

Annual Comprehensive Financial Report



City of Minneapolis, Minnesota
For the fiscal Year Ended December 31, 2023



ANNUAL COMPREHENSIVE FINANCIAL REPORT



CITY OF
MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2023

FINANCE AND PROPERTY SERVICES DEPARTMENT

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July 31, 2024

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

TRANSMITTAL

We are pleased to present the Annual Comprehensive Financial Report (the report) for the City of Minneapolis (the City) for the year ended December 31, 2023. This report presents the financial position of the City and the results of its operations for the year 2023. 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 report. To the best of our knowledge, the report 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, 2023. The State Auditor's opinion is included as page one through four 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 Park 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 Park & 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 consistently ranked as one of the best bicycling cities in the nation including being named to numerous lists for bike-friendly amenities and infrastructure. 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, (formally known as 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 a progressively increasing amount of funding per year, ranging from \$33.0 million to \$65.1 million to ensure funding of the City's streets and neighborhood parks including its bikeways and pedestrian programs.

There are 87 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 the 2020 census, Minneapolis is home to an estimated 429,985 people. From 2010 to 2020, the population within the City grew at a rate of 12.4 percent. Children, youth under 18, and seniors aged 65 and above make up 6.4 percent, 19.8 percent, and 9.9 percent of the population respectively. African Americans comprise 18.9 percent of the population, and Hispanic Americans make up 9.6 percent of the population. People of American Indian and Alaska Native descent comprise 1.4 percent of the population, and Asian Americans make up 5.9 percent of the population. People of two or more races make up 6.0 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

In the November 2021 election, the citizens of Minneapolis passed an amendment to the City's Charter changing the government structure from Mayor-Council to Executive Mayor-Legislative Council. This shift in responsibilities took effect officially on December 3rd, 2021, with the full scope of operating changes included for the first time in the 2023 budget cycle. For year ending December 31, 2023, the City operated under this new structure for the first time. The Mayor is now the chief executive officer over departments and the City Council is the legislative body that adopts local laws, makes policy, and oversees programs.

The Mayor and 13 City Council Members from individual wards are typically elected for terms of four years, without limit on the number of terms that may be served. Due to redistricting, the Council members were up for election again in November 2023 after being up for election just two years prior in 2021. Going forward, they will resume their four-year terms.

City Council

Under the charter amendment, the City Council governs Minneapolis through its legislative power over City functions. The Council levies taxes, enacts ordinances and resolutions, licenses businesses, and exercises budgetary 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 now the chief executive officer of the city with 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, 2023, was \$139.3 million, which is \$38.7 million more than policy requires. Additional information regarding the 2023 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 \$5.8 million in 2022 and \$6.0 million in 2023.

ECONOMIC CONDITION AND OUTLOOK

Prior to the emergence of the COVID-19 pandemic in early 2020, the City's financial projection was on a continued upward trend. In response to the pandemic, during 2020, the City engaged in two rounds of budgetary reductions, temporary spending and hiring freezes, and employee furloughs. During 2021, the City continuously monitored and adjusted activity to ensure an appropriate response to the ongoing pandemic. The City was awarded \$271.2 million in funding through the Coronavirus State and Local Fiscal Recovery Funds as part of the American Rescue Plan Act. The City continued to monitor and adjust financial projections throughout 2022 and 2023 to ensure proper funding for continued service needs. A detailed discussion and analysis of the City's overall financial condition during the fiscal year ended 2023 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 the highest ratings available from national bond rating services as shown below. The Fitch Rating Services upgraded the City's rating in August of 2023.

Fitch – AAA
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 Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022. A Certificate of Achievement is valid for a period of one year only. The City has received this prestigious award for 49 years.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized report, 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 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,

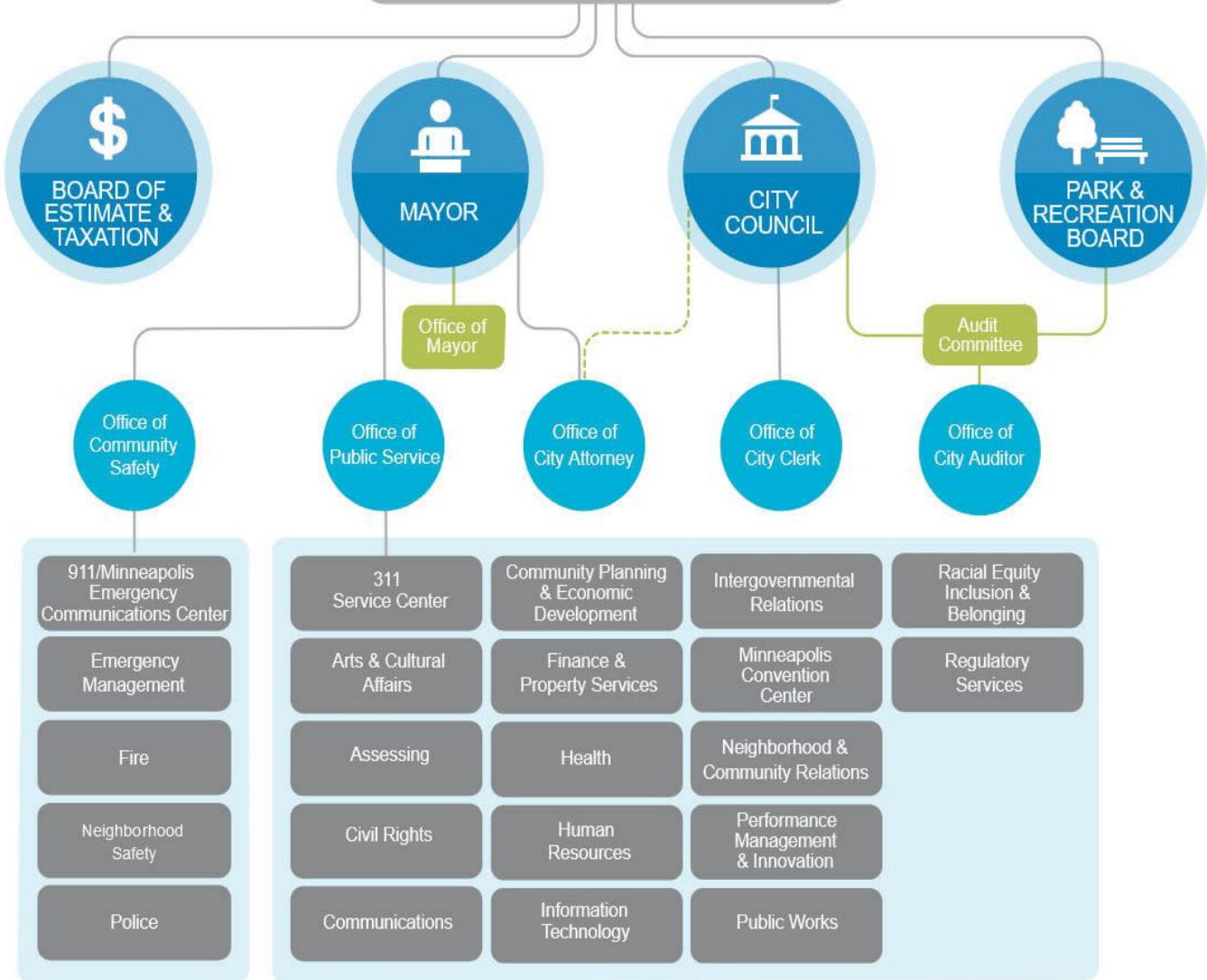


Dushani Dye
Chief Financial Officer



Ra Chhoth
Deputy Chief Financial Officer

RESIDENTS OF MINNEAPOLIS



**MAYOR AND COUNCIL
CITY OF MINNEAPOLIS, MINNESOTA
2023**

| | | |
|---------|---------------------|----------------|
| Mayor | JACOB FREY | |
| | CITY COUNCIL | |
| Ward 1 | ELLIOTT PAYNE | President |
| Ward 2 | ROBIN WONSLEY | |
| Ward 3 | MICHAEL RAINVILLE | |
| Ward 4 | LATRISHA VETAW | |
| Ward 5 | JEREMIAH ELLISON | |
| Ward 6 | JAMAL OSMAN | |
| Ward 7 | LISA GOODMAN | |
| Ward 8 | ANDREA JENKINS | |
| Ward 9 | JASON CHAVEZ | |
| Ward 10 | AISHA CHUGHTAI | Vice President |
| Ward 11 | EMILY KOSKI | |
| Ward 12 | ANDREW JOHNSON | |
| Ward 13 | LINEA PALMISANO | |

After the November 2023 election, the following Councilmembers were sworn in on January 1, 2024

| | | |
|---------|-----------------|--|
| Ward 7 | KATIE CASHMAN | |
| Ward 12 | AURIN CHOWDHURY | |



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Minneapolis
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO



