Other	Police	Neighborhood and Community Relations	Regulatory Services	Total
\$ -	\$ 25,467	\$ -	\$ 66	\$ 263	\$ -	\$ -	\$ 115,189
-	-	-	-	658	-	86	744
-	4,822	11,374	23,571	296	-	-	48,938
-	-	207	1,029	756	-	134	11,654
-	-	-	-	318	-	9	327
7,175	-	-	17	-	-	1,962	9,154
(23)	925	-	12	-	-	51	3,365
-	3,318	184	2,082	-	-	-	21,143
<u>7,152</u>	<u>34,532</u>	<u>11,765</u>	<u>26,777</u>	<u>2,291</u>	<u>-</u>	<u>2,242</u>	<u>210,514</u>
7,046	16,515	1,231	1,359	38	-	-	28,158
-	7,679	2,975	651	1,777	-	3,884	17,731
-	-	4	36	-	-	-	40
-	-	4,880	6,507	-	-	-	12,111
-	-	2,871	18,516	-	7,051	-	103,688
-	-	126	-	-	-	-	126
<u>7,046</u>	<u>24,194</u>	<u>12,087</u>	<u>27,069</u>	<u>1,815</u>	<u>7,051</u>	<u>3,884</u>	<u>161,854</u>
106	10,338	(322)	(292)	476	(7,051)	(1,642)	48,660
-	-	-	5	-	6,883	800	77,840
-	(5,000)	-	-	-	-	-	(131,118)
-	(5,000)	-	5	-	6,883	800	(53,278)
106	5,338	(322)	(287)	476	(168)	(842)	(4,618)
<u>327</u>	<u>31,325</u>	<u>1,123</u>	<u>3,840</u>	<u>2,448</u>	<u>3,281</u>	<u>1,969</u>	<u>116,815</u>
<u>\$ 433</u>	<u>\$ 36,663</u>	<u>\$ 801</u>	<u>\$ 3,553</u>	<u>\$ 2,924</u>	<u>\$ 3,113</u>	<u>\$ 1,127</u>	<u>\$ 112,197</u>

**ARENA RESERVE
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Investment earnings	\$ 90	\$ 90	\$ 358	\$ 268
Miscellaneous revenues	1,491	1,491	1,491	-
Total revenues	<u>1,581</u>	<u>1,581</u>	<u>1,849</u>	<u>268</u>
EXPENDITURES:				
Current:				
Community planning & economic development	<u>6,362</u>	<u>11,194</u>	<u>6,490</u>	<u>4,704</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,781)</u>	<u>(9,613)</u>	<u>(4,641)</u>	<u>4,972</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	4,383	4,383	4,383	-
Transfers to other funds	<u>(2,757)</u>	<u>(2,757)</u>	<u>(2,757)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,626</u>	<u>1,626</u>	<u>1,626</u>	<u>-</u>
Net change in fund balances	(3,155)	(7,987)	(3,015)	4,972
Fund balances - January 1	<u>10,537</u>	<u>10,537</u>	<u>10,537</u>	<u>-</u>
Fund balances - December 31	<u>\$ 7,382</u>	<u>\$ 2,550</u>	<u>\$ 7,522</u>	<u>\$ 4,972</u>

**BOARD OF ESTIMATE AND TAXATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 210	\$ 210	\$ 211	\$ 1
EXPENDITURES:				
Current:				
General government	281	281	122	159
Excess (deficiency) of revenues over (under) expenditures	(71)	(71)	89	\$ 160
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	5	5	5	-
Net change in fund balances	(66)	(66)	94	\$ 160
Fund balances - January 1	187	187	187	-
Fund balances - December 31	<u>\$ 121</u>	<u>\$ 121</u>	<u>\$ 281</u>	<u>\$ 160</u>

**DOWNTOWN ASSETS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amount		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 88,400	\$ 88,400	\$ 89,182	\$ 782
Investment earnings	414	414	431	17
Total revenues	<u>88,814</u>	<u>88,814</u>	<u>89,613</u>	<u>799</u>
EXPENDITURES:				
Current:				
Community planning & economic development	<u>1,412</u>	<u>5,730</u>	<u>5,564</u>	<u>166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>87,402</u>	<u>83,084</u>	<u>84,049</u>	<u>965</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	2,757	2,757	2,757	-
Transfers to other funds	<u>(96,679)</u>	<u>(96,679)</u>	<u>(96,679)</u>	<u>-</u>
Total other financing sources (uses)	<u>(93,922)</u>	<u>(93,922)</u>	<u>(93,922)</u>	<u>-</u>
Net change in fund balances	(6,520)	(10,838)	(9,873)	965
Fund balances - January 1	<u>25,957</u>	<u>25,957</u>	<u>25,957</u>	<u>-</u>
Fund balances - December 31	<u>\$ 19,437</u>	<u>\$ 15,119</u>	<u>\$ 16,084</u>	<u>\$ 965</u>

**HUD CONSOLIDATED PLAN
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 14,464	\$ 15,732	\$ 8,875	\$ (6,857)
Charges for services and sales	-	-	986	986
Investment earnings	-	-	218	218
Miscellaneous revenues	1,752	1,752	1,134	(618)
Total revenues	<u>16,216</u>	<u>17,484</u>	<u>11,213</u>	<u>(6,271)</u>
EXPENDITURES:				
Current:				
General government	2,045	2,947	1,847	1,100
Public safety	912	1,648	765	883
Health and welfare	673	918	724	194
Community planning & economic development	12,586	13,854	11,256	2,598
Total expenditures	<u>16,216</u>	<u>19,367</u>	<u>14,592</u>	<u>4,775</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(1,883)</u>	<u>(3,379)</u>	<u>(1,496)</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	<u>-</u>	<u>3,487</u>	<u>3,487</u>	<u>-</u>
Net change in fund balances	-	1,604	108	(1,496)
Fund balances - January 1	<u>6,213</u>	<u>6,213</u>	<u>6,213</u>	<u>-</u>
Fund balances - December 31	<u>\$ 6,213</u>	<u>\$ 7,817</u>	<u>\$ 6,321</u>	<u>\$ (1,496)</u>

**CONVENTION CENTER
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amount		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services and sales	\$ 6,700	\$ 6,700	\$ 8,542	\$ 1,842
Investment earnings	457	457	1,393	936
Miscellaneous revenues	11,830	11,830	12,934	1,104
Total revenues	<u>18,987</u>	<u>18,987</u>	<u>22,869</u>	<u>3,882</u>
EXPENDITURES:				
Current:				
Community planning & economic development	<u>49,697</u>	<u>59,775</u>	<u>51,940</u>	<u>7,835</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,710)</u>	<u>(40,788)</u>	<u>(29,071)</u>	<u>11,717</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	59,520	59,520	59,520	-
Transfers to other funds	(26,682)	(26,682)	(26,682)	-
Total other financing sources (uses)	<u>32,838</u>	<u>32,838</u>	<u>32,838</u>	<u>-</u>
Net change in fund balances	2,128	(7,950)	3,767	11,717
Fund balances - January 1	<u>29,608</u>	<u>29,608</u>	<u>29,608</u>	<u>-</u>
Fund balances - December 31	<u>\$ 31,736</u>	<u>\$ 21,658</u>	<u>\$ 33,375</u>	<u>\$ 11,717</u>

**SELF-MANAGED SPECIAL SERVICE DISTRICTS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Special assessments	\$ 7,121	\$ 7,121	\$ 7,175	\$ 54
Investment earnings	-	-	(23)	(23)
Total revenues	<u>7,121</u>	<u>7,121</u>	<u>7,152</u>	<u>31</u>
EXPENDITURES:				
Current:				
General government	<u>7,121</u>	<u>7,121</u>	<u>7,046</u>	<u>75</u>
Net change in fund balances	-	-	106	106
Fund balances - January 1	<u>327</u>	<u>327</u>	<u>327</u>	-
Fund balances - December 31	<u>\$ 327</u>	<u>\$ 327</u>	<u>\$ 433</u>	<u>\$ 106</u>

**EMPLOYEE RETIREMENT
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 25,610	\$ 25,610	\$ 25,467	\$ (143)
Intergovernmental revenues	4,780	4,780	4,822	42
Investment earnings	-	-	925	925
Miscellaneous revenues	3,254	3,254	3,318	64
Total revenues	<u>33,644</u>	<u>33,644</u>	<u>34,532</u>	<u>888</u>
EXPENDITURES:				
Current:				
General government	18,164	18,164	16,515	1,649
Public safety	15,480	15,480	7,679	7,801
Total expenditures	<u>33,644</u>	<u>33,644</u>	<u>24,194</u>	<u>9,450</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>10,338</u>	<u>10,338</u>
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Net change in fund balances	(5,000)	(5,000)	5,338	10,338
Fund balances - January 1	<u>31,325</u>	<u>31,325</u>	<u>31,325</u>	<u>-</u>
Fund balances - December 31	<u>\$ 26,325</u>	<u>\$ 26,325</u>	<u>\$ 36,663</u>	<u>\$ 10,338</u>

**GRANTS - FEDERAL
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 11,038	\$ 18,316	\$ 11,374	(6,942)
Charges for services and sales	-	-	207	207
Miscellaneous revenues	-	-	184	184
Total revenues	<u>11,038</u>	<u>18,316</u>	<u>11,765</u>	<u>(6,551)</u>
EXPENDITURES:				
Current:				
General government	1,127	2,074	1,231	843
Public safety	2,734	5,913	2,975	2,938
Public works	-	-	4	(4)
Health and welfare	4,277	7,173	4,880	2,293
Community planning & economic development	2,900	3,489	2,871	618
Intergovernmental:				
Public safety	-	-	126	(126)
Total expenditures	<u>11,038</u>	<u>18,649</u>	<u>12,087</u>	<u>6,562</u>
Net change in fund balances	-	(333)	(322)	11
Fund balances - January 1	<u>1,123</u>	<u>1,123</u>	<u>1,123</u>	-
Fund balances - December 31	<u>\$ 1,123</u>	<u>\$ 790</u>	<u>\$ 801</u>	<u>\$ 11</u>

**GRANTS - OTHER
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 7	\$ 7	\$ 66	\$ 59
Intergovernmental revenues	8,042	40,732	23,571	(17,161)
Charges for services and sales	1,254	1,286	1,029	(257)
Special assessments	2,000	2,000	17	(1,983)
Investment earnings	-	-	12	12
Miscellaneous revenues	960	1,751	2,082	331
Total revenues	<u>12,263</u>	<u>45,776</u>	<u>26,777</u>	<u>(18,999)</u>
EXPENDITURES:				
Current:				
General government	1,420	3,005	1,359	1,646
Public safety	3,109	4,386	651	3,735
Public works	-	64	36	28
Health and welfare	6,779	11,445	6,507	4,938
Community planning & economic development	1,800	29,504	18,516	10,988
Total expenditures	<u>13,108</u>	<u>48,404</u>	<u>27,069</u>	<u>21,335</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(845)</u>	<u>(2,628)</u>	<u>(292)</u>	<u>2,336</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	<u>4</u>	<u>6</u>	<u>5</u>	<u>(1)</u>
Net change in fund balances	(841)	(2,622)	(287)	2,335
Fund balances - January 1	<u>3,840</u>	<u>3,840</u>	<u>3,840</u>	<u>-</u>
Fund balances - December 31	<u>\$ 2,999</u>	<u>\$ 1,218</u>	<u>\$ 3,553</u>	<u>\$ 2,335</u>

POLICE
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2019

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 231	\$ 231	\$ 263	\$ 32
Licenses and permits	-	-	658	658
Intergovernmental revenues	-	-	296	296
Charges for services and sales	2,033	2,033	756	(1,277)
Fines and forfeits	338	338	318	(20)
Total revenues	<u>2,602</u>	<u>2,602</u>	<u>2,291</u>	<u>(311)</u>
EXPENDITURES:				
Current:				
General government	-	-	38	(38)
Public safety	2,602	2,602	1,777	825
Total expenditures	<u>2,602</u>	<u>2,602</u>	<u>1,815</u>	<u>787</u>
Net change in fund balances	-	-	476	476
Fund balances - January 1	<u>2,448</u>	<u>2,448</u>	<u>2,448</u>	-
Fund balances - December 31	<u>\$ 2,448</u>	<u>\$ 2,448</u>	<u>\$ 2,924</u>	<u>\$ 476</u>

**NEIGHBORHOOD AND COMMUNITY RELATIONS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES:				
Current:				
Community planning & economic development	\$ 6,883	\$ 6,883	\$ 7,051	\$ (168)
Excess (deficiency) of revenues over (under) expenditures	(6,883)	(6,883)	(7,051)	168
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	6,883	6,883	6,883	-
Net change in fund balances	-	-	(168)	168
Fund balances - January 1	3,281	3,281	3,281	-
Fund balances - December 31	<u>\$ 3,281</u>	<u>\$ 3,281</u>	<u>\$ 3,113</u>	<u>\$ 168</u>

**REGULATORY SERVICES
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 86	\$ 86
Charges for services and sales	279	279	134	(145)
Fines and forfeits	-	-	9	9
Special assessments	2,348	2,348	1,962	(386)
Investment earnings	-	-	51	51
Total revenues	<u>2,627</u>	<u>2,627</u>	<u>2,242</u>	<u>(385)</u>
EXPENDITURES:				
Current:				
Public safety	<u>4,391</u>	<u>4,391</u>	<u>3,884</u>	<u>507</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,764)</u>	<u>(1,764)</u>	<u>(1,642)</u>	<u>122</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	<u>800</u>	<u>800</u>	<u>800</u>	<u>-</u>
Net change in fund balances	(964)	(964)	(842)	122
Fund balances - January 1	<u>1,969</u>	<u>1,969</u>	<u>1,969</u>	<u>-</u>
Fund balances - December 31	<u>\$ 1,005</u>	<u>\$ 1,005</u>	<u>\$ 1,127</u>	<u>\$ 122</u>

DEBT SERVICE FUNDS
 COMBINING BALANCE SHEET
 NON-MAJOR FUNDS
 December 31, 2019

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Community Development Agency</u>	<u>Development</u>	<u>General Debt Service</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 63	\$ 5	\$ 25,916	\$ 25,984
Investments with trustees	3,057	-	-	3,057
Receivables:				
Taxes	-	-	704	704
Accrued interest	3	-	79	82
Due from other funds	-	-	1,310	1,310
Total assets	<u>\$ 3,123</u>	<u>\$ 5</u>	<u>\$ 28,009</u>	<u>\$ 31,137</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ 2	\$ 9	\$ 11
Due to other funds	-	1,310	-	1,310
Advances from other funds	-	12,482	625	13,107
Total liabilities	<u>-</u>	<u>13,794</u>	<u>634</u>	<u>14,428</u>
Deferred Inflows of Resources:				
Unavailable revenue	<u>1</u>	<u>-</u>	<u>476</u>	<u>477</u>
Fund balances:				
Restricted	3,122	-	26,899	30,021
Unassigned	<u>-</u>	<u>(13,789)</u>	<u>-</u>	<u>(13,789)</u>
Total fund balances	<u>3,122</u>	<u>(13,789)</u>	<u>26,899</u>	<u>16,232</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,123</u>	<u>\$ 5</u>	<u>\$ 28,009</u>	<u>\$ 31,137</u>

DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2019

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Community Development Agency	Development	General Debt Service	Total
REVENUES:				
Taxes	\$ -	\$ -	\$ 51,477	\$ 51,477
Intergovernmental revenues	-	-	4,170	4,170
Investment earnings	99	(20)	1,016	1,095
Miscellaneous revenues	-	3,421	1,144	4,565
Total revenues	<u>99</u>	<u>3,401</u>	<u>57,807</u>	<u>61,307</u>
EXPENDITURES:				
Current:				
Debt Service:				
Principal retirement	1,420	79,270	47,860	128,550
Interest and fiscal charges	715	9,272	8,468	18,455
Total expenditures	<u>2,135</u>	<u>88,542</u>	<u>56,328</u>	<u>147,005</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,036)</u>	<u>(85,141)</u>	<u>1,479</u>	<u>(85,698)</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	3,987	73,170	7,600	84,757
Transfers to other funds	(2,265)	-	(3,523)	(5,788)
Total other financing sources (uses)	<u>1,722</u>	<u>73,170</u>	<u>4,077</u>	<u>78,969</u>
Net change in fund balances	(314)	(11,971)	5,556	(6,729)
Fund balances - January 1	<u>3,436</u>	<u>(1,818)</u>	<u>21,343</u>	<u>22,961</u>
Fund balances - December 31	<u>\$ 3,122</u>	<u>\$ (13,789)</u>	<u>\$ 26,899</u>	<u>\$ 16,232</u>

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	Total
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 2,132	\$ 15,115	\$ 8,148	\$ 33,727	\$ 2,538	\$ 93,583	\$ 155,243
Receivables:							
Accounts - net	41	3	87	7	-	5	143
Inventories	-	-	11	1,280	4,908	-	6,199
Properties held for resale	-	-	-	-	-	432	432
Prepaid items	-	4,748	-	-	-	-	4,748
Total current assets	<u>2,173</u>	<u>19,866</u>	<u>8,246</u>	<u>35,014</u>	<u>7,446</u>	<u>94,020</u>	<u>166,765</u>
Long-term assets:							
Advances to other funds	-	-	-	-	-	272	272
Capital assets:							
Non-depreciable:							
Land and easements	-	-	20,821	2,186	-	-	23,007
Construction in progress	-	13,888	4,746	2,816	-	-	21,450
Depreciable:							
Buildings and structures	-	-	25,588	30,061	-	-	55,649
Less accumulated depreciation	-	-	(22,306)	(12,100)	-	-	(34,406)
Public improvements	-	-	8,813	1,704	-	-	10,517
Less accumulated depreciation	-	-	(4,662)	(686)	-	-	(5,348)
Machinery and equipment	499	1,496	12,894	107,048	30	-	121,967
Less accumulated depreciation	(324)	(828)	(11,581)	(60,540)	(6)	-	(73,279)
Computer equipment	61	31,719	162	-	-	-	31,942
Less accumulated depreciation	(61)	(29,263)	(162)	-	-	-	(29,486)
Software	-	63,255	8	97	-	-	63,360
Less accumulated depreciation	-	(45,727)	(8)	(97)	-	-	(45,832)
Other capital outlay	15	-	21	-	-	-	36
Less accumulated depreciation	(15)	-	(21)	-	-	-	(36)
Total long - term assets	<u>175</u>	<u>34,540</u>	<u>34,313</u>	<u>70,489</u>	<u>24</u>	<u>272</u>	<u>139,813</u>
Total assets	<u>\$ 2,348</u>	<u>\$ 54,406</u>	<u>\$ 42,559</u>	<u>\$ 105,503</u>	<u>\$ 7,470</u>	<u>\$ 94,292</u>	<u>\$ 306,578</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows - other postemployment benefits	\$ 14	\$ 106	\$ 65	\$ 106	\$ 16	\$ 78	\$ 385
Deferred outflows - pensions	75	756	360	469	79	463	2,202
Total deferred outflows of resources	<u>\$ 89</u>	<u>\$ 862</u>	<u>\$ 425</u>	<u>\$ 575</u>	<u>\$ 95</u>	<u>\$ 541</u>	<u>\$ 2,587</u>
LIABILITIES							
Current liabilities:							
Salaries payable	\$ 47	\$ 514	\$ 277	\$ 277	\$ 41	\$ 253	\$ 1,409
Accounts payable	230	6,366	818	1,530	224	2,980	12,148
Unearned revenue	-	1,403	53	25	-	-	1,481
Compensated absences payable - current portion	69	664	380	385	63	3,161	4,722
Medical claims payable - current portion	-	-	-	-	-	7,124	7,124
Unpaid claims payable - current portion	-	-	-	-	-	24,486	24,486
Total current liabilities	<u>346</u>	<u>8,947</u>	<u>1,528</u>	<u>2,217</u>	<u>328</u>	<u>38,004</u>	<u>51,370</u>
Long-term liabilities:							
Compensated absences payable	12	114	65	65	11	13,314	13,581
Other postemployment benefits	103	806	489	801	119	590	2,908
Net pension liability	1,156	11,621	5,535	7,215	1,216	7,112	33,855
Unpaid claims payable	-	-	-	-	-	54,222	54,222
Total long - term liabilities	<u>1,271</u>	<u>12,541</u>	<u>6,089</u>	<u>8,081</u>	<u>1,346</u>	<u>75,238</u>	<u>104,566</u>
Total liabilities	<u>\$ 1,617</u>	<u>\$ 21,488</u>	<u>\$ 7,617</u>	<u>\$ 10,298</u>	<u>\$ 1,674</u>	<u>\$ 113,242</u>	<u>\$ 155,936</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows - other postemployment benefits	\$ 1	\$ 7	\$ 4	\$ 7	\$ 1	\$ 5	\$ 25
Deferred inflows - pensions	309	3,105	1,479	1,928	325	1,900	9,046
Total deferred inflows of resources	<u>\$ 310</u>	<u>\$ 3,112</u>	<u>\$ 1,483</u>	<u>\$ 1,935</u>	<u>\$ 326</u>	<u>\$ 1,905</u>	<u>\$ 9,071</u>
NET POSITION							
Net investment in capital assets	\$ 175	\$ 34,540	\$ 34,313	\$ 70,489	\$ 24	\$ -	\$ 139,541
Unrestricted	335	(3,872)	(429)	23,356	5,541	(20,314)	4,617
Total net position	<u>\$ 510</u>	<u>\$ 30,668</u>	<u>\$ 33,884</u>	<u>\$ 93,845</u>	<u>\$ 5,565</u>	<u>\$ (20,314)</u>	<u>\$ 144,158</u>

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
For the Fiscal Year Ended December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	Total
Operating revenues:							
Charges for services and sales	\$ 9,242	\$ 41,468	\$ 4,262	\$ 18,273	\$ 1,617	\$ 104,393	\$ 179,255
Fines and forfeits	-	-	-	-	-	22	22
Rents and commissions	-	-	21,061	23,312	-	-	44,373
Total operating revenues	9,242	41,468	25,323	41,585	1,617	104,415	223,650
Operating expenses:							
Personnel costs	1,617	11,868	7,852	8,695	1,429	17,245	48,706
Contractual services	1,164	23,578	12,330	8,890	318	94,711	140,991
Materials, supplies, services and other	6,356	4,089	1,959	7,767	43	27,378	47,592
Depreciation	19	10,530	814	8,830	3	-	20,196
Total operating expenses	9,156	50,065	22,955	34,182	1,793	139,334	257,485
Operating income (loss)	86	(8,597)	2,368	7,403	(176)	(34,919)	(33,835)
Nonoperating revenues (expenses):							
Intergovernmental	4	35	17	22	4	22	104
Investment earnings	-	-	-	-	-	8	8
Gain (loss) on disposal of capital assets	-	-	-	924	-	-	924
Other revenues	-	-	6	8	157	1,916	2,087
Total nonoperating revenues (expenses)	4	35	23	954	161	1,946	3,123
Income (loss) before transfers	90	(8,562)	2,391	8,357	(15)	(32,973)	(30,712)
Transfers in (out):							
Transfers from other funds	-	1,224	330	317	-	312	2,183
Transfers to other funds	-	(3,220)	(817)	(1,000)	-	(60)	(5,097)
Total transfers	-	(1,996)	(487)	(683)	-	252	(2,914)
Change in net position	90	(10,558)	1,904	7,674	(15)	(32,721)	(33,626)
Net position - January 1	420	41,226	31,980	86,171	5,580	12,407	177,784
Net position - December 31	\$ 510	\$ 30,668	\$ 33,884	\$ 93,845	\$ 5,565	\$ (20,314)	\$ 144,158

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended December 31, 2019

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	Total
Cash flows from operating activities:							
Cash received from customers	\$ 111	\$ 312	\$ 252	\$ 1	\$ 18	\$ 100,044	\$ 100,738
Cash received from interfund activities	9,142	41,353	24,974	41,585	6,193	4,376	127,623
Payments to suppliers	(6,830)	(26,517)	(13,524)	(11,850)	(5,307)	(110,580)	(174,608)
Payments to employees	(1,307)	(11,637)	(7,463)	(8,100)	(1,349)	(1,286)	(31,142)
Payments for interfund activities	(628)	(1,959)	(847)	(4,181)	(321)	(4,355)	(12,291)
Other nonoperating revenue	-	-	6	8	157	1,916	2,087
Net cash provided (used) by operating activities	488	1,552	3,398	17,463	(609)	(9,885)	12,407
Cash flows from non-capital financing activities:							
Transfers from other funds	-	1,224	330	317	-	312	2,183
Repayment of advance from other funds	-	-	-	-	-	248	248
Interest paid on advance from other funds	-	-	-	-	-	8	8
Transfers to other funds	-	(3,220)	(817)	(1,000)	-	(60)	(5,097)
Intergovernmental receipts	4	35	17	22	4	22	104
Net cash provided (used) by non-capital financing activities	4	(1,961)	(470)	(661)	4	530	(2,554)
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	-	(6,459)	(4,408)	(10,027)	-	-	(20,894)
Proceeds from sale of capital assets	-	-	-	945	-	-	945
Net cash provided (used) by capital and related financing activities	-	(6,459)	(4,408)	(9,082)	-	-	(19,949)
Net increase (decrease) in cash and cash equivalents	492	(6,868)	(1,480)	7,720	(605)	(9,355)	(10,096)
Cash and cash equivalents, beginning of year	1,640	21,983	9,628	26,007	3,143	102,938	165,339
Cash and cash equivalents, end of year	\$ 2,132	\$ 15,115	\$ 8,148	\$ 33,727	\$ 2,538	\$ 93,583	\$ 155,243
Reconciliation of operating income to net cash provided (used) by operating activities							
Operating income (loss)	\$ 86	\$ (8,597)	\$ 2,368	\$ 7,403	\$ (176)	\$ (34,919)	\$ (33,835)
Adjustment to reconcile change in net position to net cash provided (used) by operating activities:							
Depreciation	19	10,530	814	8,830	3	-	20,196
Accounts receivable	13	246	(60)	1	-	5	205
Intergovernmental receivable	-	-	-	102	-	-	102
Inventories	-	-	-	138	(580)	-	(442)
Prepaid items	-	(798)	-	-	-	-	(798)
Deferred outflows - other postemployment benefits	(13)	(100)	(58)	(91)	(14)	(70)	(346)
Deferred outflows - pensions	94	1,300	588	745	129	823	3,679
Salaries payable	15	56	41	(63)	(2)	(6)	41
Accounts payable	62	(11)	(82)	386	(91)	(111)	153
Unearned revenue	-	(49)	(37)	-	-	-	(86)
Compensated absences payable	15	15	7	27	1	15,992	16,057
Other postemployment benefits	84	680	377	543	94	452	2,230
Net pension liability	(34)	(2,870)	(1,145)	(1,342)	(257)	(1,949)	(7,597)
Unpaid claims payable	-	-	-	-	-	7,265	7,265
Medical claims payable	-	-	-	-	-	38	38
Deferred inflows - other postemployment benefits	(1)	7	4	7	1	5	23
Deferred inflows - pensions	148	1,143	575	769	126	674	3,435
Other nonoperating revenue	-	-	6	8	157	1,916	2,087
Net cash provided (used) by operating activities	\$ 488	\$ 1,552	\$ 3,398	\$ 17,463	\$ (609)	\$ (9,885)	\$ 12,407
Non-cash investing, capital and financing activities:							
Loss on disposal of capital assets	\$ -	\$ -	\$ -	\$ (178)	\$ -	\$ -	\$ (178)

**CUSTODIAL FUNDS
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Minneapolis Youth Coordinating Board	Joint Board	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,307	\$ 100	\$ 1,407
Receivables:			
Accrued interest	4	-	4
Intergovernmental	108	68	176
Prepaid items	2	-	2
Total assets	<u>\$ 1,421</u>	<u>\$ 168</u>	<u>\$ 1,589</u>
<u>LIABILITIES</u>			
Salaries payable	\$ 28	\$ -	\$ 28
Accounts payable	4	-	4
Intergovernmental payable	138	68	206
Unearned revenue	894	-	894
Total liabilities	<u>\$ 1,064</u>	<u>\$ 68</u>	<u>\$ 1,132</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Unavailable revenue	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>
<u>NET POSITION</u>			
Restricted for:			
Other governments	<u>\$ 355</u>	<u>\$ 100</u>	<u>\$ 455</u>

CUSTODIAL FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended December 31, 2019

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Minneapolis Youth Coordinating Board	Joint Board	Total
<u>ADDITIONS</u>			
Intergovernmental revenues	\$ 1,349	\$ -	\$ 1,349
Development fees	-	46	46
Investment earnings	39	2	41
Miscellaneous revenues	232	32	264
Total additions	<u>\$ 1,620</u>	<u>\$ 80</u>	<u>\$ 1,700</u>
<u>DEDUCTIONS</u>			
General government	\$ 1,537	\$ -	\$ 1,537
Legal services	-	1	1
Membership and dues	-	1	1
Total deductions	<u>\$ 1,537</u>	<u>\$ 2</u>	<u>\$ 1,539</u>
Net increase (decrease) in fiduciary net position	\$ 83	\$ 78	\$ 161
Net Position - January 1, restated (see note 1.Q)	<u>272</u>	<u>22</u>	<u>294</u>
Net Position - December 31	<u>\$ 355</u>	<u>\$ 100</u>	<u>\$ 455</u>