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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying 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, 2023, and the respective changes in financial position, and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Meet Minneapolis, which is a discrete component unit and 1.3 percent, 0.5 percent, and 6.9 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of December 31, 2023. We also did not audit the financial statements of the Minneapolis Parks Foundation, which is a component unit of the Minneapolis Park and Recreation Board discrete component unit and 2.4 percent, 0.8 percent, and 1.5 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of December 31, 2023. The statements of Meet Minneapolis and the Minneapolis Parks Foundation, which were prepared in accordance with financial reporting standards for nongovernmental entities issued by the Financial Accounting Standards Board, were audited by other auditors whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of Meet Minneapolis and the Minneapolis Parks Foundation, which conform the financial reporting to accounting principles generally accepted in the United States of America for state and local governments. Our opinion, insofar as it relates to the amounts included for Meet Minneapolis and the Minneapolis Parks Foundation, prior to these conversion adjustments, is based solely on the reports of the other auditors. The financial statements of Meet Minneapolis and the Minneapolis Parks Foundation were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical

requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Meet Minneapolis and the Minneapolis Parks Foundation were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1.Q to the financial statements, in 2023, the City adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, which represents a change in accounting principles. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed;
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements; and
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison schedules for the General Fund and each major special revenue fund, PERA retirement plan schedules, Teachers Retirement Association schedules, Schedules of Changes in Total OPEB Liability and Related Ratios, and Notes to the Required Supplemental Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a 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 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 Combining and Individual Fund Statements and Schedules; Schedule of Governmental Activity Bonds and Notes; Schedule of Business-Type Activity Bonds and Notes; Schedule of Expenditures of Federal Awards – All Fund Types and related notes, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and Municipal Building Commission financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Supplementary Information as identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated July 31, 2024, 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 the Minneapolis Park and Recreation Board component unit, which was issued as a separate report. The financial statements of the Meet Minneapolis component unit and the Minneapolis Parks Foundation, a component unit the Minneapolis Park Board component unit, were not audited in accordance with *Government Auditing Standards* and, accordingly, the reports do not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Meet Minneapolis and the Minneapolis Parks Foundation.



Julie Blaha
State Auditor



Chad Struss, CPA
Deputy State Auditor

July 31, 2024

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

This section of the Annual Comprehensive Financial Report (ACFR) for the City of Minneapolis presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2023. 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 2023 calendar year, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$2,921,312 (net position). Of this amount, \$2,553,173 is the City's net investment in capital assets and \$370,126 is restricted for specific purposes (restricted net position) leaving a deficit of \$(1,987) 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, as well as legal obligations arising from lawsuits and workers' compensation claims.
- The City's total net position increased by \$149,829 in 2023. Governmental activities increased the City's net position by \$106,186 and business-type activities increased the net position by \$43,643.
- As of December 31, 2023, total fund balance in the General Fund was \$210,370, of which \$19,000 was restricted, \$52,051 was assigned, and \$139,319 was unassigned.
- The City's total long-term bond and note liability increased by \$4,928 from the prior year. Total bonds and notes issued in 2023 was \$116,913. Total debt retirement was \$111,985. The primary debt issuance in 2023 included bonds of \$114,925 for a variety of special assessment improvements, general infrastructure, sanitary and storm sewer, water, and parking and solid waste projects.

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 31-32 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 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 Grants Federal Special Revenue Fund, the HUD Consolidated Plan 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 13 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 126.

The governmental funds' financial statements can be found on pages 33-36 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, information technology services, central and traffic stores inventories, engineering lab testing and asphalt and cement services, workers' compensation, unemployment benefits, 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 35-40 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 41-42 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 45-104 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 105-122 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 126.

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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, 2023 with a comparison to 2022.

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|----------------------------------|-------------------------|---------------------|--------------------------|---------------------|--------------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Current and other assets | \$ 1,365,589 | \$ 1,351,343 | \$ 164,047 | \$ 157,991 | \$ 1,529,636 | \$ 1,509,334 |
| Capital assets | 1,949,414 | 1,870,130 | 1,385,381 | 1,340,769 | 3,334,795 | 3,210,899 |
| Total assets | <u>\$ 3,315,003</u> | <u>\$ 3,221,473</u> | <u>\$ 1,549,428</u> | <u>\$ 1,498,760</u> | <u>\$ 4,864,431</u> | <u>\$ 4,720,233</u> |
| Deferred outflows of resources | \$ 399,681 | \$ 395,296 | \$ 22,461 | \$ 14,973 | \$ 422,142 | \$ 410,269 |
| Current and other liabilities | \$ 312,271 | \$ 390,811 | \$ 60,364 | \$ 64,909 | \$ 372,635 | \$ 455,720 |
| Long-term liabilities | 1,239,777 | 1,486,822 | 367,179 | 359,031 | 1,606,956 | 1,845,853 |
| Total liabilities | <u>\$ 1,552,048</u> | <u>\$ 1,877,633</u> | <u>\$ 427,543</u> | <u>\$ 423,940</u> | <u>\$ 1,979,591</u> | <u>\$ 2,301,573</u> |
| Deferred inflows of resources | \$ 372,849 | \$ 58,096 | \$ 12,811 | \$ 1,911 | \$ 385,660 | \$ 60,007 |
| Net position | | | | | | |
| Net investment in capital assets | \$ 1,478,541 | \$ 1,421,756 | \$ 1,074,632 | \$ 1,031,775 | \$ 2,553,173 | \$ 2,453,531 |
| Restricted net position | 344,317 | 305,614 | 25,809 | 24,811 | 370,126 | 330,425 |
| Unrestricted net position | (33,071) | (46,330) | 31,084 | 31,296 | (1,987) | (15,034) |
| Total net position | <u>\$ 1,789,787</u> | <u>\$ 1,681,040</u> | <u>\$ 1,131,525</u> | <u>\$ 1,087,882</u> | <u>\$ 2,921,312</u> | <u>\$ 2,768,922</u> |

The largest portion of the City’s net position reflects its \$2,553,173 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 \$39,701 to \$370,126 in 2023 in part due to the \$19,000 increase in public safety aid in governmental funds. 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 \$(1,987) represents the unrestricted portion of the City’s net position. This is a increase of \$13,047 from the 2022 unrestricted net position. The increase 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 \$149,829 in 2023.

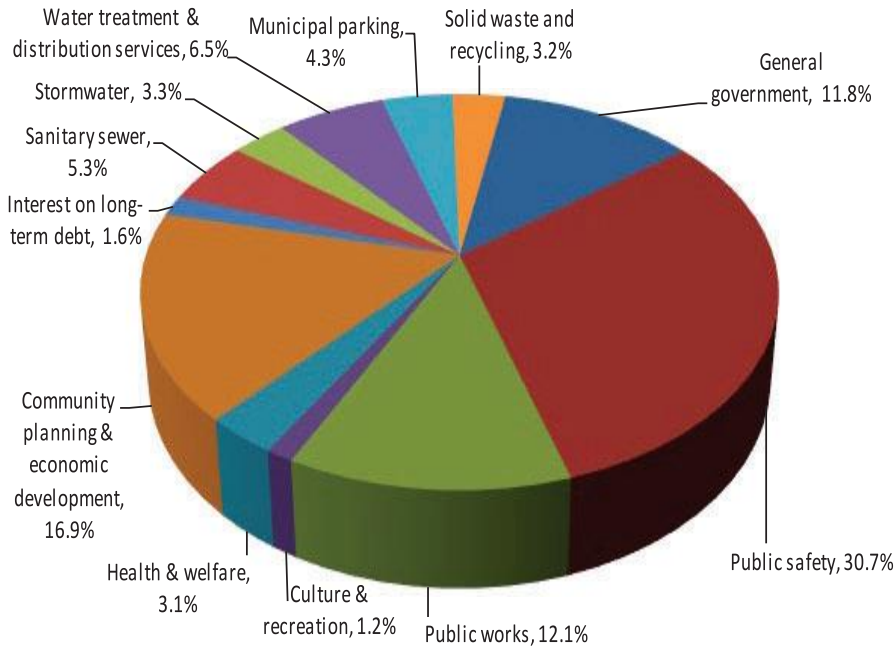
Statement of Activities—The following table presents the changes in net position for governmental and business-type activities. The governmental activities net position increased by \$106,186 while the business-type activities net position increased by \$43,643.

| Statement of Activities | | | | | | |
|--|--------------------------------|---------------------|---------------------------------|---------------------|---------------------------------|---------------------|
| For the Years Ended December 31, 2022, and 2021 | | | | | | |
| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 130,479 | \$ 160,919 | \$ 340,257 | \$ 342,937 | \$ 470,736 | \$ 503,856 |
| Operating grants and contributions | 230,554 | 256,696 | 4,407 | 4,323 | 234,961 | 261,019 |
| Capital grants and contributions | 7,433 | 812 | - | - | 7,433 | 812 |
| General revenues: | | | | | | |
| General property tax and fiscal disparities | 383,051 | 369,767 | - | - | 383,051 | 369,767 |
| Property tax increment | 491 | 1,108 | - | - | 491 | 1,108 |
| Franchise taxes | 40,122 | 40,758 | 356 | 339 | 40,478 | 41,097 |
| Local taxes | 77,608 | 66,666 | - | - | 77,608 | 66,666 |
| Other taxes | - | - | - | - | - | - |
| Local government aid - unrestricted | 65,518 | 68,845 | 3 | - | 65,521 | 68,845 |
| Grants and contributions not restricted to programs | 692 | 10,322 | 3 | 326 | 695 | 10,648 |
| Unrestricted interest and investment earnings | 47,900 | (27,083) | 1,108 | (348) | 49,008 | (27,431) |
| Other | - | - | 113 | 158 | 113 | 158 |
| Total revenues | 983,848 | 948,810 | 346,247 | 347,735 | 1,330,095 | 1,296,545 |
| Expenses | | | | | | |
| General government | 139,362 | 117,462 | - | - | 139,362 | 117,462 |
| Public safety | 361,983 | 305,773 | - | - | 361,983 | 305,773 |
| Public works | 142,916 | 122,374 | - | - | 142,916 | 122,374 |
| Culture and recreation | 14,532 | 9,487 | - | - | 14,532 | 9,487 |
| Health and welfare | 36,191 | 43,037 | - | - | 36,191 | 43,037 |
| Community planning and economic development | 198,412 | 228,526 | 1,372 | 16,988 | 199,784 | 245,514 |
| Interest on long-term debt | 19,054 | 19,042 | - | - | 19,054 | 19,042 |
| Sanitary sewer | - | - | 62,338 | 68,932 | 62,338 | 68,932 |
| Stormwater | - | - | 39,020 | 34,453 | 39,020 | 34,453 |
| Water treatment and distribution services | - | - | 76,673 | 70,112 | 76,673 | 70,112 |
| Municipal parking | - | - | 50,466 | 46,072 | 50,466 | 46,072 |
| Solid waste and recycling | - | - | 37,947 | 34,363 | 37,947 | 34,363 |
| Total expenses | 912,450 | 845,701 | 267,816 | 270,920 | 1,180,266 | 1,116,621 |
| Excess (deficiency) before transfers | 71,398 | 103,109 | 78,431 | 76,815 | 149,829 | 179,924 |
| Transfers | 34,788 | 34,455 | (34,788) | (34,455) | - | - |
| Change in net position | 106,186 | 137,564 | 43,643 | 42,360 | 149,829 | 179,924 |
| Net position - Beginning * | 1,683,601 | 1,543,476 | 1,087,882 | 1,045,522 | 2,771,483 | 2,588,998 |
| Net position - Ending | \$ 1,789,787 | \$ 1,681,040 | \$ 1,131,525 | \$ 1,087,882 | \$ 2,921,312 | \$ 2,768,922 |

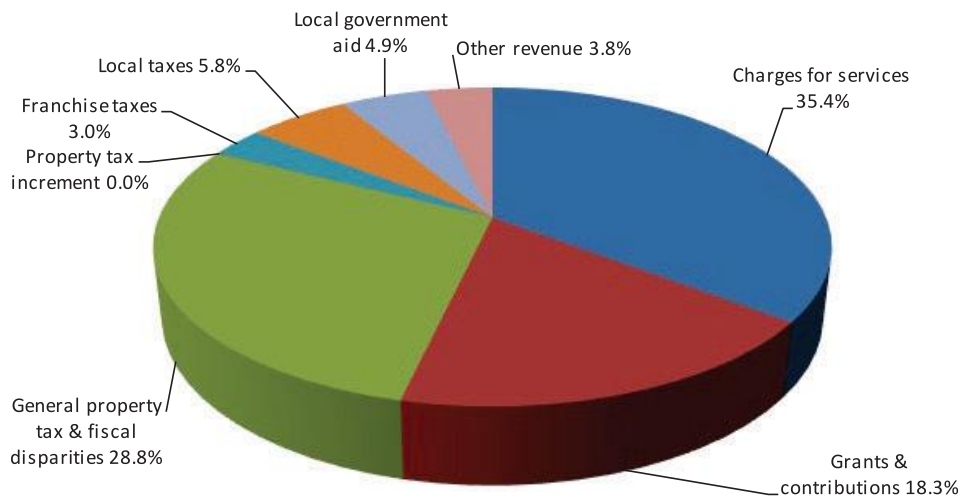
* Governmental activities beginning balance was restated for software subscription activity due to the implementation of GASB 96.

Below are graphs showing the breakdown of government-wide expenses and revenues by category for 2023:

Government-wide Expenses



Government-wide Revenues

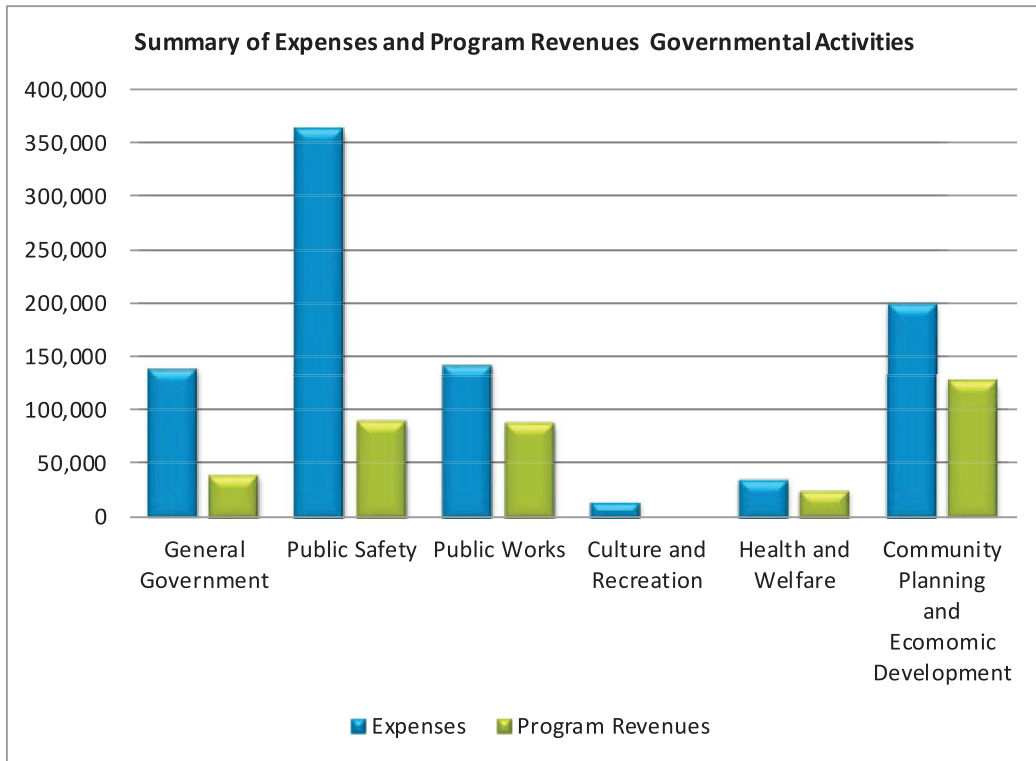


Governmental Activities—Governmental activities increased the City’s net position by \$106,186 compared to an increase of \$137,564 in 2022. Total governmental revenue increased by 3.7% between 2022 to 2023 from \$948,810 to \$983,848. Total expenses increased by 7.9% over that same period from \$845,701 in 2022 to \$912,450 in 2023. The increase in expenses is attributable mainly to increases in general government, public safety, and community planning and economic development. General government expenses increased due to more spending on personnel and projects as the City’s operations continue to return to pre-pandemic levels. In addition, public safety costs increased as more staff were added in the police department and overtime costs increased in the fire department. Community planning and economic development saw increased spending related to development and housing initiatives. Public works expenses were down due to decreased capital outlays for large projects. A significant expense in the statement of activities, compared to fund statements, is depreciation and amortization. Current year depreciation and amortization for governmental activities is \$89,035.

Program revenue decreased charges for services and operating grants and contributions. The city continues to respond to the COVID-19 pandemic leading to variability in revenues from various sources. Charges for services decreased by \$30,440 or 18.9% during 2023. Operating grants decreased \$26,142 or 10.2% as the city recognized less revenue related to several American Rescue Plan Act funding sources. General revenues cover any net expense after program specific revenues are applied. General revenues increased \$84,999 in total. General property tax revenues and fiscal disparities increased by \$13,284 while unrestricted interest and investment earnings increased by \$74,983.