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2019

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2020	Interest Due in 2020
<u>Property Tax Supported General Obligation Bonds</u>								
General Infrastructure Bonds								
Bridges	5.00%	05/15/18	12/01/19	1,400	1,400	-	-	-
	4.00%	05/21/19	12/01/19	1,730	1,730	-	-	-
Park Improvements	3.00% to 5.00%	05/15/18	12/01/26	3,650	500	3,150	450	140
	4.00%	05/21/19	12/01/23	13,296	2,546	10,750	2,700	430
Parkway Improvements	5.00%	05/15/18	12/01/19	700	700	-	-	-
	4.00%	05/21/19	12/01/19	700	700	-	-	-
Public Buildings	3.00% to 4.00%	05/17/17	12/01/19	3,760	3,760	-	-	-
	4.00%	05/21/19	12/01/19	1,000	1,000	-	-	-
Municipal Buildings	5.00%	05/15/18	12/01/20	4,180	2,180	2,000	2,000	100
	5.00%	05/21/19	12/01/22	3,183	-	3,183	-	127
Street Improvements	3.00% to 4.00%	05/17/17	12/01/19	8,719	8,719	-	-	-
	5.00%	12/05/17	12/01/20	19,145	15,205	3,940	3,940	197
	3.00% to 5.00%	05/15/18	12/01/26	17,050	7,430	9,620	1,210	419
	4.00%	05/21/19	12/01/26	35,321	2,059	33,262	20,925	1,286
Public Safety Radios	5.00%	05/15/18	12/01/20	2,000	1,000	1,000	1,000	50
	4.00%	05/21/19	12/01/22	2,700	150	2,550	150	102
Sub-total General Infrastructure Bonds				118,534	49,079	69,455	32,375	2,851
Public Service Center Bonds	4.00% to 5.00%	10/31/18	12/01/46	68,215	-	68,215	-	2,841
	2.00% to 3.00%	11/20/19	12/01/46	114,400	-	114,400	-	3,304
Sub-total Public Service Center Bonds				182,615	-	182,615	-	6,145

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2019

(Continued)
(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2020	Interest Due in 2020
Library Referendum Bonds	2.00% to 2.38%	10/30/12	12/01/25	28,860	11,100	17,760	2,700	379
	5.00% to 5.25%	10/31/18	12/01/20	15,715	7,045	8,670	8,670	455
Sub-total Library Referendum Bonds				44,575	18,145	26,430	11,370	834
Total Property Tax Supported General Obligation Bonds				345,724	67,224	278,500	43,745	9,830
<u>Self-Supporting General Obligation Bonds and Notes</u>								
Convention Center	3.25% to 3.80%	04/05/11	12/01/20	71,250	45,250	26,000	26,000	988
Park Acquisition	3.00%	06/24/10	12/01/20	5,795	5,795	-	-	-
Parade Ice & Other Facility Energy Improvements	.50% to 2.00%	12/03/13	12/01/20	2,800	-	2,800	2,800	56
Parade Ice & Other Facility Energy Improvement - Taxable	2.00% to 3.80%	12/03/13	12/01/26	7,000	925	6,075	250	203
Downtown East	.95% to 4.63%	03/04/14	03/01/44	61,905	965	60,940	785	2,641
Target Center (Sales Tax) Refunding	3.25% to 4.25%	05/17/17	12/01/35	39,915	3,215	36,700	1,710	1,318
Target Center (Sales Tax) Refunding	3.40% to 5.00%	05/15/18	12/01/30	31,560	1,385	30,175	1,455	1,215
Total Self-Supporting General Obligation Bonds and Notes				220,225	57,535	162,690	33,000	6,421

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2019

(Continued)
(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2020	Interest Due in 2020
<u>Special Assessment General Obligation Bonds and Notes</u>								
Improvements	1.00% to 2.00%	10/30/12	12/01/24	4,600	3,300	1,300	260	26
	2.00%	10/20/16	12/01/26	4,440	1,215	3,225	380	64
	2.00% to 3.50%	11/22/11	12/01/31	8,495	8,495	-	-	-
	2.00% to 2.63%	12/04/12	12/01/32	5,535	5,535	-	-	-
	1.00% to 2.00%	12/03/13	12/01/33	13,035	9,550	3,485	300	112
	2.00% to 3.50%	12/02/14	12/01/34	5,930	5,480	450	30	13
	2.00%	10/20/16	12/01/26	7,185	4,860	2,325	1,220	46
	3.00% to 4.00%	05/17/17	12/01/27	8,820	3,535	5,285	1,145	184
	3.00% to 5.00%	05/15/18	12/01/27	8,545	1,710	6,835	845	272
	4.00%	05/21/19	12/01/33	12,245	1,850	10,395	1,575	372
Housing Improvement Area Bonds	3.00% to 4.30%	12/03/13	12/01/32	1,260	290	970	55	39
	3.40 % to 5.00%	05/15/18	12/01/30	1,210	100	1,110	40	44
	3.00% to 3.30%	05/21/19	12/01/37	4,055	210	3,845	155	119
Nicollet Mall Improvement	Variable - Note	12/18/15	06/17/21	25,000	22,900	2,100	-	63
Nicollet Mall Improvement (Refunding)	3.00% to 4.00%	05/17/17	12/01/27	16,095	2,415	13,680	805	435
Park Diseased Trees	1.00% to 2.00%	12/02/14	12/01/19	100	100	-	-	-
	2.00%	10/20/16	12/01/21	500	300	200	100	4
	5.00%	12/05/17	12/01/22	300	120	180	60	9
	3.00 % to 5.00%	05/15/18	12/01/23	300	60	240	60	12
	3.00 % to 5.00%	05/21/19	12/01/23	300	60	240	60	10
Total Special Assessment General Obligation Bonds and Notes				127,950	72,085	55,865	7,090	1,824

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2019

(Continued)
(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2020	Interest Due in 2020
<u>Tax Increment General Obligation Bonds</u>								
Tax Redevelopment - Arena Acquisition	2.50% to 4.90%	12/30/09	03/01/25	57,480	57,480	-	-	-
West Side Milling District Tax Increment	2.00% to 4.40%	06/24/10	03/01/23	14,900	14,900	-	-	-
Milwaukee Depot Development (Refunding)	2.00% to 3.50%	10/01/09	03/01/28	5,400	5,400	-	-	-
Humboldt Greenway	2.00% to 4.00%	06/24/10	03/01/30	4,170	4,170	-	-	-
Heritage Park (Refunding)	2.00% to 3.00%	10/30/12	03/01/26	3,000	1,290	1,710	215	39
Total Tax Increment General Obligation Bonds				84,950	83,240	1,710	215	39
<u>Tax Increment Revenue Bonds</u>								
2015 Village at St. Anthony Falls-Tax Exempt Refunding	1.60% to 4.00%	03/05/15	03/01/27	8,245	2,205	6,040	605	221
2015 Ivy Tower Refunding	1.25% to 5.00%	09/24/15	03/01/29	6,085	1,170	4,915	375	207
2015 Grant Park Tax Increment Revenue Refunding	1.55% to 4.00%	03/12/15	03/01/30	7,460	1,510	5,950	415	203
2015 East River Unocal Site Refunding	1.25% to 4.00%	09/24/15	03/01/25	920	305	615	85	22
Total Tax Increment Revenue Bonds				22,710	5,190	17,520	1,480	653
<u>Tax Increment Revenue Notes</u>								
Section 108 - Midtown Exchange	Variable - Note	12/01/04	08/01/24	6,500	3,695	2,805	495	98
Total Governmental Activity Bonds and Notes				808,059	288,969	519,090	86,025	18,865

SCHEDULE OF BUSINESS-TYPE ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2019

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2020	Interest Due in 2020
<u>Sanitary Sewer Fund General Obligation Bonds</u>								
	0.50% to 2.00%	12/03/13	12/01/19	7,050	7,050	-	-	-
	2.00%	10/20/16	12/01/23	20,750	5,750	15,000	3,600	300
	5.00%	12/05/17	12/01/22	5,960	2,210	3,750	1,190	188
	2.00% to 4.00%	05/21/19	12/01/28	15,730	410	15,320	910	498
Total Sanitary Sewer Fund General Obligation Bonds				49,490	15,420	34,070	5,700	986
<u>Stormwater Fund General Obligation Bonds</u>								
	4.00%	05/21/19	12/01/23	4,670	155	4,515	600	181
Total Stormwater Fund General Obligation Bonds				4,670	155	4,515	600	181
<u>Water Treatment and Distribution Services Fund General Obligation Bonds and Notes</u>								
	2.00%	10/20/16	12/01/23	11,245	5,500	5,745	1,500	115
	2.00%	10/20/16	12/01/24	11,500	2,950	8,550	1,500	171
	1.00% to 2.00%	12/02/14	12/01/19	6,000	6,000	-	-	-
	5.00%	12/05/17	12/01/22	11,320	6,340	4,980	1,700	249
	2.00% to 4.00%	05/21/19	12/01/33	21,545	-	21,545	425	625
<u>Drinking Water Program - Notes Payable</u>								
	2.82%	12/17/02	08/20/22	27,400	19,400	8,000	2,500	226
	2.80%	02/21/04	08/20/23	25,000	9,950	15,050	2,900	421
	2.53%	03/23/05	08/20/19	12,500	12,500	-	-	-
	2.60%	08/23/06	08/20/26	13,500	7,035	6,465	1,970	168
	2.69%	12/09/09	08/20/27	19,558	1,538	18,020	115	484
	1.00%	03/02/10	08/20/21	6,230	4,725	1,505	785	15
	1.00%	05/18/18	08/20/32	28,900	350	28,550	1,400	288
	1.47%	11/21/18	08/20/35	9,956	1,351	8,605	1,380	382
Total Water Treatment and Distribution Services Fund General Obligation Bonds and Notes				204,654	77,639	127,015	16,175	3,144

SCHEDULE OF BUSINESS-TYPE ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA
(Continued)
(In Thousands)

December 31, 2019

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2020	Interest Due in 2020
<u>Municipal Parking Fund General Obligation Bonds and Notes</u>								
	2.00%	10/20/16	12/01/26	17,600	1,750	15,850	1,700	317
	3.00% to 4.00%	06/24/10	12/01/26	10,325	10,325	-	-	-
	2.00% to 2.50%	10/30/12	12/01/26	22,060	6,705	15,355	1,550	334
	Variable - Note	01/03/12	12/01/33	27,980	580	27,400	195	822
	5.00%	12/05/17	12/01/19	1,995	1,995	-	-	-
Total Municipal Parking Fund General Obligation Bonds and Notes				79,960	21,355	58,605	3,445	1,473
<u>Solid Waste and Recycling Fund General Obligation Bonds</u>								
	4.00% to 5.00%	10/31/18	12/01/36	13,960	-	13,960	75	598
	5.00%	10/31/18	12/01/22	14,045	2,760	11,285	3,760	564
Total Solid Waste and Recycling Fund General Obligation Bonds				28,005	2,760	25,245	3,835	1,162
Total Business-type Activity General Obligation Bonds and Notes				366,779	117,329	249,450	29,755	6,946
<u>Community Planning & Economic Development Fund - General Agency Reserve Fund System (GARFS) Bonds</u>								
Discount Steel - A	5.00% to 5.25%	12/01/99	06/01/19	1,900	1,900	-	-	-
Kristol Properties	2.45% to 5.12%	11/20/03	12/01/23	3,300	2,675	625	145	32
Hennepin Theatre Trust	5.23% to 6.30%	12/20/05	12/01/35	21,055	5,555	15,500	595	970
Open Systems International, Inc	2.29% to 6.60%	06/16/10	06/01/40	18,000	2,490	15,510	380	986
Open Access Technology International, Inc (Tax Exempt)	1.25% to 6.25%	12/29/10	12/01/40	23,070	6,980	16,090	1,190	962
LifeSource Project	3.00% to 4.00%	10/17/13	06/01/39	12,595	1,485	11,110	365	492
Total Community Planning & Economic Development Fund - GARFS Bonds				79,920	21,085	58,835	2,675	3,442
Total Business-type Activity Bonds and Notes				446,699	138,414	308,285	32,430	10,388

SCHEDULE OF INTERGOVERNMENTAL REVENUE

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2019

(in thousands)