**Summary of expenses and program revenues - Governmental Activities
For the Year ended December 31, 2023**

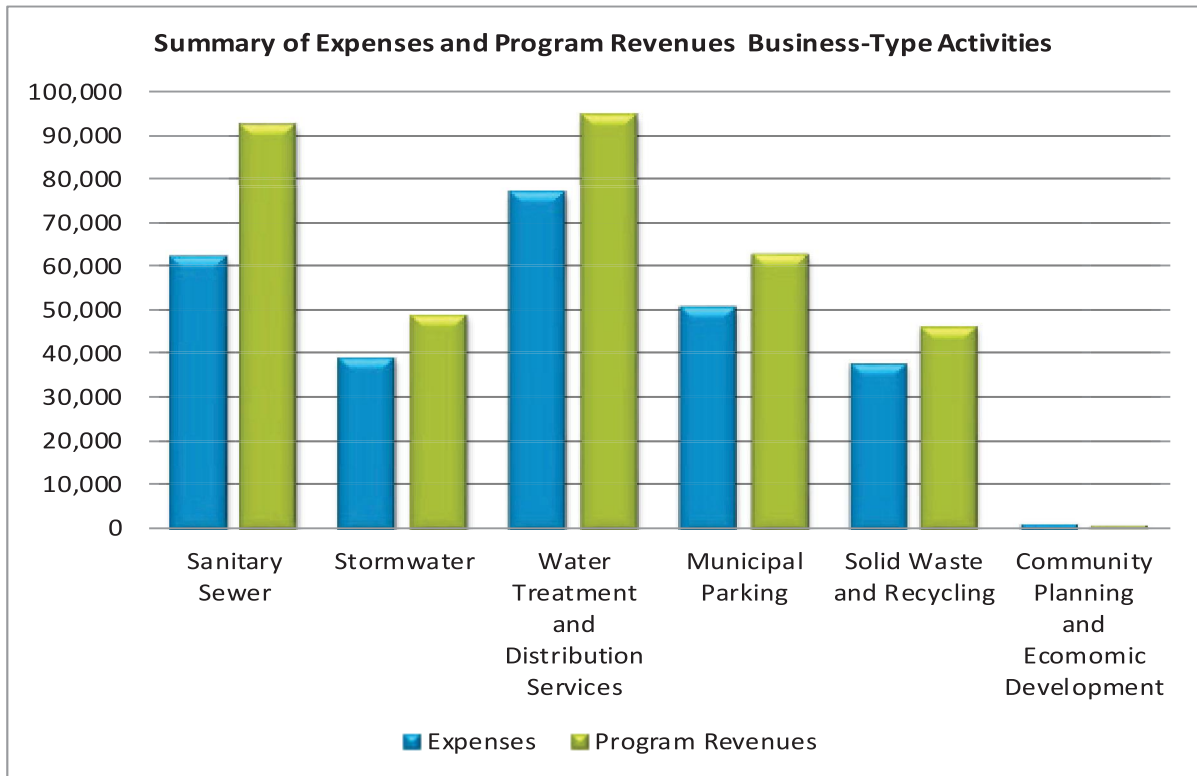
| Functions/Programs | Expenses | Program Revenues | Net (Expense) Revenue by Program |
|---|-------------------|-----------------------------|---|
| General government | \$ 139,362 | \$ 39,989 | \$ (99,373) |
| Public safety | 361,983 | 89,327 | (272,656) |
| Public works | 142,916 | 87,033 | (55,883) |
| Culture and recreation | 14,532 | - | (14,532) |
| Health and welfare | 36,191 | 25,438 | (10,753) |
| Community planning and economic development | 198,412 | 126,679 | (71,733) |
| Interest on long-term debt | 19,054 | - | (19,054) |
| | <u>\$ 912,450</u> | <u>\$ 368,466</u> | <u>\$ (543,984)</u> |
| General revenues and transfers supporting governmental activities | | | <u>650,170</u> |
| Change in net position | | | 106,186 |
| Net position - January 1, 2023, as restated | | | <u>1,683,601</u> |
| Net position - December 31, 2023 | | | <u>\$ 1,789,787</u> |



Business-Type Activities—Business-type activities increased the City’s net position by \$43,643 compared with an increase of \$42,360 in 2022. Detailed analysis of the changes in expense and revenue for business-type activities can be found in the individual fund analysis in the following pages.

**Summary of expenses and program revenues - Business-Type Activities
For the Year ended December 31, 2023**

| Functions/Programs | Expenses | Program Revenues | Net (Expense) Revenue by Program |
|--|-------------------|-------------------|----------------------------------|
| Sanitary sewer | \$ 62,338 | \$ 92,096 | \$ 29,758 |
| Stormwater | 39,020 | 48,633 | 9,613 |
| Water treatment and distribution services | 76,673 | 94,578 | 17,905 |
| Municipal parking | 50,466 | 62,563 | 12,097 |
| Solid waste and recycling | 37,947 | 45,970 | 8,023 |
| Community planning and economic development | 1,372 | 824 | (548) |
| | <u>\$ 267,816</u> | <u>\$ 344,664</u> | \$ 76,848 |
| General revenues and transfers supporting business-type activities | | | (33,205) |
| Change in net position | | | 43,643 |
| Net position - January 1, 2023 | | | 1,087,882 |
| Net position - December 31, 2023 | | | <u>\$ 1,131,525</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 2023, six governmental funds, including the General Fund, are presented as major funds. These funds include the Community Planning and Economic Development Fund, Grants Federal Fund, HUD Consolidated Plan, the Permanent Improvement Capital Project Fund, and the Special Assessment Debt Service Fund. At December 31, 2023, the City's governmental funds reported a combined ending fund balance of \$750,798, an increase of \$76,485 compared with the prior year. Approximately 18.6% of this total amount, or \$139,319, constitutes unassigned fund balance, which is available for spending at the City's discretion.

The remainder of the fund balance is classified as follows: \$344,317 is restricted for debt service, community planning and economic development, capital improvements, grants, and law enforcement legal requirements; and \$267,162 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 table provide an overview of revenues by source, and expenditures by function for all governmental funds:

| | Revenue by Source Governmental Funds | | | | Increase / Decrease |
|--|---|---------------------|----------------|---------------------|------------------------|
| | 2023 | | 2022 | | |
| | Amount | Percent of Total | Amount | Percent of Total | Amount |
| Revenue by Source: | | | | | |
| Taxes | \$ 501,596 | 48.57 | % \$ 477,737 | 49.64 | % \$ 23,859 |
| Licenses | 45,801 | 4.44 | 54,885 | 5.70 | (9,084) |
| Intergovernmental revenues | 289,506 | 28.04 | 306,192 | 31.81 | (16,686) |
| Charges for services and sales | 78,386 | 7.59 | 78,309 | 8.14 | 77 |
| Fines and forfeits | 5,852 | 0.57 | 5,096 | 0.53 | 756 |
| Special assessments | 31,193 | 3.02 | 31,784 | 3.30 | (591) |
| Investment earnings | 48,015 | 4.65 | (28,637) | (2.98) | 76,652 |
| Miscellaneous revenues | 32,243 | 3.12 | 37,112 | 3.86 | (4,869) |
| Total revenues | <u>1,032,592</u> | <u>100.00</u> | <u>962,478</u> | <u>100.00</u> | <u>70,114</u> |
| Expenditures by Function: | | | | | |
| Current: | | | | | |
| General government | 170,260 | 16.49 | 132,220 | 13.41 | 38,040 |
| Public safety | 332,834 | 32.21 | 306,856 | 31.13 | 25,978 |
| Public works | 70,925 | 6.86 | 64,052 | 6.50 | 6,873 |
| Health and welfare | 36,210 | 3.50 | 41,979 | 4.26 | (5,769) |
| Community planning and economic development | 184,352 | 17.84 | 219,076 | 22.22 | (34,724) |
| Capital outlay | 131,698 | 12.74 | 115,395 | 11.71 | 16,303 |
| Intergovernmental: | | | | | |
| General government | 771 | 0.07 | 1,069 | 0.11 | (298) |
| Public safety | 332 | 0.03 | - | - | 332 |
| Culture and recreation | 13,174 | 1.27 | 9,487 | 0.96 | 3,687 |
| Debt service: | | | | | |
| Principal retirement | 73,925 | 7.15 | 76,491 | 7.76 | (2,566) |
| Interest and fiscal charges | 18,987 | 1.84 | 19,140 | 1.94 | (153) |
| Total expenditures | <u>1,033,468</u> | <u>100.00</u> | <u>985,765</u> | <u>100.00</u> | <u>47,703</u> |

General Fund—The General Fund is the general operating fund of the City. As of December 31, 2023, restricted fund balance totaled \$19,000, the assigned fund balance totaled \$52,051, while unassigned totaled \$139,319. Total fund balance increased by \$36,653 during 2023.