	General Fund	Community Planning and Economic Development	Permanent Improvement	Non-Major Governmental	Total Governmental Funds	Sanitary Sewer	Stormwater	Water Treatment and Distribution	Municipal Parking	Solid Waste and Recycling	Total Enterprise Funds	Total Internal Service Funds	Total Intergovernmental Revenue
Appropriations and Shared revenue													
State													
Local government aid	\$ 69,754	\$ -	\$ -	\$ -	\$ 69,754	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,754
Police state aid	8,230	-	-	1,501	9,731	-	-	-	-	-	-	-	9,731
Fire state aid	2,248	-	-	3,287	5,535	-	-	-	-	-	-	-	5,535
PERA pension aid	2,728	-	-	-	2,728	17	26	58	16	34	151	104	2,983
PERA rate increase aid	505	-	-	-	505	-	-	-	-	-	-	-	505
Market value homestead credit	-	-	-	3	3	-	-	-	-	-	-	-	3
Other aid	-	-	-	4,120	4,120	-	-	-	-	-	-	-	4,120
Municipal state aid	4,880	-	26,877	-	31,757	-	1,240	-	-	-	1,240	-	32,997
Total appropriations and shared revenue	<u>88,345</u>	<u>-</u>	<u>26,877</u>	<u>8,911</u>	<u>124,133</u>	<u>17</u>	<u>1,266</u>	<u>58</u>	<u>16</u>	<u>34</u>	<u>1,391</u>	<u>104</u>	<u>125,628</u>
Payments													
Local													
County state aid	945	-	1,062	-	2,007	-	356	-	-	-	356	-	2,363
County grants	66	200	657	242	1,165	-	-	-	-	1,854	1,854	-	3,019
Mississippi watershed management organization	-	-	-	38	38	-	-	-	-	463	463	-	501
Metropolitan council	-	-	-	11,203	11,203	-	-	-	-	-	-	-	11,203
Minnesota historical society	-	-	-	8	8	-	-	-	-	-	-	-	8
Other local payments	5	-	211	315	531	-	-	-	-	-	-	-	531
Payments in lieu of tax	249	-	-	81	330	-	-	-	-	-	-	-	330
Total local	<u>1,265</u>	<u>200</u>	<u>1,930</u>	<u>11,887</u>	<u>15,282</u>	<u>-</u>	<u>356</u>	<u>-</u>	<u>-</u>	<u>2,317</u>	<u>2,673</u>	<u>-</u>	<u>17,955</u>
Grants													
State													
Department of agriculture	-	-	-	2	2	-	-	-	-	-	-	-	2
Department of commerce	-	-	-	134	134	-	-	-	-	-	-	-	134
Department of employment and economic development	-	-	2,311	6,361	8,672	-	-	-	-	-	-	-	8,672
Department of health	-	-	-	4,461	4,461	-	-	-	-	-	-	-	4,461
Department of public safety	3	-	-	213	216	-	-	-	-	-	-	-	216
Department of transportation	691	-	575	8	1,274	-	74	-	-	9	83	-	1,357
Department of veteran affairs	-	-	-	16	16	-	-	-	-	-	-	-	16
Minnesota housing finance agency	-	406	-	440	846	-	-	-	-	-	-	-	846
Minnesota pollution control agency	1	-	-	-	1	-	-	-	-	-	-	-	1
Minnesota judicial branch	-	-	-	20	20	-	-	-	-	-	-	-	20
Minnesota board of firefighter training and education	-	-	-	114	114	-	-	-	-	-	-	-	114
Peace officer standards and training board	848	-	-	-	848	-	-	-	-	-	-	-	848
Total state grants	<u>1,543</u>	<u>406</u>	<u>2,886</u>	<u>11,769</u>	<u>16,604</u>	<u>-</u>	<u>74</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>83</u>	<u>-</u>	<u>16,687</u>
Federal													
Department of defense	-	-	-	2	2	-	-	-	-	-	-	-	2
Department of health and human services	-	-	-	4,727	4,727	-	-	-	-	-	-	-	4,727
Department of homeland security	-	-	-	985	985	-	-	-	-	-	-	-	985
Department of housing and urban development	-	-	-	9,532	9,532	-	-	-	-	-	-	-	9,532
Department of the interior	-	-	-	25	25	-	-	-	-	-	-	-	25
Department of justice	-	-	-	1,981	1,981	-	-	-	-	-	-	-	1,981
Department of labor	-	-	-	2,683	2,683	-	-	-	-	-	-	-	2,683
Department of transportation	-	-	10,713	363	11,076	-	-	-	-	-	-	-	11,076
Equal employment opportunity commission	-	-	-	1	1	-	-	-	-	-	-	-	1
Office of national drug control policy	-	-	-	45	45	-	-	-	-	-	-	-	45
Department of treasury	-	-	-	197	197	-	-	-	-	-	-	-	197
Total federal grants	<u>-</u>	<u>-</u>	<u>10,713</u>	<u>20,541</u>	<u>31,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,254</u>
Total state and federal grants	<u>1,543</u>	<u>406</u>	<u>13,599</u>	<u>32,310</u>	<u>47,858</u>	<u>-</u>	<u>74</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>83</u>	<u>-</u>	<u>47,941</u>
Total intergovernmental revenue	<u>\$ 91,153</u>	<u>\$ 606</u>	<u>\$ 42,406</u>	<u>\$ 53,108</u>	<u>\$ 187,273</u>	<u>\$ 17</u>	<u>\$ 1,696</u>	<u>\$ 58</u>	<u>\$ 16</u>	<u>\$ 2,360</u>	<u>\$ 4,147</u>	<u>\$ 104</u>	<u>\$ 191,524</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 ALL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2019

CITY OF MINNEAPOLIS, MINNESOTA

(in thousands)

Federal Grantor Pass Through Agency Program or Cluster Title	Federal CFDA	Pass-through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Defense				
Direct				
Basic and Applied Scientific Research	12.300		\$ 2	\$ -
U.S. Department of Housing and Urban Development				
Direct				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218		\$ 9,324	\$ 2,095
Total CDBG - Entitlement Grants Cluster (\$9,324)				
Emergency Solutions Grant Program	14.231		1,093	498
Home Investment Partnerships Program	14.239		3,090	-
Housing Opportunities for Persons with AIDS	14.241		1,185	1,161
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		1,157	-
Passed Through Minnesota Housing Finance Agency				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	02-2009-09A-NSP	(192)	-
Total Department of Housing and Urban Development			\$ 15,657	\$ 3,754
Department of the Interior-National Parks Service				
Passed Through Minnesota Historical Society				
Historic Preservation Fund Grants-In-Aid	15.904	4810091	\$ 25	\$ -
U.S. Department of Justice				
Direct				
Public Safety Partnership and Community Policing Grants	16.710		\$ 339	\$ -
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		26	-
Children Exposed to Violence	16.818		24	11
Body Worn Camera Policy and Implementation	16.835		343	-
Equitable Sharing Program	16.922		89	-
Passed Through Minnesota Department of Public Safety				
Crime Victim Assistance	16.575	A-CVSP-2018-MPLS-AO-00007	16	-
Crime Victim Assistance	16.575	A-CVSP-2020-MPLS-AO-041	17	-
Total CFDA 16.575			33	-
Violence Against Women Formula Grants	16.588	A-VAWA-2019-MPLS-AO-00021	26	-
Edward Byrne Memorial Justice Assistance Grant Program				
Total Edward Byrne Memorial Justice Assistance Grant Program (CFDA 16.738 - \$398)	16.738	131403	109	-
Passed Through Hennepin County, Minnesota				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	A165769-SR	164	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	A177750	125	-
Total CFDA 16.738			289	-
Total Edward Byrne Memorial Justice Assistance Grant Program (CFDA 16.738 - \$398)				
Passed Through International Association of Police Chiefs				
Crime Victim Assistance/Distretionary Grants	16.582	Not Available	351	82
Total U.S. Department of Justice			\$ 1,629	\$ 93

The notes to the Schedule of Federal Awards are an integral part of this schedule.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 ALL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2019

CITY OF MINNEAPOLIS, MINNESOTA
 (in thousands)
 (continued)

Federal Grantor Pass Through Agency Program or Cluster Title	Federal CFDA	Pass-through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Labor				
Direct				
Reentry Employment Opportunities	17.270		\$ 78	\$ -
Passed Through Minnesota Department of Employment and Economic Development				
WIOA Cluster				
WIOA Adult Program	17.258	6103100	17	17
WIOA Adult Program	17.258	7103100	5	4
WIOA Adult Program	17.258	8103100	740	624
WIOA Adult Program	17.258	9103100	191	184
Total CFDA 17.258			953	829
WIOA Youth Activities	17.259	7103600	48	31
WIOA Youth Activities	17.259	8103600	950	824
WIOA Youth Activities	17.259	9103600	7	-
Total CFDA 17.259			1,005	855
WIOA Dislocated Worker Formula Grants	17.278	6108000	22	22
WIOA Dislocated Worker Formula Grants	17.278	7108000	31	31
WIOA Dislocated Worker Formula Grants	17.278	8108000	330	304
WIOA Dislocated Worker Formula Grants	17.278	9108000	20	-
Total CFDA 17.278			403	357
(Total WIOA Cluster \$2,361)				
Passed Through Employ Milwaukee				
H-1B Job Training Grants	17.268	HG-30128-17-60-A-55	244	205
Total U.S. Department of Labor			\$ 2,683	\$ 2,246
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	1029973	\$ 10,435	\$ -
Total Highway Planning and Construction Cluster (\$10,435)				
Passed Through Minnesota Department of Public Safety				
Highway Safety Cluster				
State and Community Highway Safety	20.600	A-ENFRC19-2019-MPLSPD-056	27	-
State and Community Highway Safety	20.600	A-ENFRC20-2020-MPLSPD-034	8	-
Total CFDA 20.600			35	-
National Priority Safety Programs	20.616	A-ENFRC19-2019-MPLSPD-056	16	-
National Priority Safety Programs	20.616	A-ENFRC20-2020-MPLSPD-034	3	-
National Priority Safety Programs	20.616	A-OFFICR19-2019-MPLSPD-018	25	-
National Priority Safety Programs	20.616	A-OFFICR29-2020-MPLSPD-019	5	-
Total CFDA 20.616			49	-
(Total Highway Safety Cluster \$84)				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	DGCT19-2019-4TH-JD-004	43	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-DGCT20-2020-4TH-JD-006	5	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC19-2019-MPLSPD-056	41	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC20-2020-MPLSPD-034	13	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-OFFICR19-2019-MPLSPD-018	51	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-OFFICR29-2020-MPLSPD-019	10	-
Total CFDA 20.608			163	-
Passed Through Metropolitan Council				
Federal Transit Cluster				
Federal Transit Formula Grants	20.507	SG-2014-075	(12)	-
Federal Transit Formula Grants	20.507	MN-2017-013	3	3
Total CFDA 20.507			(9)	3
(Total Federal Transit Cluster \$(9))				
Total U.S. Department of Transportation			\$ 10,673	\$ 3

The notes to the Schedule of Federal Awards are an integral part of this schedule.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 ALL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2019

CITY OF MINNEAPOLIS, MINNESOTA
 (in thousands)
 (continued)

Federal Grantor Pass Through Agency Program or Cluster Title	Federal CFDA	Pass-through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of the Treasury				
Direct				
Equitable Sharing	21.016		\$ 211	\$ -
U.S. Environmental Protection Agency				
Passed Through the Minnesota Public Facilities Authority				
Drinking Water State Revolving Fund Cluster				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	MPFA-DWRF-L-049-FY19	\$ 11,925	\$ -
Total Drinking Water State Revolving Fund Cluster (\$11,925)				
U.S. Department of Energy				
Direct				
Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA	81.128		\$ 162	\$ -
U.S. Department of Health and Human Services				
Direct				
Food and Drug Administration Research	93.103		\$ 1	\$ -
Injury Prevention and Control Research and State and Community Based Programs	93.136		287	67
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		1,088	271
Healthy Start Initiative	93.926		237	76
Passed Through Minnesota Department of Employment and Economic Development				
TANF Cluster				
Temporary Assistance for Needy Families	93.558	9107400	14	14
Temporary Assistance for Needy Families	93.558	0107400	43	26
Total CFDA 93.558			57	40
Total Temporary Assistance for Needy Families (CFDA 93.558 \$617)				
Total TANF Cluster \$617				
Passed Through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	127925	220	-
Public Health Emergency Preparedness	93.069	161418	103	-
Total CFDA 93.069			323	-
Childhood Lead Poisoning Prevention Projects_State and Local Childhood Lead				
Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	153595	15	-
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235	136481	86	-
Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes				
and Heart Disease and Stroke	93.435	152495	37	7
Pregnancy Assistance Fund Program	93.500	131721	(82)	-
Pregnancy Assistance Fund Program	93.500	147624	255	242
Total CFDA 93.500			173	242
TANF Cluster				
Temporary Assistance for Needy Families	93.558	127474	510	465
Temporary Assistance for Needy Families	93.558	165605	50	1
Total CFDA 93.558			560	466
Total Temporary Assistance for Needy Families (CFDA 93.558 \$617)				
Total TANF Cluster \$617				
Maternal, Infant, and Early Childhood Home Visiting Grant	93.870	118492	435	420
Maternal and Child Health Services Block Grant to the States	93.994	86869	892	286
Maternal and Child Health Services Block Grant to the States	93.994	167257	159	54
Total CFDA 93.994			1,051	340
Passed Through Hennepin County, Minnesota				
Teenage Pregnancy Prevention Program	93.297	A-153906-SR	158	-
Passed Through National Association of County and City Health Officials (NACCHO)				
Activities to Support State, Tribal, Local and Territorial (STLT)				
Health Department Response to Public Health or Healthcare Crises	93.391	2019-052901	105	-
Total U.S. Department of Health and Human Services			\$ 4,613	\$ 1,929

The notes to the Schedule of Federal Awards are an integral part of this schedule.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 ALL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2019

CITY OF MINNEAPOLIS, MINNESOTA
 (in thousands)
 (continued)

Federal Grantor Pass Through Agency Program or Cluster Title	Federal CFDA	Pass-through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Office of National Drug Control Policy				
Direct				
High Intensity Drug Trafficking Areas Program	95.001		\$ 45	\$ -
U.S. Department of Homeland Security				
Passed Through Minnesota Department of Public Safety				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4182DRMNP00000001	\$ 11	\$ -
Emergency Management Performance Grants	97.042	A-EMPG-2018-MPLSEMER-050	3	-
Emergency Management Performance Grants	97.042	A-EMPG-2019-MPLSEMER-051	30	-
Total CFDA 97.042			<u>33</u>	<u>-</u>
Homeland Security Grant Program	97.067	A-SHSP-2018-MPLSBOMB-010	165	-
Homeland Security Grant Program	97.067	A-UASI-2017-MPLSEMER-008	430	-
Homeland Security Grant Program	97.067	A-UASI-2018-MPLSEMER-009	360	-
Total CFDA 97.067			<u>955</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>\$ 999</u>	<u>\$ -</u>
Total Federal Awards			<u>\$ 48,624</u>	<u>\$ 8,025</u>

The notes to the Schedule of Federal Awards are an integral part of this schedule.

For the Fiscal Year Ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 1 – REPORTING ENTITY

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the City of Minneapolis. It does not include \$904 in federal awards expended by the Minneapolis Park and Recreation Board component unit, which had a separate single audit. The City's reporting entity is defined in Note 1 to the basic financial statements.

NOTE 2 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Minneapolis under programs of the federal government for the year ended December 31, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Minneapolis, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Minneapolis.