The following table provides changes in revenues by source from 2022 to 2023.

| Revenues by Source | General Fund Revenues By Source | | | | Increase/ (Decrease) Amount |
|---|------------------------------------|---------------------|-------------------|---------------------|-----------------------------------|
| | 2023 | | 2022 | | |
| | Amount | Percent of Total | Amount | Percent of Total | |
| Taxes | \$ 325,383 | 50.49 % | \$ 308,313 | 51.93 % | \$ 17,070 |
| Licenses and permits | 45,368 | 7.04 | 54,637 | 9.20 | (9,269) |
| Intergovernmental revenues | 116,806 | 18.13 | 89,486 | 15.07 | 27,320 |
| Charges for services and sales | 59,322 | 9.21 | 59,359 | 10.00 | (37) |
| Fines and forfeits | 5,741 | 0.89 | 4,852 | 0.82 | 889 |
| Special assessments | 5,337 | 0.83 | 4,874 | 0.82 | 463 |
| Investment earnings | 20,483 | 3.18 | (14,564) | (2.45) | 35,047 |
| Miscellaneous revenues | 3,660 | 0.57 | 3,083 | 0.52 | 577 |
| Total revenues | \$ 582,100 | 90.34 | \$ 510,040 | 85.91 | \$ 72,060 |
| Transfers in | 61,738 | 9.58 | 81,453 | 13.72 | (19,715) |
| Leases Issued | 502 | 0.08 | 2,167 | 0.37 | (1,665) |
| Total revenues and other financing sources | <u>\$ 644,340</u> | <u>100.00 %</u> | <u>\$ 593,660</u> | <u>100.00 %</u> | <u>\$ 50,680</u> |

In 2023, General Fund revenues and other financing sources increased by 8.5% from the previous year. Some highlights include:

- Tax collections were higher in 2023 than 2022 due to an increase in the property tax levy amount in the General Fund.
- Licenses and permits increased 17.0% over 2022 as the City had less American Rescue Plan Act funding to offset license fees.
- Transfers in decreased by \$19,715 as the City used less American Rescue plan act funds to replace lost revenue in the General Fund.
- The City’s investment earnings rebounded in 2023 with an increase of \$35,047 compared to 2022.

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The following table provides the changes in expenditures by function from 2022 to 2023:

| Expenditures by Function | General Fund Expenditures by Function | | | | Increase/ (Decrease) |
|---|--|---------------------|-------------------|---------------------|-------------------------|
| | 2023 | | 2022 | | Amount |
| | Amount | Percent of Total | Amount | Percent of Total | |
| Current and Intergovernmental: | | | | | |
| General government | \$ 133,782 | 22.01 % | \$ 99,603 | 17.70 % | \$ 34,179 |
| Public safety | 315,840 | 51.97 | 291,987 | 51.88 | 23,853 |
| Public works | 69,387 | 11.42 | 63,091 | 11.21 | 6,296 |
| Health and welfare | 15,758 | 2.59 | 18,432 | 3.28 | (2,674) |
| Community planning and economic development | 38,256 | 6.30 | 36,366 | 6.46 | 1,890 |
| Debt Service: | | | | | |
| Principal retirement | 1,580 | 0.26 | 256 | 0.05 | 1,324 |
| Interest and fiscal charges | 196 | 0.03 | 13 | 0.00 | 183 |
| Total expenditures | 574,799 | 94.58 | 509,748 | 90.58 | 65,051 |
| Transfers out | 32,888 | 5.42 | 53,023 | 9.42 | (20,135) |
| Total expenditures and other financing uses | <u>\$ 607,687</u> | <u>100.00 %</u> | <u>\$ 562,771</u> | <u>100.00 %</u> | <u>\$ 44,916</u> |

Overall, General Fund expenditures and transfers out increased by 8.0% from the previous year. The recovery from 2022 continued into 2023 with ongoing responses to the COVID-19 pandemic. Revenue replacement funds from American Rescue Plan Act funding allowed the General Fund to restore service levels to higher levels than recent years. General government spending increased due to a variety of factors. General government spending increased due to inflationary factors as well a return to pre-pandemic spending. Public safety spending increased as departments saw increased staffing, although still significantly below pre-pandemic levels. Community planning and economic development saw an increase in project spending on various efforts related to affordable housing and economic recovery.

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 2023, the following were significant budget actions:

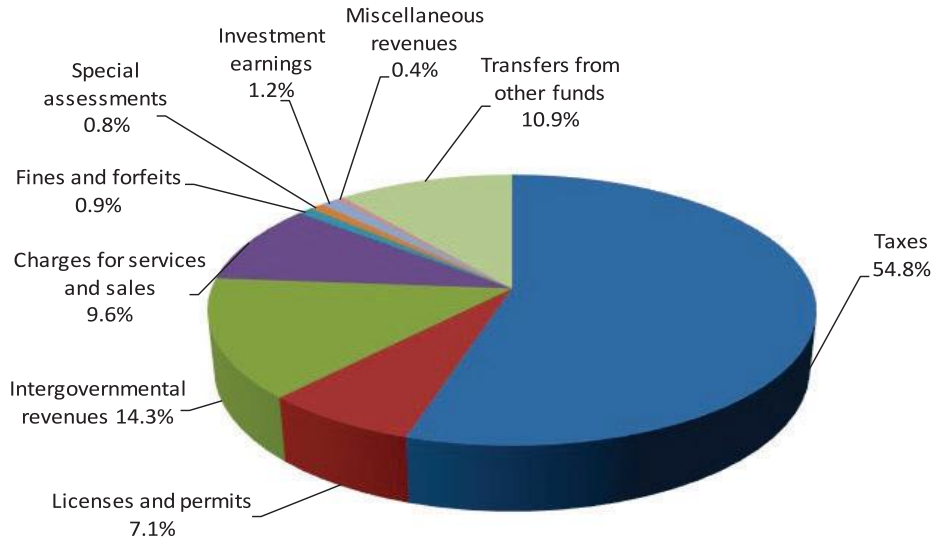
- The original General Fund appropriation for fiscal year 2023 was \$598,950, which included projected transfers out of \$24,397. The final appropriation was \$631,617 including transfers of \$32,888. General revenues and other resources were originally estimated at \$594,137, which included projected transfers in of \$64,470. The final revenue estimate was \$594,403 including transfers of \$64,738.
- Budgetary variances between the final amended budget and the actual results include:
 - 1) Public Works finished the year \$4,485 over budget primarily due to transportation maintenance and repair spending over budget on snow removal costs as well additional costs incurred through project work for other areas. The work for others expense was offset by increased revenues.
 - 2) Public Safety finished the year \$3,727 over budget primarily due to multi-year union contract settlements as well overtime issues due to staff shortages.
 - 3) Several General Government departments were under budget by \$12,652 due mainly to salary savings related to personnel vacancies and delayed spending on initiatives and projects.

- 4) Community Planning and Economic Development (CPED) has several projects that are expected to require ongoing funding resulting in current year budget savings of \$16,290.
- 5) Unspent contingency funding of \$13,130 and the underspending identified above offset any overspending, resulting in an overall underspending in the General Fund of \$23,930.

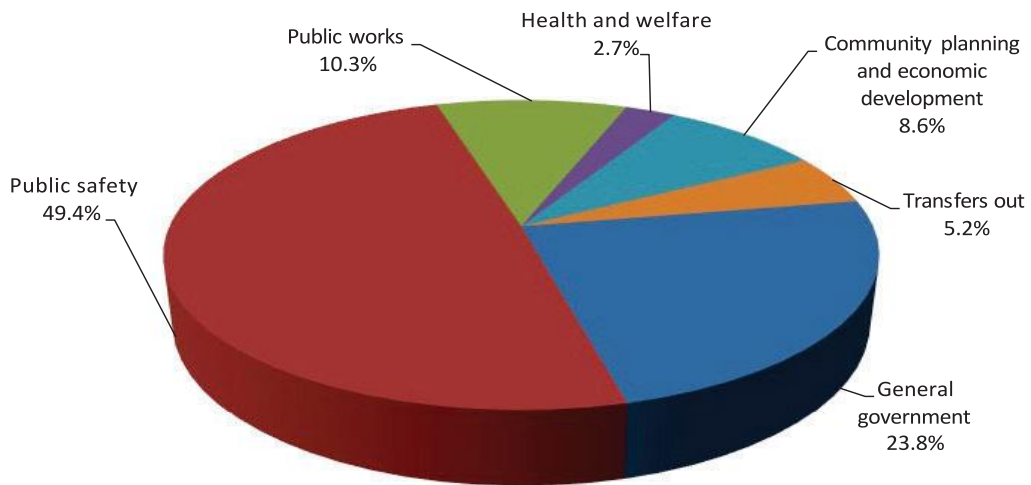
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Current fiscal year revenue and expenditure budgets for the General Fund by major category or function are as follows:

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 2023 were \$32,358, 9.8% more than the prior year. A majority, approximately 62.5%, of the fund’s revenue was derived from property tax increment, and 5.48% 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 2023 were \$32,380. 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 decreased in 2023. The expenditures in this fund will vary depending on the project activity in any given year.

The fund’s transfers to other funds of \$10,115 were primarily to provide resources for the debt service obligations issued by the City for community development programs.

At year-end, the fund balance in the CPED Special Revenue Fund was \$241,655. This included \$173,456 restricted for specific programs by State law; and the remaining \$68,199 assigned to provide for community planning and economic development activities.

Grants – Federal Special Revenue Fund – This fund is used to account for federal grants from a variety of sources except HUD. This fund included the accounting for proceeds from American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds due to the coronavirus pandemic.

Total revenue in 2023 was \$107,705, a decrease of \$23,836 or 18% compared to the 2022 revenue of \$131,541. The decrease is primarily due to ARPA and Emergency Rental Assistance fundings. Total expenditures in 2023 totaled \$99,914, which includes \$47,106 of transfers to other funds, decreased by \$31,691 or 24% compared to the 2022 expense of \$131,605. In summary, the decrease in expenditures is also due to ARPA funding and the winding down of the Emergency Rental Assistance fundings. Total fund balance at year end 2023 was \$8,338, an increase of \$7,790 from the 2022-year end fund balance of \$548.

HUD Consolidated Plan Special Revenue Fund – This fund is used to account for federal formula-based grants received from the U.S. Department of Housing and Urban Development’s Community Planning and Development Office.

Total revenue in 2023 was \$21,219, a decrease of \$12,255 or 37% compared to the 2022 revenue of \$33,474. The decrease is primarily due to Corona Virus (COVID) programs winding down, HOME, CDBG funding and decreased programmatic activity in community planning and economic development (CPED) which includes multi-family and affordable housing. Expenditures in 2023 totaled \$20,987, a decrease of \$12,425 or 37% compared to the 2022 expenditures of \$33,412. In summary, COVID, HOME, and CDBG funding decreased both the revenue and expenditure in CPED programs. Total fund balance at year end 2023 was \$5,521, an increase of \$232 over the 2022-year end fund balance of \$5,289.

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, streetlights, and buildings and to fund other capital projects. During 2023, \$131,698 of capital outlay occurred, which is an increase of 14.1% from outlay of \$115,395 in 2022.

The key assets constructed with these funds include:

- Bridges - \$6,064
- Streets - \$61,361
- Traffic Signals and Street Lighting - \$22,296
- Bike Trails - \$4,338
- Property Service - \$7,424
- Consolidated Office Building - \$6,052

The fund balance decreased from \$85,852 in 2022 to \$76,674 in 2023. The decrease is mostly due to timing of reimbursements related to capital projects. Other than bond sales and transfers, revenues for the fund increased from \$41,517 in 2022 to \$53,367 in 2023 due mainly to an increase from State and Federal sources for a variety of capital projects as well as higher interest earnings.

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 2023 the City had \$73,855 of debt outstanding for special assessment improvements. During 2023, the City received debt related assessment collections and interest earnings of \$15,885 and paid total principal of \$10,775 on special assessment bonds and notes. Both amounts were as expected and related to assessment debt activities as planned.

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 \$1,173,097 on December 31, 2023, an increase of \$45,003 over the 2022 balance of \$1,128,094.

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 2023 and 2022:

Enterprise Funds
Key Balance Sheet Account Balances and Operating Activities
December 31, 2023 and 2022

| | Sanitary | | Water | Municipal | Solid | Community | Total | |
|--------------------------------|-----------|------------|-------------------------------------|-----------|---------------------|-----------------------------------|------------|------------|
| | Sewer | Stormwater | Treatment and Distribution Services | Parking | Waste and Recycling | Planning and Economic Development | 2023 | 2022 |
| Cash and investments | \$ 18,101 | \$ 27,691 | \$ 59,620 | \$ 217 | \$ 21,956 | \$ 24,153 | \$ 151,738 | \$ 154,070 |
| Assets | 239,567 | 446,896 | 541,672 | 255,248 | 79,468 | 28,149 | 1,591,000 | 1,543,472 |
| Deferred outflows of resources | 2,384 | 4,862 | 8,287 | 2,075 | 4,853 | - | 22,461 | 14,973 |
| Liabilities | 64,815 | 61,185 | 191,598 | 70,331 | 38,029 | 1,585 | 427,543 | 428,440 |
| Deferred inflows of resources | 1,310 | 2,613 | 5,110 | 1,212 | 2,576 | - | 12,821 | 1,911 |
| Operating income (loss) | 16,166 | 9,540 | 17,669 | 8,419 | (2,672) | (548) | 48,574 | 49,764 |
| Change in net position | 14,476 | 7,911 | 16,644 | 6,768 | (1,356) | 560 | 45,003 | 44,274 |
| Net position | 175,826 | 387,960 | 353,251 | 185,780 | 43,716 | 26,564 | 1,173,097 | 1,128,094 |

Sanitary Sewer Fund—The Sanitary Sewer Fund pays 95% of the contractual payments to Metropolitan Council Environmental Services (MCES) for wastewater 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, 2023 was \$175,826 compared to \$161,350 for 2022, an increase of \$14,476. The operating revenues of \$91,641 for 2023 compared to \$95,855 for 2022 reflects a decrease of \$4,214. The sanitary utility sales and service revenues account for \$4,155 of an increase due to both an increase in rates and volume. Sewer availability charge (SAC) revenues decreased by \$7,632. Decreases in SAC revenue are offset by equivalent decreases in SAC expenses.

The operating expenses totaled \$75,475 compared to \$79,994 in 2022 resulting in a decrease of \$4,519. The decrease in operating expenses mainly reflects the corresponding decrease in SAC charges noted above with this partially being offset by a 2.9% increase in Met Council rates for MCES in 2023. 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 wastewater 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, 2023 was \$387,960 which was an increase of \$7,911 from the beginning balance of \$380,049.

The 2023 operating revenues of \$47,366 compared to \$47,004 for 2022 reflected an increase of \$362. The increase is due mainly to an increase in Utility service revenues of \$222 due to both a rate increase and more volume.

The operating expenses totaled \$37,826 compared to \$33,777 reported for 2022. This was an increase of \$4,049 and reflects in large part a \$2,161 increase in operating contractual service expense as compared to 2022 amount.

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 \$16,644 for the year, resulting in a net position on December 31, 2023 of \$353,251. This planned increase allowed for net increases to long-term assets in the amount of \$13,209 for improvements to the City's water distribution system and the Fridley Filter Plant rehabilitation and other water treatment infrastructure improvements.

Operating revenue increased by \$6,385, when compared to 2022, due in large part to increased water sales due to higher demand and rates from both retail and wholesale customers. Operating expenses increased by \$5,615, when compared to 2022. This increase made up of increases in personnel costs and costs of chemicals and other supplies for water treatment all increasing from 2022.

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 on December 31, 2023 was \$185,780 which is an increase of \$6,768 from the beginning balance.

Operating parking revenues were up \$8,674 from 2022. This was a significant increase over the previous three years where revenue amounts were down significantly due to the COVID-19 pandemic severely restricting both business and employment activity downtown. These revenue increases were partially offset by \$4,306 more in operating expenses from the 2022 amount due to variable expenses increasing with higher volumes such as credit card fees and personnel costs.

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 107,700 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, 2023 totaled \$43,716, a decrease of \$1,356 compared to the beginning balance of \$45,072. Operating revenues totaled \$44,486, an increase of \$856 over 2022. This increase is due to \$976 more in utility services revenue due to higher rates.

Operating expenses increased to \$47,158 compared to \$43,368 for 2022. This increase of \$3,790 reflects increases in personnel costs, in contractual services and materials and supplies.

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 increased by \$560 during the year. Operating income was down from \$535 in 2022 to \$548 in 2023. The overall increase in net position was due primarily to the increase in investment earnings.