NOTE 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 City of Minneapolis. 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*, or the cost principles contained the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected not to use the 10.0 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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**NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2019

(Dollar Amounts Expressed in Thousands)

NOTE 4 – RECONCILIATION TO SCHEDULE OF INTERGOVERNMENTAL REVENUE

Federal Grant Revenue per Schedule of Intergovernmental Revenue	\$ 31,254
Federal Fixed Price Contracts	
Equal Employment Opportunity Commission	(1)
Minnesota Family Investment Program	(90)
Police Task Force Agreements	
Minnesota Cold Case Investigations Task Force	(13)
Drug Enforcement Admin Task Force	(28)
Minnesota Cyber Crime Task Force	(26)
Organized Crime Drug Enforcement Task Force	(8)
Safe Streets Violent Crime Task Force	(167)
U.S. Marshalls Overtime - Predatory Offenders Unit	(17)
Joint Terrorism Task Force	(8)
Violent Crimes Investigation - ATF	(65)
Violent Crimes Investigation - HSI	(20)
Violent Crimes Investigation - FBI	(8)
Toward Zero Death Partners	(126)
Minnesota Public Facility Agency Loans	11,925
Timing differences between expenditures and related reimbursements	(32)
Expenditures occurring in 2018 reimbursed in 2019	(278)
Revenue received in 2018 and expended in 2019	14
Revenue received in 2019 for future years expenditures	(10)
Federal Program Income	
Community Development Block Grants/Entitlement Grants	5,141
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	36
HOME Investment Partnerships Program	683
Neighborhood Stabilization Program - ARRA	206
Lead-Based Paint Hazard Control in Privately-Owned Housing	67
Energy Efficiency and Conservation Block Grant - ARRA	162
Homeland Security Grant Program	33
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 48,624</u>

**MUNICIPAL BUILDING COMMISSION
BALANCE SHEET
December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,871	\$ 147	\$ 3,018
Receivables:			
Intergovernmental	794	420	1,214
Total assets	<u>\$ 3,665</u>	<u>\$ 567</u>	<u>\$ 4,232</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Salaries payable	\$ 216	\$ -	\$ 216
Accounts payable	594	247	841
Total liabilities	<u>810</u>	<u>247</u>	<u>1,057</u>
Fund balances:			
Assigned	<u>2,855</u>	<u>320</u>	<u>3,175</u>
Total liabilities and fund balances	<u>\$ 3,665</u>	<u>\$ 567</u>	<u>\$ 4,232</u>
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position - Governmental Activities			
Fund balances - total governmental funds			\$ 3,175
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Non-depreciable		22,205	
Depreciable		75,120	
Accumulated depreciation		<u>(70,094)</u>	<u>27,231</u>
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Other postemployment benefits payable		(881)	
Net pension liability		(4,086)	
Compensated absences		<u>(199)</u>	<u>(5,166)</u>
Deferred outflows and deferred inflows resulting from pension obligations and other postemployment benefits obligations are recorded only on the government-wide statement of net position. Balances at year end are:			
Deferred outflows of resources - other postemployment benefits		129	
Deferred outflows of resources - pensions		209	
Deferred inflows of resources - other postemployment benefits		(3)	
Deferred inflows of resources - pensions		<u>(1,225)</u>	<u>(890)</u>
Net position of governmental activities			<u>\$ 24,350</u>

**MUNICIPAL BUILDING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended December 31, 2019**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
REVENUES:			
Intergovernmental revenues	\$ 253	\$ 4,016	\$ 4,269
Charges for services and sales	9,067	-	9,067
Miscellaneous revenues	44	-	44
Total revenues	<u>9,364</u>	<u>4,016</u>	<u>13,380</u>
EXPENDITURES:			
Current:			
General government	8,267	-	8,267
Capital outlay	-	3,525	3,525
Total expenditures	<u>8,267</u>	<u>3,525</u>	<u>11,792</u>
Net change in fund balances	<u>1,097</u>	<u>491</u>	<u>1,588</u>
Fund balances - January 1	<u>1,758</u>	<u>(171)</u>	<u>1,587</u>
Fund balances - December 31	<u>\$ 2,855</u>	<u>\$ 320</u>	<u>\$ 3,175</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Governmental Activities

Net increase (decrease) in fund balances - total governmental funds \$ 1,588

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for general capital assets, infrastructure, and

 other related capital assets:

Less current year depreciation

3,525

(1,034)

2,491

Revenues not collected for several months after the Municipal Building Commission's fiscal year ends are not considered "available" revenues and are deferred in the governmental funds. The adjustment between the fund statements and the statement of activities is the increase or decrease in revenue deferred as available.

 Deferred inflows of resources - December 31

-

 Deferred inflows of resources - January 1

137

(137)

Some expenses and revenues reported in the statement of activities are not related to current financial resources and, therefore, are not reported as expenditures or revenues in governmental funds:

 Change in other postemployment benefits payable

24

 Change in net pension liability

(111)

 Change in compensated absences

7

(80)

Increase (decrease) in net position of governmental activities

\$ 3,862



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STATISTICAL SECTION

This part of the City of Minneapolis Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplemental information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends: These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	160-164
Revenue Capacity: These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes	165-168
Debt Capacity: These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.	169-177
Demographic and Economic Information: These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	178-179
Operation Information: These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	180-183

Schedule 1
City of Minneapolis
Net Position by Component (In Thousands)
Last 10 Fiscal Years
December 31, 2019

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net investment in capital assets	\$ 631,808	\$ 691,926	\$ 798,704	\$ 845,638	\$ 890,622	\$ 968,927	\$ 1,057,445	\$ 1,190,812	\$ 1,311,190	\$ 1,203,135
Restricted	60,814	192,829	193,107	198,251	195,322	168,304	215,143	254,967	329,487	390,189
Unrestricted	87,443	91,652	139,303	190,018	192,384	(146,805)	(337,534)	(331,419)	(365,071)	(177,116)
Total governmental activities net position	<u>\$ 780,065</u>	<u>\$ 976,407</u>	<u>\$ 1,131,114</u>	<u>\$ 1,233,907</u>	<u>\$ 1,278,328</u>	<u>\$ 990,426</u>	<u>\$ 935,054</u>	<u>\$ 1,114,360</u>	<u>\$ 1,275,606</u>	<u>\$ 1,416,208</u>
Business-type Activities										
Net investment in capital assets	\$ 634,686	\$ 666,986	\$ 694,243	\$ 731,372	\$ 760,038	\$ 778,150	\$ 800,274	\$ 876,141	\$ 895,158	\$ 930,589
Restricted	34,674	34,967	33,616	33,529	34,457	34,856	35,336	36,082	36,821	30,598
Unrestricted	69,905	77,751	88,330	89,137	101,258	78,959	80,745	57,000	50,217	46,641
Total business-type activities net position	<u>\$ 739,265</u>	<u>\$ 779,704</u>	<u>\$ 816,189</u>	<u>\$ 854,038</u>	<u>\$ 895,753</u>	<u>\$ 891,965</u>	<u>\$ 916,355</u>	<u>\$ 969,223</u>	<u>\$ 982,196</u>	<u>\$ 1,007,828</u>
Primary government										
Net investment in capital assets	\$ 1,266,494	\$ 1,358,912	\$ 1,492,947	\$ 1,577,010	\$ 1,650,660	\$ 1,747,077	\$ 1,857,719	\$ 2,066,953	\$ 2,206,348	\$ 2,133,724
Restricted	95,488	227,796	226,723	231,780	229,779	203,160	250,479	291,049	366,308	420,787
Unrestricted	157,348	169,403	227,633	279,155	293,642	(67,846)	(256,789)	(274,419)	(314,854)	(130,475)
Total primary government net position	<u>\$ 1,519,330</u>	<u>\$ 1,756,111</u>	<u>\$ 1,947,303</u>	<u>\$ 2,087,945</u>	<u>\$ 2,174,081</u>	<u>\$ 1,882,391</u>	<u>\$ 1,851,409</u>	<u>\$ 2,083,583</u>	<u>\$ 2,257,802</u>	<u>\$ 2,424,036</u>

(UNAUDITED)

Schedule 2
City of Minneapolis
Changes in Net Position (In Thousands)
Last 10 Fiscal Years
December 31, 2019

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities:										
General government	\$ 120,378	\$ 82,897	\$ 98,546	\$ 83,726	\$ 109,005	\$ 97,652	\$ 128,137	\$ 102,171	\$ 103,781	\$ 31,300
Public safety	263,806	269,036	248,333	225,332	244,482	275,495	390,053	323,498	294,822	295,247
Public works	73,848	5,210	71,736	86,795	126,689	122,472	106,705	58,174	96,934	154,329
Culture and recreation	13,861	7,287	5,528	11,993	8,836	4,570	7,544	11,252	9,103	9,531
Health and welfare	14,240	16,260	13,709	18,442	20,098	23,462	25,494	25,483	24,983	26,592
Community planning & economic development	146,439	138,537	139,190	153,877	140,604	192,957	181,537	149,145	173,362	196,477
Interest on long-term debt	26,152	21,916	16,503	16,549	17,581	16,329	13,611	15,121	18,054	18,958
Total governmental activities expenses	<u>\$ 658,724</u>	<u>\$ 541,143</u>	<u>\$ 593,545</u>	<u>\$ 596,714</u>	<u>\$ 667,295</u>	<u>\$ 732,937</u>	<u>\$ 853,081</u>	<u>\$ 684,844</u>	<u>\$ 721,039</u>	<u>\$ 732,434</u>
Business-type Activities:										
Sanitary sewer	\$ 35,233	\$ 33,659	\$ 51,564	\$ 44,868	\$ 47,710	\$ 53,185	\$ 54,030	\$ 58,250	\$ 65,209	\$ 63,066
Stormwater	26,273	24,502	25,998	27,816	27,305	32,331	36,009	34,518	34,182	34,524
Water treatment and distribution services	55,980	52,891	59,940	57,961	57,899	64,973	67,826	59,536	58,068	68,792
Municipal parking	49,920	46,106	49,706	45,868	43,418	49,086	50,020	48,758	64,727	50,532
Solid waste and recycling	27,804	29,784	31,158	34,446	30,013	34,166	33,312	36,087	36,528	33,295
Community planning & economic development	6,472	8,266	7,875	7,862	7,759	6,684	6,330	5,921	5,437	4,716
Total business-type activities expenses	<u>\$ 201,682</u>	<u>\$ 195,208</u>	<u>\$ 226,241</u>	<u>\$ 218,821</u>	<u>\$ 214,104</u>	<u>\$ 240,425</u>	<u>\$ 247,527</u>	<u>\$ 243,070</u>	<u>\$ 264,151</u>	<u>\$ 254,925</u>
Total primary government expenses	<u>\$ 860,406</u>	<u>\$ 736,351</u>	<u>\$ 819,786</u>	<u>\$ 815,535</u>	<u>\$ 881,399</u>	<u>\$ 973,362</u>	<u>\$ 1,100,608</u>	<u>\$ 927,914</u>	<u>\$ 985,190</u>	<u>\$ 987,359</u>
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 69,827	\$ 23,537	\$ 40,636	\$ 28,943	\$ 20,831	\$ 21,577	\$ 5,886	\$ 1,215	\$ 14,051	\$ 22,147
Public safety	41,805	49,673	46,992	14,382	17,604	16,357	17,051	17,681	19,764	21,300
Public works	22,567	5,998	15,507	16,298	14,522	26,976	43,236	60,640	25,397	51,362
Health and welfare	14	-	-	2,432	2,436	2,506	2,498	2,830	2,809	3,119
Community planning & economic development	27,601	36,233	35,523	63,606	72,896	71,117	71,370	69,946	87,235	86,790
Operating grants and contributions	118,118	115,622	128,205	115,838	103,219	127,515	132,535	137,377	130,724	122,641
Capital grants and contributions	28,198	20,630	25,230	15,466	3,885	5,228	14,255	11,356	9,054	15,529
Total governmental activities program revenues	<u>\$ 308,130</u>	<u>\$ 251,693</u>	<u>\$ 292,093</u>	<u>\$ 256,965</u>	<u>\$ 235,393</u>	<u>\$ 271,276</u>	<u>\$ 286,831</u>	<u>\$ 301,045</u>	<u>\$ 289,034</u>	<u>\$ 322,888</u>
Business-type Activities:										
Charges for services:										
Sanitary sewer	\$ 49,358	\$ 48,456	\$ 61,849	\$ 45,742	\$ 59,310	\$ 60,151	\$ 64,289	\$ 67,978	\$ 73,387	\$ 81,944
Stormwater	39,903	41,063	38,383	38,254	39,983	37,704	37,432	39,974	39,385	42,287
Water treatment and distribution services	67,408	69,301	74,412	73,506	71,881	72,624	78,963	81,070	82,500	81,940
Municipal parking	58,316	52,687	54,015	57,928	57,749	61,052	62,837	68,472	71,112	71,755
Solid waste and recycling	31,152	31,957	31,001	30,208	30,473	35,494	36,988	38,103	38,541	39,497
Community planning & economic development	6,426	7,872	2,239	2,350	1,842	6,494	6,101	5,735	4,792	4,703
Operating grants and contributions	-	-	4,552	3,435	4,696	5,468	5,089	6,988	5,771	3,996
Capital grants and contributions	1,215	2,146	1,808	2,972	157	-	-	-	-	-
Total business-type activities program revenues	<u>\$ 253,778</u>	<u>\$ 253,482</u>	<u>\$ 268,259</u>	<u>\$ 254,395</u>	<u>\$ 266,091</u>	<u>\$ 278,987</u>	<u>\$ 291,699</u>	<u>\$ 308,320</u>	<u>\$ 315,488</u>	<u>\$ 326,122</u>
Total primary government program revenues	<u>\$ 561,908</u>	<u>\$ 505,175</u>	<u>\$ 560,352</u>	<u>\$ 511,360</u>	<u>\$ 501,484</u>	<u>\$ 550,263</u>	<u>\$ 578,530</u>	<u>\$ 609,365</u>	<u>\$ 604,522</u>	<u>\$ 649,010</u>
Net (Expenses) Revenue										
Governmental Activities	\$ (350,594)	\$ (289,450)	\$ (301,452)	\$ (339,749)	\$ (431,902)	\$ (461,661)	\$ (566,250)	\$ (383,799)	\$ (432,005)	\$ (409,546)
Business-type Activities	52,096	58,274	42,018	35,574	51,987	38,562	44,172	65,250	51,337	71,197
Total primary government net expense	<u>\$ (298,498)</u>	<u>\$ (231,176)</u>	<u>\$ (259,434)</u>	<u>\$ (304,175)</u>	<u>\$ (379,915)</u>	<u>\$ (423,099)</u>	<u>\$ (522,078)</u>	<u>\$ (318,549)</u>	<u>\$ (380,668)</u>	<u>\$ (338,349)</u>

Schedule 2
City of Minneapolis
Changes in Net Position (In Thousands)
Last 10 Fiscal Years
December 31, 2019