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:

| | Engineering Materials and Testing | Intergovern- mental Services | Property Services | Equipment Services | Public Works Stores | Self- Insurance | 2023 Total | 2022 Total |
|--------------------------------|---|------------------------------------|----------------------|-----------------------|---------------------------|--------------------|---------------|---------------|
| Cash | \$ 1,945 | \$ 10,929 | \$ 6,200 | \$ 16,802 | \$ 2,649 | \$ 141,446 | \$ 179,971 | \$ 177,603 |
| Assets | 2,183 | 49,011 | 53,427 | 92,946 | 10,044 | 146,125 | 353,736 | 322,144 |
| Deferred outflows of resources | 487 | 4,328 | 2,939 | 2,691 | 428 | 311 | 11,184 | 8,222 |
| Liabilities | 1,764 | 35,133 | 13,855 | 11,268 | 1,638 | 222,479 | 286,137 | 246,465 |
| Deferred inflows of resources | 290 | 2,802 | 1,745 | 1,529 | 247 | 197 | 6,810 | 1,059 |
| Operating income (loss) | (85) | (2,309) | (755) | (541) | 1,008 | (14,721) | (17,403) | (3,553) |
| Change in net position | (90) | 1,499 | 84 | (2,792) | 1,430 | (14,360) | (14,229) | 25,121 |
| Net position | 616 | 15,404 | 40,766 | 82,840 | 8,587 | (76,220) | 71,993 | 82,842 |

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 2023, the net position is \$616 representing a slight decrease of \$90 from the 2022 ending net position of \$706. The decrease in net position is primarily due to construction activities that may vary in any given year. The fund maintains a positive cash balance at \$1,945 at year-end 2023 which is a slight decrease to the 2022 ending balance of \$2,102.

Intergovernmental Services Fund—This fund accounts for operations of Information Technology (IT), the City Clerk’s printing, and central mailing 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 2023 ending net position is \$15,404, representing an increase of \$1,499 from the year-end 2022 net position of \$13,905. This increase is due to \$2,050 increase in net investment in subscription assets reinstated in 2023, and \$2,645 in net operating margin resulting from an increase in IT allocation to fund new and expanding project activities including HRIS system upgrade. The cash balance at year-end 2023 is \$10,929, representing an increase of \$3,539 from the 2022 year-end cash balance of \$7,390.

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 2023, the fund experienced an increase of \$84 to net position resulting in an ending balance of \$40,766 compared to the 2022 ending net position of \$40,682. The cash balance decreased from \$9,836 at year-end 2022 to \$6,200 at year-end 2023 due to more asset preservation projects in 2023 that was rolled over from prior periods.

Equipment Services Fund—The Equipment Services Fund manages the acquisition, maintenance, and disposal of over 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. In 2023, the fund experienced a decrease of \$2,792 to net position resulting in an ending balance of \$82,840 compared to the 2022 ending net position of \$85,632. The 2023 ending cash balance is \$16,802, a decrease of \$5,150 from the ending balance of \$21,952 in 2022. The decrease to cash balance and net position is a result of increase in capital expenditure on microchips and parts relating to vehicle purchases.

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 2023, the fund reported an increase to net position by \$1,430, increasing the net position from a 2022 ending balance of \$7,157 to a 2023 ending balance of \$8,587. The fund’s ending cash balance is \$2,649 for 2023, an increase of \$1,829 from the 2022 ending cash balance of \$820. The increase in cash balance and net position is primarily due to an increase in operating margin because of increased requisition service to other departments.

Self-Insurance Fund—The Self-Insurance Fund accounts for tort liability, workers’ compensation, employee accrued sick leave benefits, medical and dental self-insured plans, 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 conducted by Pinnacle.

The net position at year-end 2023 was negative \$76,220, a decrease of \$14,360 from the 2022 ending net position of negative \$61,860. The cash balance increased by \$5,943, from \$135,503 in 2022 to \$141,446 at year-end 2023. The increase in cash is mainly due to an increase of \$4.2 million in medical and dental insurance premiums compared to the claim's payout and an increase of \$0.5 million in unused sick leave at retirement premiums compared to payout. Plus, there is \$1,181 decreased in litigation settlement payouts in 2023. As noted, an actuarial 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, 2023, the City's investment in capital assets for its governmental and business-type activities was \$3,334,795 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, 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 2.8% increase in governmental activities and a 3.3% increase in business-type activities.

The following table summarizes capital assets for governmental and business-type activities for 2023 and 2022:

| | Capital and Leased Assets (Net of depreciation/amortization) | | | | | |
|------------------------------------|---|---------------------|----------------------|---------------------|---------------------|---------------------|
| | Governmental | | Business-type | | Total | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Land and easements | \$ 114,788 | \$ 114,788 | \$ 130,321 | \$ 130,321 | \$ 245,109 | \$ 245,109 |
| Construction in progress | 601,171 | 568,142 | 148,588 | 137,546 | 749,759 | 705,688 |
| Leased assets: | | | | | | |
| Land | 3 | 7 | 4,617 | 5,107 | 4,620 | |
| Buildings | 3,279 | 2,311 | - | - | 3,279 | 2,311 |
| Equipment | 1,036 | 1,530 | - | - | 1,036 | 1,530 |
| Software Subscriptions * | 22,844 | 25,441 | - | - | 22,844 | 35,441 |
| Infrastructure | 525,929 | 562,669 | - | - | 525,929 | 562,669 |
| Buildings and structures | 450,947 | 467,471 | 290,983 | 296,321 | 741,920 | 763,792 |
| Public Improvements | 159,804 | 81,430 | 729,174 | 695,105 | 888,978 | 776,535 |
| Equipment and other capital outlay | 64,711 | 65,410 | 81,696 | 76,364 | 146,407 | 141,774 |
| Software | 4,902 | 6,372 | 2 | 5 | 4,904 | 6,377 |
| Total | \$ 1,949,414 | \$ 1,895,571 | \$ 1,385,381 | \$ 1,340,769 | \$ 3,334,795 | \$ 3,236,340 |

* Software subscription amounts were restated for 2022 due to the implementation of GASB 96.

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

- Completion of major projects related to lighting and traffic signals, paving of City streets, and bridges, combined to increase governmental assets by \$53,843 net of depreciation.
- Storm and floodwater improvements, water distribution assets including pipes, mains, and hydrant infrastructure, and various other capital improvements, increased the asset value, net of depreciation by \$44,612 in the business-type funds.

Additional information on the City's capital assets can be found in Note 4 of this report.

Long-term debt—As of December 31, 2023, the City had total long-term bonds and notes outstanding of \$831,445 compared to \$826,517 in the prior year. Of this amount, \$518,535 is related to governmental activities and \$312,910 is related to business-type activities. The City had \$26,335 or approximately 3.1% of the long-term debt in variable rate mode at year-end. Long-term notes of \$87,205 are included in the above total, of which \$630 is for governmental activities and \$86,575 is for business-type activities.

The following table shows various classifications of the City’s long-term bonds and notes at December 31, 2023, and the amount of principal due in 2024.

| <u>Summary of Outstanding Bonds and Notes</u> | <u>Balance 1/1/2023</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance 12/31/2023</u> | <u>Due in 2024</u> |
|---|-----------------------------|-------------------|---------------------|-------------------------------|--------------------|
| General Obligation (GO) Bonds and Notes: | | | | | |
| Property Tax Supported GO Bonds | \$ 283,645 | \$ 60,670 | \$ (53,650) | \$ 290,665 | \$ 19,155 |
| Self-Supporting GO Bonds | 147,830 | - | (5,635) | 142,195 | 5,940 |
| Special Assessment GO Bonds | 72,195 | 12,435 | (10,775) | 73,855 | 8,875 |
| Enterprise Fund Related GO Bonds | 213,415 | 41,820 | (28,900) | 226,335 | 28,175 |
| Enterprise Fund Related GO Notes | <u>95,327</u> | <u>1,988</u> | <u>(10,740)</u> | <u>86,575</u> | <u>7,180</u> |
| Total General Obligation Bonds and Notes | 812,412 | 116,913 | (109,700) | 819,625 | 69,325 |
| Revenue Bonds and Notes: | | | | | |
| Economic Development Revenue Bonds | 12,880 | - | (1,690) | 11,190 | 1,780 |
| Revenue Notes | <u>1,225</u> | - | <u>(595)</u> | <u>630</u> | <u>630</u> |
| Total Revenue Bonds and Notes | 14,105 | - | (2,285) | 11,820 | 2,140 |
| Total Outstanding Bonds and Notes | <u>\$ 826,517</u> | <u>\$ 116,913</u> | <u>\$ (111,985)</u> | <u>\$ 831,445</u> | <u>\$ 71,735</u> |

The City maintained an “AAA” rating from Standard & Poor’s and was upgraded to “AAA” by Fitch Ratings for its general obligation debt in 2023. Additional information on the City’s Long-term debt can be found in Note 5 of the 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. The cumulative net position of the internal service funds at the end of 2023 is \$71.9 million which is a significant improvement over the position of the funds since 2000 when the net position deficit was \$(61.7) million.