(continued)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
General property tax and fiscal disparities	\$ 217,519	\$ 218,756	\$ 230,719	\$ 232,979	\$ 228,620	\$ 238,745	\$ 247,708	\$ 278,088	\$ 271,192	\$ 287,049
Property tax increment	42,117	61,003	52,679	41,159	48,568	45,205	49,616	55,666	62,129	66,303
Franchise taxes	27,855	29,128	26,120	29,620	33,531	30,118	29,515	32,143	34,772	32,370
Local taxes	61,307	65,850	56,349	70,634	76,292	78,293	80,851	83,266	89,794	89,182
Other taxes	42	218	13,079	165	180	313	212	267	298	329
Local government aid - unrestricted	56,578	56,378	56,404	56,379	66,860	68,022	68,391	68,543	69,683	69,754
Grants and contributions not restricted to programs	-	-	-	-	-	-	3,371	1,879	3,291	2,728
Unrestricted interest and investment earnings	5,961	5,088	4,248	(593)	4,213	3,399	7,754	6,651	14,764	30,539
Other	1,440	31,078	4,548	8,793	1,141	11,401	181	2,003	989	6,422
Gain on sale of capital assets	-	-	-	340	214	268	526	291	1,100	1,102
Transfers	20,178	18,293	10,889	3,066	16,704	14,604	22,753	31,102	36,002	46,850
Transfer of capital asset	-	-	-	-	-	-	-	-	4,000	-
Total governmental activities	\$ 432,997	\$ 485,792	\$ 455,035	\$ 442,542	\$ 476,323	\$ 490,368	\$ 510,878	\$ 559,899	\$ 588,014	\$ 632,628
Business-type Activities:										
Grants and contributions not restricted to programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16	\$ 425	\$ 151
Unrestricted interest and investment earnings	271	438	5,286	5,072	6,064	306	205	364	636	981
Other	-	-	56	244	119	21	910	20	155	153
Gain on sale of capital assets	-	20	54	25	249	-	1,856	20,660	212	-
Transfers	(20,178)	(18,293)	(10,889)	(3,066)	(16,704)	(14,604)	(22,753)	(31,102)	(36,002)	(46,850)
Transfer of capital asset	-	-	-	-	-	-	-	-	(4,000)	-
Total business-type activities	\$ (19,907)	\$ (17,835)	\$ (5,493)	\$ 2,275	\$ (10,272)	\$ (14,277)	\$ (19,782)	\$ (10,042)	\$ (38,574)	\$ (45,565)
Total primary government	\$ 413,090	\$ 467,957	\$ 449,542	\$ 444,817	\$ 466,051	\$ 476,091	\$ 491,096	\$ 549,857	\$ 549,440	\$ 587,063
Changes in Net Position										
Governmental Activities	\$ 82,403	\$ 196,342	\$ 153,583	\$ 102,793	\$ 44,421	\$ 28,707	\$ (55,372)	\$ 176,100	\$ 156,009	\$ 223,082
Business-type Activities	32,189	40,439	36,525	37,849	41,715	24,285	24,390	55,208	12,763	25,632
Total primary government	\$ 114,592	\$ 236,781	\$ 190,108	\$ 140,642	\$ 86,136	\$ 52,992	\$ (30,982)	\$ 231,308	\$ 168,772	\$ 248,714

(UNAUDITED)

Schedule 3
City of Minneapolis
Fund Balance, Governmental Funds (In Thousands)
Last 10 Fiscal Years
December 31, 2019

	Fiscal Year									
	2010									
General Fund										
Reserved	\$	1,270								
Unreserved		60,092								
Total general fund	\$	<u>61,362</u>								
All Other Government Funds										
Reserved	\$	227,174								
Unreserved										
Special revenue funds		65,760								
Debt Service funds		60,814								
Capital project funds		20,024								
Total all other governmental funds	\$	<u>373,772</u>								
		2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable	\$	36	\$ 6	\$ -	\$ -	\$ 1,251	\$ 1,261	\$ 1,263	\$ 1,250	\$ -
Assigned		2,444	941	-	-	-	10,000	10,000	-	-
Unassigned		69,891	85,357	96,970	102,439	104,740	96,236	105,835	102,946	128,040
Total general fund	\$	<u>72,371</u>	<u>86,304</u>	<u>96,970</u>	<u>102,439</u>	<u>105,991</u>	<u>107,497</u>	<u>117,098</u>	<u>104,196</u>	<u>128,040</u>
All Other Government Funds										
Nonspendable	\$	55,604	\$ 54,176	\$ 45,871	\$ 45,706	\$ 41,931	\$ 33,754	\$ -	\$ 263	\$ -
Restricted		192,829	193,107	198,251	195,322	168,304	215,143	254,967	329,487	390,189
Committed		7,058	2,347	125	-	-	-	-	-	-
Assigned		103,307	107,495	128,085	143,134	152,874	149,360	146,671	168,577	181,841
Unassigned		-	(46)	(169)	(145)	-	(25,195)	(2,039)	(1,818)	(13,822)
Total all other governmental funds	\$	<u>358,798</u>	<u>357,079</u>	<u>372,163</u>	<u>384,017</u>	<u>363,109</u>	<u>373,062</u>	<u>399,599</u>	<u>496,509</u>	<u>558,208</u>

Note: The City implemented GASB 54 starting in 2011.

(UNAUDITED)

Schedule 4
City of Minneapolis
Changes in Fund Balance, Governmental Funds (In Thousands)
Last 10 Fiscal Years
December 31, 2019

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$ 343,956	\$ 374,123	\$ 379,519	\$ 375,006	\$ 387,322	\$ 393,015	\$ 408,195	\$ 428,271	\$ 458,711	\$ 475,364
Licenses and permits	29,301	32,851	37,663	40,735	50,996	45,878	48,267	46,398	48,658	56,547
Intergovernmental revenues	189,510	167,316	186,550	155,756	136,432	160,953	181,477	183,797	165,366	187,273
Charges for services and sales	56,776	58,722	68,158	63,028	62,863	71,609	90,626	110,799	80,785	92,324
Fines and forfeits	9,934	10,620	8,603	8,014	7,519	6,853	6,705	7,783	7,417	7,573
Special assessments	23,849	22,678	23,834	24,379	25,529	25,780	28,220	29,516	28,279	30,853
Investment earnings	6,269	5,050	4,603	(645)	4,067	3,903	7,916	6,679	14,776	30,287
Miscellaneous revenues	35,366	26,831	34,733	44,466	35,923	35,467	36,054	33,609	54,092	36,131
Total revenues	<u>694,961</u>	<u>698,191</u>	<u>743,663</u>	<u>710,739</u>	<u>710,651</u>	<u>743,458</u>	<u>807,460</u>	<u>846,852</u>	<u>858,084</u>	<u>916,352</u>
Expenditures										
Current:										
General government	72,746	72,546	95,970	97,469	99,330	102,556	106,212	100,772	107,988	108,097
Public safety	258,507	260,307	244,297	232,311	245,341	256,981	269,020	284,155	298,052	296,996
Public works	50,165	49,918	49,759	54,915	56,173	54,084	56,978	59,804	65,648	68,567
Culture and recreation	13,808	7,287	5,528	4,106	3,238	2,363	1,560	780	-	-
Health and welfare	13,822	16,014	13,179	17,993	20,029	21,235	21,705	23,797	24,104	26,106
Community planning & economic development	146,082	128,338	136,076	148,082	142,326	161,868	174,858	155,783	172,556	198,316
Capital outlay	60,659	44,633	77,864	63,414	102,422	76,361	151,681	193,489	107,091	174,674
Intergovernmental:										
General government	-	-	-	898	297	647	616	968	1,000	2,229
Public safety	-	-	-	169	176	168	154	111	132	126
Culture and recreation	-	-	-	7,887	5,598	2,207	5,984	10,472	9,103	9,531
Debt Service:										
Principal retirement	179,242	96,947	108,042	58,386	77,391	83,871	84,027	154,711	153,750	140,725
Interest and fiscal charges	30,505	26,247	22,152	16,712	17,065	16,194	13,711	15,104	17,882	20,437
Bond issuance costs	-	-	-	-	-	482	4	-	-	-
Payments to refunded bond escrow agents	-	-	-	-	-	22,753	4,440	-	-	-
Total expenditures	<u>825,536</u>	<u>702,237</u>	<u>752,867</u>	<u>702,342</u>	<u>769,386</u>	<u>801,770</u>	<u>890,950</u>	<u>999,946</u>	<u>957,306</u>	<u>1,045,804</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(130,575)</u>	<u>(4,046)</u>	<u>(9,204)</u>	<u>8,397</u>	<u>(58,735)</u>	<u>(58,312)</u>	<u>(83,490)</u>	<u>(153,094)</u>	<u>(99,222)</u>	<u>(129,452)</u>
Other Financing Sources (Uses)										
Transfers from other funds	115,103	105,800	117,868	60,967	105,459	114,054	110,883	131,389	166,304	264,881
Transfers to other funds	(139,658)	(129,803)	(124,335)	(92,941)	(126,862)	(115,943)	(110,336)	(120,300)	(149,809)	(246,105)
Premium (discount)	3,165	3,707	1,481	1,522	451	135	920	5,780	7,210	7,294
Bonds issued	24,687	20,377	26,610	47,805	97,010	22,710	53,860	58,835	107,250	188,930
Refunding bonds issued	51,715	186,550	36,460	18,430	-	-	4,440	56,010	47,275	-
Refunding notes issued	-	-	-	-	-	-	-	2,449	-	-
Loans and notes issued	-	-	5,170	-	-	20,000	35,182	55,069	5,000	-
Payments to escrow agents	-	(186,550)	(41,630)	(18,430)	-	-	-	-	-	-
Total other financing sources (uses)	<u>55,012</u>	<u>81</u>	<u>21,624</u>	<u>17,353</u>	<u>76,058</u>	<u>40,956</u>	<u>94,949</u>	<u>189,232</u>	<u>183,230</u>	<u>215,000</u>
Net change in fund balance	<u>\$ (75,563)</u>	<u>\$ (3,965)</u>	<u>\$ 12,420</u>	<u>\$ 25,750</u>	<u>\$ 17,323</u>	<u>\$ (17,356)</u>	<u>\$ 11,459</u>	<u>\$ 36,138</u>	<u>\$ 84,008</u>	<u>\$ 85,548</u>
Debt service as a percentage of noncapital expenditures	27.4%	20.6%	19.3%	11.9%	13.6%	16.4%	13.8%	21.1%	20.4%	18.5%

(UNAUDITED)

Schedule 5
City of Minneapolis
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2019

Fiscal Year Ended December 31,	Commercial Property	Apartment Property	Residential Property	Industrial Property	Personal & Other Property	Tax-Exempt Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate	Estimated Actual Taxable Value ²	Taxable Assessed Value as a % of Actual Taxable Value
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	9.22	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	10.34	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	9.55	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%
2015	6,534,226	4,723,778	23,516,623	1,339,382	430,523	11,679,375	36,544,532	8.29	43,879,415	83%
2016	7,596,673	6,090,411	24,958,025	1,215,531	436,040	12,726,043	40,296,681	8.11	45,025,954	89%
2017	8,469,151	7,196,358	26,608,421	1,295,694	494,630	13,923,130	44,064,254	7.93	49,148,618	90%
2018	9,195,030	8,117,143	28,671,360	1,418,993	545,408	15,218,503	47,947,934	7.62	53,685,280	89%
2019	9,849,039	9,174,208	31,579,460	1,565,868	556,830	15,481,603	52,725,405	7.59	59,242,028	89%

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

Notes:

¹Total of the first five property types.

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

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

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

(UNAUDITED)

Schedule 6
City of Minneapolis
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
December 31, 2019

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City Direct Rates										
<i>Tax Capacity Based Rates</i>										
General	5.04	5.73	6.09	5.36	4.76	4.48	4.59	4.55	4.40	4.61
Estimate and Taxation	0.01	0.01	0.01	0.01	0.01	-	-	-	-	-
Building Commission	0.13	0.14	0.15	0.16	0.14	0.13	0.13	0.12	0.11	0.11
Permanent Improvement	0.05	0.06	0.03	0.03	0.03	0.03	0.01	-	-	-
Bond Redemption	0.47	0.61	0.65	1.00	1.11	1.06	0.98	0.95	0.91	0.91
Firefighter's Relief Association	0.04	0.16	0.01	0.09	0.08	0.08	0.04	0.04	0.05	0.04
Police Relief Association	0.35	0.51	0.79	0.22	0.20	0.18	0.24	0.19	0.28	0.02
Minneapolis Employees Retirement Fund	0.07	0.09	0.60	0.62	0.56	0.51	0.29	0.31	0.19	0.23
Parks	1.33	1.56	1.63	1.69	1.56	1.52	1.55	1.50	1.44	1.43
Public Housing	-	-	-	-	-	-	-	-	-	-
Teacher's Retirement Association	0.07	0.08	0.09	0.08	0.07	0.06	0.06	0.06	0.05	0.05
<i>Market Value Based Rates</i>										
Library Referendum	0.25	0.27	0.29	0.29	0.30	0.24	0.22	0.22	0.20	0.19
Total City Direct Rates	<u>7.81</u>	<u>9.22</u>	<u>10.34</u>	<u>9.55</u>	<u>8.82</u>	<u>8.29</u>	<u>8.11</u>	<u>7.93</u>	<u>7.63</u>	<u>7.59</u>
Overlapping Rates										
<i>Tax Capacity Based Rates</i>										
Watershed Districts	0.21	0.21	0.23	0.23	0.22	0.22	0.22	0.22	0.20	0.19
Hennepin County	5.38	5.76	6.24	6.33	5.92	5.78	5.64	5.49	5.37	5.25
Minneapolis Public Schools	2.57	2.95	3.47	3.29	2.85	2.72	2.63	2.88	2.87	2.72
Other Special Taxing Districts	0.52	0.59	0.70	0.73	0.71	0.67	0.68	0.68	0.64	0.61
<i>Market Value Based Rates</i>										
Minneapolis Public Schools Referendum	0.02	0.02	0.02	0.01	0.02	0.02	0.02	0.01	0.02	0.01
Total Overlapping Rates	<u>8.70</u>	<u>9.53</u>	<u>10.66</u>	<u>10.59</u>	<u>9.72</u>	<u>9.41</u>	<u>9.19</u>	<u>9.28</u>	<u>9.10</u>	<u>8.78</u>
Grand Total	<u>16.51</u>	<u>18.75</u>	<u>21.00</u>	<u>20.14</u>	<u>18.54</u>	<u>17.69</u>	<u>17.30</u>	<u>17.20</u>	<u>16.73</u>	<u>16.37</u>

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

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

Source: Finance and Property Services Department

(UNAUDITED)

Schedule 7
City of Minneapolis
Principal Property Tax Payers
Current Year and Nine Years Ago
(in thousands of dollars)
December 31, 2019

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
BRI 1855 IDS Center LLC	\$ 295,640	1	1.01%	\$ -	-	-
Target Corporation	269,010	2	0.92%	256,110	2	2.01%
NWC Limited Partnership	267,590	3	0.91%	188,800	5	1.48%
Minneapolis 225 Holdings LLC	262,170	4	0.89%	208,400	4	1.64%
33 City Center Holding LLC	238,590	5	0.81%	-	-	-
Wells Fargo Bank NA	211,040	6	0.72%	-	-	-
Mpls City Property Atn Cped (Prev MCDA)	269,978	7	0.75%	-	-	-
Northern States Power	214,357	8	0.73%	303,867	1	2.20%
Wells Operating Partnership	202,800	9	0.69%	157,000	7	1.23%
First Minneapolis -Hines Company	191,000	10	0.65%	159,600	6	1.26%
MB Mpls 8th Street LLC	-	-	-	209,300	3	1.65%
City Center Associates	-	-	-	146,100	8	1.18%
Fifth Street Owner Corporation	-	-	-	139,900	9	1.10%
American Express Financial Corp.	-	-	-	137,874	10	1.06%
Total	\$ 2,422,175		8.08%	\$ 1,906,951		14.81%

Source: Bond Issue Report 5/31/19 and 5/14/10

(UNAUDITED)

Schedule 8
City of Minneapolis
Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2019

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year*	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	264,805	251,967	95.15%	1,262	253,229	95.63%
2011	277,357	264,605	95.40%	2,805	267,410	96.41%
2012	279,607	274,883	98.31%	2,490	277,373	99.20%
2013	284,409	280,888	98.76%	2,219	283,107	99.54%
2014	281,874	278,320	98.74%	1,911	280,231	99.42%
2015	287,630	285,190	99.15%	1,302	286,492	99.60%
2016	297,580	294,605	99.00%	907	295,512	99.31%
2017	313,941	310,480	98.90%	260	310,740	98.98%
2018	331,208	327,272	98.81%	1,106	328,378	99.15%
2019	349,971	345,887	98.83%	-	345,887	98.83%

Source: Minneapolis Finance and Property Services Department

* Includes special levies

(UNAUDITED)

Schedule 9
City of Minneapolis
Outstanding Debt by Type and Per Capita
Last Ten Fiscal Years
(in thousands of dollars, except per capita)
December 31, 2019

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		
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
2015	437,357	22,710	13,695	214,125	84,790	-	772,677	1,879
2016	439,908	21,625	4,115	221,637	76,315	-	763,600	1,851
2017	460,116	20,305	3,705	216,456	64,300	-	764,882	1,849
2018	462,799	18,940	3,270	235,830	61,565	-	782,404	1,853
2019	517,235	17,520	2,805	255,580	58,835	-	851,975	2,003

Notes:

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

Source: Minneapolis Finance and Property Services Department - Investments and Debt Management

(UNAUDITED)

Schedule 10
City of Minneapolis
Ratios Of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(in thousands of dollars, except per capita)
December 31, 2019

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		
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
2015	437,357	214,125	24,542	626,940	1.72%	1,524
2016	439,908	221,637	38,695	622,850	1.55%	1,510
2017	460,116	216,456	35,070	641,502	1.46%	1,551
2018	462,799	235,830	29,399	669,230	1.40%	1,585
2019	517,235	255,580	35,579	737,236	1.40%	1,733

Notes:

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

(1) See Schedule 5 for property value data. Assessed value used is consistent with valuations on the legal debt margin schedule.

(2) Population data can be found in Schedule 14.

Source: Minneapolis Finance and Property Services Department - Investments and Debt Management

(UNAUDITED)

Schedule 11
City of Minneapolis
Direct and Overlapping Governmental Activities Debt
(in thousands of dollars)
December 31, 2019

Governmental Unit	Governmental Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
City of Minneapolis - Direct Debt	\$ 537,560	100.00%	\$ 537,560
<u>Overlapping Debt:</u>			
Special School District No. 1	495,460	100.00%	495,460
Hennepin County	983,233 (3)	29.11%	286,219
Hennepin County Regional Railroad Authority	91,599	29.11%	26,664
Metropolitan Council	142,584	14.79%	21,088
Subtotal, Overlapping Debt			\$ 829,431
Total Direct and Overlapping Debt			\$ 1,366,991

Notes:

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

(1) This table represents the governmental debt of the City of Minneapolis and the net debt share of the overlapping jurisdictions.

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

Sources:

Minneapolis Finance and Property Services Department - Investments and Debt Management

Minneapolis Public School District 1

Hennepin County

MET Council Report of Outstanding Indebtedness

(UNAUDITED)

Schedule 12
City of Minneapolis
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2019

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 1,254,206	\$ 1,173,628	\$ 1,131,060	\$ 1,102,298	\$ 1,117,046	\$ 1,226,826	\$ 1,350,986	\$ 1,472,354	\$ 1,598,184	\$ 1,754,691
Total net debt applicable to limit	<u>246,979</u>	<u>213,714</u>	<u>154,317</u>	<u>155,494</u>	<u>146,506</u>	<u>114,260</u>	<u>109,926</u>	<u>106,843</u>	<u>141,957</u>	<u>261,336</u>
Legal debt margin	<u>\$ 1,007,227</u>	<u>\$ 959,914</u>	<u>\$ 976,743</u>	<u>\$ 946,804</u>	<u>\$ 970,540</u>	<u>\$ 1,112,566</u>	<u>\$ 1,241,060</u>	<u>\$ 1,365,511</u>	<u>\$ 1,456,227</u>	<u>\$ 1,493,355</u>
Total net debt applicable to limit as a percentage of debt limit	19.69%	18.21%	13.64%	14.11%	13.12%	9.31%	8.14%	7.26%	8.88%	14.89%

Legal Debt Margin Calculation for Fiscal Year 2019

Real Property (2019 Assessed Market Value)	\$ 52,194,463
Personal Property (2019 Assessed Market Value)	530,942
Adjustment for Exempt Personal Property (1966 Market Value)	298,030
Adjustment for Net Fiscal Disparities (Contribution)/Distribution	<u>(382,714)</u>
Total 2019 Assessed Market Value (as adjusted)	52,640,721
Debt Limit (3-1/3% of Market Value Applicable to Debt Limit)	1,754,691
Debt applicable to limit:	
General Obligation Bonds Subject to Debt Limit	288,235
Less: Amount set aside to pay general obligation debt	<u>(26,899)</u>
Total Net Debt Applicable to Limit	<u>261,336</u>
Legal Debt Margin	<u>\$ 1,493,355</u>

Source: Minneapolis Finance and Property Services Department - Investments and Debt Management

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2019

WATER TREATMENT AND DISTRIBUTION SERVICES BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
2010	\$ 67,129	\$ 47,507	\$ 19,622	\$ 5,646	\$ 3,872	\$ 9,518	2.06
2011	69,934	45,520	24,414	5,906	4,133	10,039	2.43
2012	76,502	47,421	29,081	5,796	4,476	10,272	2.83
2013	75,793	50,474	25,319	5,982	4,401	10,383	2.44
2014	73,097	50,428	22,669	6,146	4,314	10,460	2.17
2015	73,099	55,271	17,828	8,654	3,121	11,775	1.51
2016	80,454	57,544	22,910	9,635	2,212	11,847	1.93
2017	82,247	52,586	29,661	12,765	2,512	15,277	1.94
2018	83,913	53,838	30,075	14,790	2,751	17,541	1.71
2019	81,432	57,921	23,511	16,360	2,957	19,307	1.22

Notes:

(1) Operating revenue includes fees for services and other non-operating revenues available for debt service.

(2) Operating expenses are exclusive of depreciation.

Source: Minneapolis Finance and Property Services Department - Investments and Debt Management

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2019

(Continued)

MUNICIPAL PARKING BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Debt Service Transfers (3) (4)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
					Principal	Interest	Total	
2010	\$ 58,155	\$ 43,101	\$ 14,777	\$ 29,831	\$ 14,740	\$ 6,232	\$ 20,972	1.42
2011	52,687	36,450	15,196	31,433	14,820	5,730	20,550	1.53
2012	54,082	39,861	13,799	28,020	16,770	5,299	22,069	1.27
2013	58,185	37,745	11,622	32,062	14,629	4,142	18,771	1.71
2014	57,866	37,652	373	20,587	10,884	3,628	14,512	1.42
2015	61,226	40,601	525	21,150	5,440	3,463	8,903	2.38
2016	65,916	43,608	690	22,998	16,285	2,361	18,646	1.23
2017	68,489	45,385	814	23,918	10,129	1,771	11,900	2.01
2018	71,184	47,365	749	24,568	17,640	1,650	19,290	1.27
2019	71,757	47,036	880	25,601	11,190	1,526	12,716	2.01

Notes:

- (1) Operating revenue includes fees for services and other non-operating revenues available for debt service.
- (2) Operating expenses are exclusive of depreciation.
- (3) Convention Center Related Public Parking debt is capitalized in the Municipal Parking Enterprise Fund and was paid using sales tax revenues transferred from the Convention Center Special Revenue Fund through 2013. The remaining debt was paid in full during 2014.
- (4) Tax Increment Transfers In were used to subsidize certain parking ramps through 2013 with a small remaining subsidy from 2014 on.

Source: Minneapolis Finance and Property Services Department - Investments and Debt Management

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2019

(Continued)

SANITARY SEWER BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
2010	\$ 49,292	\$ 40,584	\$ 8,708	\$ 2,850	\$ 701	\$ 3,551	2.45
2011	49,482	42,607	6,875	4,100	714	4,814	1.43
2012	62,327	51,920	10,407	4,600	617	5,217	1.99
2013	61,852	52,115	9,737	4,150	350	4,500	2.16
2014	60,057	53,372	6,685	5,150	414	5,564	1.20
2015	60,358	56,245	4,113	3,500	320	3,820	1.08
2016	66,948	61,935	5,013	1,487	131	1,618	3.10
2017	69,357	63,674	5,683	2,700	662	3,362	1.69
2018	74,163	70,182	3,981	4,480	732	5,212	0.76
2019	82,491	72,419	10,072	4,990	916	5,906	1.71

Notes:

(1) Operating revenue includes fees for services, as well as and other non-operating revenues and transfers available for debt service.

(2) Operating expenses are exclusive of depreciation.

Source: Minneapolis Finance and Property Services Department - Investments and Debt Management

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2019

(Continued)

STORMWATER BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
2010	\$ 39,542	\$ 21,310	\$ 18,232	\$ 5,345	\$ 1,405	\$ 6,750	2.70
2011	41,704	19,930	21,774	11,773	1,341	13,114	1.66
2012	41,805	21,590	20,215	6,555	1,136	7,691	2.63
2013	39,906	23,508	16,398	6,913	975	7,888	2.08
2014	42,313	23,079	19,234	3,235	850	4,085	4.71
2015	40,370	27,856	12,514	2,236	794	3,030	4.13
2016	38,380	31,617	6,763	2,500	62	2,562	2.64
2017	42,784	29,935	12,849	-	-	-	0.00
2018	41,958	29,322	12,636	-	-	-	0.00
2019	42,718	29,558	13,160	155	107	262	50.23

Notes:

(1) Operating revenue includes fees for services and other non-operating revenues available for debt service.

(2) Operating expenses are exclusive of depreciation.

Source: Minneapolis Finance and Property Services Department - Investments and Debt Management

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2019

(Continued)

SOLID WASTE AND RECYCLING BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Debt Service Transfers (3)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
					Principal	Interest	Total	
2010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00
2011	-	-	-	-	-	-	-	0.00
2012	-	-	-	-	-	-	-	0.00
2013	-	-	-	-	-	-	-	0.00
2014	-	-	-	-	-	-	-	0.00
2015	-	-	-	-	-	-	-	0.00
2016	-	-	-	-	-	-	-	0.00
2017	-	-	-	-	-	-	-	0.00
2018	-	-	-	-	-	-	-	0.00
2019	39,587	39,898	3,994	3,683	2,760	1,412	4,172	0.88

Notes:

(1) Operating revenue includes fees for services and other non-operating revenues available for debt service.

(2) Operating expenses are exclusive of depreciation.

(3) Transfer from the General Debt Service Fund for shared facility.

Source: Minneapolis Finance and Property Services Department - Investments and Debt Management

(UNAUDITED)

Schedule 14
City of Minneapolis
Demographic and Economic Statistics
Last 10 Fiscal Years

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)
2010	382,578	\$ 29,558	\$ 11,308,240,524	31.4	163,540	281,577	6.9%	\$ 46,508	33,418
2011	387,873	30,256	11,735,485,488	32.3	166,110	287,846	6.1%	46,682	33,476
2012	392,008	29,936	11,735,151,488	31.4	166,513	297,012	5.3%	47,604	34,423
2013	400,938	32,791	13,147,157,958	32.1	170,195	303,135	4.6%	50,563	35,356
2014	411,273	31,764	13,063,675,572	31.8	175,119	308,714	3.8%	50,791	35,400
2015	412,517	34,763	14,340,328,471	32.4	176,878	317,475	3.4%	54,571	35,649
2016	413,645	34,527	14,281,920,915	32.0	179,807	324,620	3.4%	56,255	35,597
2017	422,326	38,131	16,103,712,706	32.4	176,416	327,355	3.2%	60,789	35,402
2018	425,403	37,071	15,770,114,613	32.1	173,916	332,175	2.5%	58,993	34,572
2019	NA	NA	NA	NA	NA	336,717	2.6%	NA	33,593

Sources:

- (1) Population - 2010 US Census. 2011 - 2018 Council
- (2) Per Capita Income - U.S. Census Bureau - American Community Survey - 1 Year Estimate
- (3) Median Age - U.S. Census Bureau - American Community Survey - 1 Year Estimate
- (4) Households - 2010 US Census. 2011 - 2018 Met Council
- (5) Jobs data from MN DEED/QCEW tables; 2019 number reflects 3rd quarter, latest available data
- (6) Annual Average Unemployment Rate - from MN DEED/LAUS tables
- (7) Median Household Income - U.S. Census Bureau - American Community Survey - 1 Year Estimate
- (8) School Enrollment - Minneapolis Public Schools/Student Accounting Office

NA - 2019 data is not yet available for these categories.

(UNAUDITED)

**Schedule 15
City of Minneapolis
Principal Employers
Current Year and Nine Years Ago**

<u>Employer</u>	2019 (a)			2010 (b)		
	Approximate Number of Employees	Rank	Percentage of Total Metro Employment	Approximate Number of Employees	Rank	Percentage of Total City Employment
University of Minnesota	24,500	1	7.3%	17,100	1	8.5%
Allina Health	10,100	2	3.0%	(c)	(c)	(c)
Target Corporation	8,500	3	2.5%	10,000	2	5.0%
Hennepin Healthcare	7,200	4	2.1%	4,500	7	2.2%
Wells Fargo Bank	7,000	5	2.1%	9,100	3	4.5%
Hennepin County	6,300	6	1.9%	5,800	4	2.9%
Ameriprise Financial Services	5,000	7	1.5%	3,300	8	1.6%
US Bancorp	4,900	8	1.5%	(c)	(c)	(c)
Xcel Energy	2,500	9	0.7%	(c)	(c)	(c)
City of Minneapolis	2,000	10	0.6%	5,000	6	2.5%
Abbott Northwestern Hospital	-	-	-	5,200	5	2.6%
Children's Hospitals and Clinics	-	-	-	3,100	9	1.5%
Fairview Health Services	-	-	-	3,000	10	1.5%
Total	78,137		23.2%	66,100		32.8%

Notes:

- a) Employment numbers are metro-wide numbers rounded to the nearest 100. Sources for City jobs: Minneapolis/St Paul Business Journal, Hennepin Healthcare Department of Human Resources, UMN Human Resources and Allina Public Relations Department
- b) Source was from previously published 2010 City CAFR
- c) Employer not part of top ten city-wide employers in 2010 City CAFR.

(UNAUDITED)

Schedule 16
City of Minneapolis
Full-time Equivalent City Government Employees by Function
Last 10 Fiscal Years
December 31, 2019

Function Program	Full-time Equivalent Employees as of December 31									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government										
Assessor	36.50	34.50	35.00	35.00	36.00	36.00	37.00	38.00	38.00	38.00
Attorney	102.00	105.00	101.00	102.00	108.00	110.00	112.00	112.00	113.30	114.30
City Clerk/Council	65.50	64.75	65.02	66.00	66.00	70.00	71.00	71.00	71.00	71.00
City Coordinator	949.80	546.60	691.40	677.40	702.60	747.60	754.10	764.10	771.30	780.30
Civil Rights	19.00	19.00	19.00	21.00	22.00	23.00	25.00	29.00	30.00	32.00
Community Planning and Economic Development	135.00	128.00	116.79	224.80	228.00	230.00	239.00	240.00	243.00	251.00
Fire	438.00	406.00	392.00	413.00	413.00	413.00	413.00	418.00	421.00	426.00
Minneapolis Health Department	60.00	61.70	50.25	91.00	94.30	99.30	100.05	103.05	107.00	107.85
Internal Audit	2.00	3.00	2.50	2.00	3.00	3.00	3.00	4.00	4.00	4.00
Mayor	10.00	11.00	11.00	11.00	11.00	12.00	13.00	13.00	13.00	14.00
Police	999.20	992.00	967.80	980.50	985.50	1,020.50	1,029.50	1,060.50	1,080.50	1,080.50
Public Works	1,024.50	1,000.35	932.08	911.65	946.98	1,004.50	1,005.90	1,097.90	1,134.60	1,151.85
Regulatory Services*	-	379.00	285.30	141.00	149.00	156.50	173.00	177.00	177.00	181.00
	<u>3,841.50</u>	<u>3,750.90</u>	<u>3,669.14</u>	<u>3,676.35</u>	<u>3,765.38</u>	<u>3,925.40</u>	<u>3,975.55</u>	<u>4,127.55</u>	<u>4,203.70</u>	<u>4,251.80</u>
Independent Boards										
Board of Estimate & Taxation	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Park	827.00	811.18	802.40	814.72	819.24	832.00	859.26	924.36	956.91	956.91
Building Commission	62.00	60.00	54.00	55.00	55.00	55.00	55.00	55.00	59.00	59.00
Youth Coordinating Board	5.00	5.80	5.80	5.80	9.00	8.00	8.00	8.00	8.00	8.00
Neighborhood Revitalization Program**	7.00	5.00	-	-	-	-	-	-	-	-
	<u>902.00</u>	<u>882.98</u>	<u>863.20</u>	<u>876.52</u>	<u>884.24</u>	<u>896.00</u>	<u>923.26</u>	<u>988.36</u>	<u>1,024.91</u>	<u>1,024.91</u>
Total	<u>4,743.50</u>	<u>4,633.88</u>	<u>4,532.34</u>	<u>4,552.87</u>	<u>4,649.62</u>	<u>4,821.40</u>	<u>4,898.81</u>	<u>5,115.91</u>	<u>5,228.61</u>	<u>5,276.71</u>

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

** In 2012, the Neighborhood Revitalization Program (NRP) changed management to the Neighborhood and Community Relations (NCR) department under the City Coordinator.

Source: City Management and Budget

(UNAUDITED)

Schedule 17
City of Minneapolis
Operating Indicators by Function/Program - Last 10 Fiscal Years
December 31, 2019

Function/Description	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government									
Assessor									
Sales ratio, all classes aggregated	98%	99%	95%	95%	96%	95%	95%	95%	95%
Number of parcels' valuations petitioned in tax court	1,346	1,098	607	586	559	643	638	974	1,133
Attorney - City litigation									
Liability payouts, millions \$	8	1	5	2	2	1	1	1	23
Civil litigation caseload	1,193	972	811	978	629	255	233	246	546
City Clerk - Elections									
Number of registered voters	223,696	214,003	233,351	227,660	225,027	246,185	239,750	249,298	250,529
Number of votes cast in election	9,065	215,804	80,099	137,362	no election	219,832	105,928	207,114	no election
Voter turnout, percentage of registered voters	10.07%	80.84%	33.00%	56.00%	no election	78.91%	42.5%	76.0%	no election
Type of election, highest level of government	state specials	federal	municipal	state	no election	Federal	Municipal	State	no election
Number of new voters registered at the polls	422	52,952	6,634	19,622	no election	32,406	8,276	24,218	no election
Number of spoiled ballots	NA	NA	NA	NA	no election	3,843	4,295	3,100	no election
Number of absentee ballots	355	15,143	4,954	12,279	no election	60,538	11,975	52,313	no election
Coordinator - Finance									
Bond rating - Fitch	AAA	AAA	AAA	AAA	AAA	AAA	AA+	AA+	AA+
Bond rating - Moody's	Aaa	Aaa	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1
Bond rating - Standard & Poor's	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Collections effectiveness indicator, utility revenues	NA	NA	NA	NA	NA	NA	NA	NA	NA
Civil Rights									
Number of new civil rights complaints	117	153	77	39	101	97	109	124	109
Number of new complaints of police misconduct	97	157	396	398	344	370	402	569	598
Community Planning and Economic Development									
Number of jobs added by City loan assisted businesses (projected)	1,106	693	602	414	484	464	NA	437	NA
Multifamily housing investment: City funds, millions \$	18	23	6	18	12	20	11	2	15
Multifamily housing investment: Other public funds, millions \$	47	12	19	22	22	25	7	47	47
Multifamily housing investment: Private funds, millions \$	267	164	195	205	157	202	340	19	346
Business finance loans: City funds, millions \$	3	2	3	2	2	2	2	2	2
Number of foreclosure sales	1,719	1,448	879	640	502	343	243	NA	NA
Convention Center									
Occupancy rate	57.0%	56.0%	54.0%	60.0%	56.8%	56.9%	60.0%	61.9%	56.9%
Total attendance	749,691	767,803	777,446	963,364	786,790	749,760	819,052	839,794	863,877
Health									
Number of three-year old screenings conducted by the schools	1,096	1,251	1,758	1,483	1,483	1,490	1,707	1,638	NA
Number of homicide deaths in Minneapolis, ages 0-24	20	11	12	7	24	NAP	10	15	NA
Percent of one and two year olds tested for lead	56.0%	61.0%	66.0%	72.0%	63.0%	66.0%	68.0%	63.0%	0.0%
Number of children under age 6 with elevated lead levels	76	120	50	253	218	192	159	106	89
Public Safety									
Coordinator - 311 - 911									
911 answer time, seconds	6.15	7.33	10.43	6.76	NAP	NAP	NAP	NAP	NAP
911 calls answered within 15 seconds	N/A	N/A	N/A	N/A	N/A	96%	95%	92%	92%
911 calls answered within 40 seconds	N/A	N/A	N/A	N/A	N/A	99%	99%	98%	98%
911 pending time to dispatch, high priority calls, minutes	1.16	1.34	0.07	2.05	NAP	0.11	0.12	3.03	2.48
Percent of 311 calls answered in 20 seconds or less	66.0%	72.0%	63.0%	64.0%	78.9%	78.6%	71.5%	54.2%	5.2%
Percent of 311 calls resolved at first call	83.0%	82.0%	82.0%	83.0%	79.6%	82.5%	81.8%	81.7%	81.4%

Schedule 17
City of Minneapolis
Operating Indicators by Function/Program - Last 10 Fiscal Years
December 31, 2019

Continued

Function/Description	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety - Continued									
Attorney - Criminal Prosecution									
Number of chronic offenders convicted	127	133	139	130	99	155	156	90	N/A
Domestic violence conviction rate	70.0%	72.0%	64.0%	69.0%	68.0%	68.0%	68.0%	62.0%	66.0%
Prosecution caseload	24,509	25,731	24,092	20,391	18,505	17,289	18,857	14,863	13,849
Fire									
Number of emergency responses	35,204	37,011	38,137	40,662	41,343	49,898	47,190	45,962	49,017
Number of fires extinguished (all non EMS runs prior to 2002)	1,348	1,347	1,210	1,154	1,272	1,277	1,243	1,176	1,235
Number of hazmat, false alarms, and other non EMS/ fire runs	9,818	10,071	11,108	27,619	11,432	13,810	13,440	14,116	15,563
Number of inspections	7,763	2,992	3,083	921	3,529	3,762	3,751	3,708	3,322
Percent of time response is five minutes or less	81.8%	81.0%	82.8%	92.0%	79.8%	76.6%	79.0%	73.5%	76.7%
Lives lost due to fires	5	3	2	10	8	2	10	2	6
Civilian injuries due to fire	33	33	27	33	24	16	18	19	22
Police									
Total Part 1 Crimes - (Violent Crime + Property Crime)	23,114	23,532	23,726	23,496	22,000	22,369	23,845	20,883	24,010
Total Part II Crimes	29,343	28,771	30,808	28,587	33,127	25,992	19,288	19,614	18,585
Total Violent Crimes - (subset of Part 1 Crimes)	3,668	3,950	4,094	4,142	4,458	4,639	4,557	3,851	4,324
Number of guns seized	637	792	666	692	685	630	942	664	943
Community Planning and Economic Development - Building permits									
Permits issued	17,178	12,864	12,100	11,796	15,127	12,651	11,455	11,870	12,523
Estimated value, in millions \$	753	1,118	1,212	2,001	1,389	1,758	1,495	1,811	2,164
Public Works									
Refuse Collection									
Refuse collected, tons	120,246	114,797	115,293	114,964	115,522	113,190	111,431	108,991	108,560
Compostable material collected, tons	16,116	16,967	18,635	17,577	20,160	21,015	22,235	23,263	24,962
Non-recyclable construction material collected, tons	5,961	5,493	4,479	5,213	5,112	5,089	5,723	4,965	5,294
Recyclables, tons	19,683	19,927	26,585	28,583	28,065	29,560	29,191	28,401	27,518
Percent of solid waste stream recycled, by weight	16.4%	17.4%	23.3%	25.0%	25.3%	26.3%	26.3%	26.2%	25
Water									
Average daily production, thousands of gallons	54,611	54,986	54,186	53,881	52,546	54,383	55,620	55,852	52,737
Sewer									
Number of sanitary sewer backups	24	12	8	11	15	4	15	10	11
Streets									
Safety and ride-ability pavement condition index (PCI), average of all city streets	71	72	71	69	69	69	72	71	NA
Number of traffic crashes	6,127	5,894	6,144	6,425	6,700	NA	NA	NA	NA
Number of injuries in traffic crashes	2,027	1,935	2,351	2,389	2,700	NA	NA	NA	NA

Notes:

NA = Not Available, NAP= measure is Not Applicable to that year; new service or process; will update when information is available.
The City is working to focus on consistent reporting of results data. Although many of these statistics may have been collected in earlier years, the method of collection may not have been the same as current collection methods.

Source: Prepared by Finance Department using City department reports/personnel

(UNAUDITED)

Schedule 18
City of Minneapolis
Capital Assets Statistics by Function/Program
Last 10 Fiscal Years
December 31, 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Primary Government</u>										
Public Safety:										
Police stations	5	5	5	5	5	5	5	5	5	5
Patrol units	192	189	177	189	176	195	201	199	206	201
Unmarked, trucks, trailers, scooters, motorcycles	225	219	255	261	244	221	203	222	229	226
Fire Stations	19	19	19	19	19	19	19	19	19	19
Fire Trucks/Pumpers/Ladders/Engines/Cars	115	110	109	118	114	110	76	77	80	82
Regulatory Services Fleet	165	175	159	96	97	101	114	110	107	109
Public Works:										
Refuse collection trucks, heavy equipment, dumpsters	144	144	144	144	124	156	140	128	129	122
Streets (miles)	896	896	896	896	896	903	903	903	903	903
Alleys (miles)	380	380	380	380	380	380	380	378	378	378
Sidewalks (miles)	1,715	1,715	1,715	1,715	1,715	1,715	1,715	1,910	1,910	1,910
Streetlights	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,199	19,199	19,351
Traffic signals	916	916	916	916	916	916	916	809	809	810
Buildings/Plants/Garages	31	32	32	33	33	33	33	34	34	34
Equipment, cars, trucks, tractors, vans	1,141	1,155	1,028	1,046	1,137	1,395	1,260	1,252	1,219	1,214
Community and Economic Development:										
Convention Center	1	1	1	1	1	1	1	1	1	1
Target Center	1	1	1	1	1	1	1	1	1	1
<u>Business-type Activities</u>										
Water Treatment and Distribution Services:										
Water mains (miles)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Fire hydrants	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084
Storage capacity (thousands of gallons)	180,000	180,000	180,000	180,000	180,000	147,000	147,000	147,000	147,000	147,000
Buildings	13	13	13	13	14	14	14	14	14	14
Reservoirs	3	3	3	3	3	8	8	8	8	8
Sanitary Sewer:										
Sanitary sewers (miles)	830	830	830	830	830	830	830	830	830	830
Sanitary Lift Stations	9	9	9	9	9	9	9	9	9	9
Stormwater:										
Storm sewers (miles)	522	581	581	581	581	581	581	581	581	581
Stormwater Pump Stations	25	25	25	25	23	23	23	23	23	23
Stormwater Ponds and Treatment Sites	3	18	18	18	27	27	29	29	29	29
Number of parking ramps	14	14	14	14	14	14	14	14	13	13

Source: Minneapolis Finance and Property Services Department and Department of Public Works

(UNAUDITED)