- The City continues to manage internal service fund revenue and expenditures to ensure full funding to meet financial policy targets for net position and cash balance wherever possible. Factors outside the City's direct control have resulted in large liabilities in the self-insurance internal service fund which the City continues to monitor and plan for.
- Similar to other jurisdictions, employee wages and benefits make up over 63.5% of the City's General Fund 2023 original expenditure budget, increases to which are driven by growth in wages, cost of living, and overtime costs.
- The City of Minneapolis receives an allocation from the State of Minnesota for Local Government Aid (LGA). This payment from the state is determined by legislative action and sometimes contingent upon the financial health and stability of the state. Reductions to this aid can have significant consequences for the City. Since 2017, the LGA amount has been consistently between \$74.0 million and \$82.0 million. The allocation for 2023 was \$74.3 million. 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 six-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.
- The City continues to lay a foundation for development including large projects and continued investment in housing as well as economic development for businesses. For 2023, the City marked its twelfth 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. The City participates in several plans administered by the Public Employees Retirement Association (PERA). PERA is a separate statutory entity that manages plans and can determine contribution rates and other components of the pension plans that can have significant impacts on the City's pension obligations.
- For 2021, the City levied \$8.5 million less for pension obligations than the higher rate of 2018. This is related to a decrease in the City's obligation on closed pension funds that is planned to be in place until 2031 when the obligation is satisfied. The lower amount continued into 2023.

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 such as the ongoing development work, the reliance on tenuous intergovernmental funding; workforce recruitment challenges 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 current operations.

The City continues to respond to and recover from the effects of the Covid-19 pandemic. The lasting impacts to the city continue to be evaluated and planned responses for future impacts are a contributing factor to the City's financial planning process.

Budget Outlook:

The City's future financial outlook is stable even considering the challenges of the pandemic and economic uncertainty. The City has financial policies in place to help address funding pressures including personnel costs, pension obligations, and self-insurance obligations. Since 2002, the City has annually adopted a five-year financial direction.

- For 2024, the Council Adopted Budget for all City funds was \$1.83 billion which represents a \$170.0 million or 10.56% increase from the 2023 Council Adopted Budget of \$1.66 billion, exclusive of the City's Independent Boards and interfund transfers.
- At the same time, the Council adopted a 2024 property tax levy of \$472.0 million, which results in a 6.2%, or \$27.6 million increase, from the 2023 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 2021, in response to the ongoing financial effects of the COVID-19 pandemic, the City chose to temporarily freeze over 300 positions. For 2022 many of those positions were added back to authorized full time equivalent (FTE) counts in a staggered approach. For 2023, an additional 68 FTE were added to the budget.
- A primary feature of the 2023 budget is continued planning for ongoing effects of the COVID-19 pandemic including the use of American Rescue Plan Act funding for targeted programming throughout the City and for use as revenue replacement to the General Fund as allowed by grant guidelines.
- The City's levies for its closed pension funds that merged into the Minnesota State Public Employees' Retirement Association (PERA) decreased 19.4% to \$11.9 million in response to retained fund balance in the employee retirement special revenue funds.
- For 2023 – 2026, the six-year capital program totals \$1.1 billion including all funding sources. The 2023 portion of the six-year capital program is \$204.3 million which funds accelerated improvements to the City's infrastructure.

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 estimated market value per the Minneapolis Assessor's office is \$12.7 billion for 2023 up from \$12.2 billion in 2022.

The City is planning to levy taxes at a rate to allow for moderate growth of planned service levels over the next 5 years. Property tax levy rates for all categories of levy are projected to grow by 6.2% in 2024, decreasing to a growth of 4.0% by 2028.

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. Based on the first quarter 2023 *U.S. Office Marketbeat Report* published by Cushman & Wakefield, the office space vacancy rate for the Minneapolis/St. Paul metro area is up to 24.5% at the end of 2022 as compared to a vacancy rate of 23.7% at the end of 2021.

Employment

The City of Minneapolis typically experiences an unemployment level less than that of the State of Minnesota and the national average. As we continue to see unprecedented employment recovery since the worst parts of the COVID-19 pandemic, the unemployment rates are down significantly in many areas of the country. This is true in Minnesota and the Twin Cities metro area as well. At the end of the first quarter of 2023, the Minnesota unemployment rate was 2.8% while the Minneapolis – St. Paul – Bloomington metro unemployment rate was 3.0%.

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.



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STATEMENT OF NET POSITION
December 31, 2023

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

| | Primary Government | | | Discrete Component | |
|---|---------------------|---------------------|---------------------|--------------------|---------------------|
| | Governmental | Business-type | Total | Component | Total |
| | Activities | Activities | | Units | |
| ASSETS | | | | | |
| Cash and pooled investments | \$ 986,573 | \$ 127,585 | \$ 1,114,158 | \$ 90,314 | \$ 1,204,472 |
| Investments with trustees | 3,476 | 24,153 | 27,629 | - | 27,629 |
| Receivables - net | 262,651 | 40,141 | 302,792 | 8,965 | 311,757 |
| Due from other governmental agencies | - | 3,723 | 3,723 | - | 3,723 |
| Prepays and other assets | 4,574 | 4,313 | 8,887 | 2,120 | 11,007 |
| Inventories | 8,714 | 5,704 | 14,418 | 81 | 14,499 |
| Internal balances | 41,572 | (41,572) | - | - | - |
| Properties held for resale | 58,029 | - | 58,029 | - | 58,029 |
| Capital assets: | | | | | |
| Nondepreciable/nonamortizable | 715,959 | 278,909 | 994,868 | 210,151 | 1,205,019 |
| Depreciable/amortizable, net | 1,233,455 | 1,106,472 | 2,339,927 | 274,746 | 2,614,673 |
| Total assets | <u>\$ 3,315,003</u> | <u>\$ 1,549,428</u> | <u>\$ 4,864,431</u> | <u>\$ 586,377</u> | <u>\$ 5,450,808</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred outflows - other postemployment benefits | \$ 69,965 | \$ 12,653 | \$ 82,618 | \$ 1,104 | \$ 84,216 |
| Deferred outflows - pensions | 329,716 | 9,808 | 339,524 | 19,652 | 358,682 |
| Total deferred outflows of resources | <u>\$ 399,681</u> | <u>\$ 22,461</u> | <u>\$ 422,142</u> | <u>\$ 20,756</u> | <u>\$ 442,898</u> |
| LIABILITIES | | | | | |
| Accrued salaries and benefits | \$ 15,053 | \$ 1,864 | \$ 16,917 | \$ 3,269 | \$ 20,186 |
| Accounts payable | 47,946 | 15,528 | 63,474 | 7,106 | 70,580 |
| Retainage payable | 3,831 | - | 3,831 | - | 3,831 |
| Interest payable | 3,428 | 1,206 | 4,634 | - | 4,634 |
| Due to other governmental agencies | - | 704 | 704 | - | 704 |
| Unearned revenue | 95,411 | 277 | 95,688 | 72 | 95,760 |
| Deposits held for others | 9,013 | 1,883 | 10,896 | 9,944 | 20,840 |
| Compensated absences: | | | | | |
| Due within one year | 24,678 | 3,033 | 27,711 | 3,883 | 31,594 |
| Due beyond one year | 21,518 | 1,097 | 22,615 | 820 | 23,435 |
| Long-term liabilities: | | | | | |
| Due within one year | 112,911 | 35,869 | 148,780 | 535 | 149,315 |
| Due beyond one year | 658,485 | 299,520 | 958,005 | 9,979 | 967,984 |
| Other postemployment benefits | 103,677 | 18,750 | 122,427 | 1,997 | 124,424 |
| Net pension liability | 456,097 | 47,812 | 503,909 | 58,676 | 562,585 |
| Total liabilities | <u>\$ 1,552,048</u> | <u>\$ 427,543</u> | <u>\$ 1,979,591</u> | <u>\$ 96,281</u> | <u>\$ 2,075,872</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred inflows - service concession arrangement | \$ - | \$ - | \$ - | \$ 3,504 | \$ 3,504 |
| Deferred inflows - leases | 19,051 | - | 19,051 | - | 19,051 |
| Deferred inflows - other postemployment benefits | 5,975 | 1,080 | 7,055 | 216 | 7,933 |
| Deferred inflows - pensions | 347,823 | 11,741 | 359,564 | 20,284 | 379,185 |
| Total deferred inflows of resources | <u>\$ 372,849</u> | <u>\$ 12,821</u> | <u>\$ 385,670</u> | <u>\$ 24,004</u> | <u>\$ 409,674</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | \$ 1,478,541 | \$ 1,074,632 | \$ 2,553,173 | \$ 480,460 | \$ 3,033,633 |
| Restricted: | | | | | |
| Public safety aid | 19,000 | - | 19,000 | - | 19,000 |
| Debt service | 53,557 | 25,809 | 79,366 | - | 79,366 |
| Community and economic development | 138,374 | - | 138,374 | - | 138,374 |
| Law enforcement | 3,168 | - | 3,168 | - | 3,168 |
| Grants | 14,356 | - | 14,356 | - | 14,356 |
| Properties held for resale | 58,029 | - | 58,029 | - | 58,029 |
| Capital improvements | 57,833 | - | 57,833 | 4,238 | 62,071 |
| Project and grant programs | - | - | - | 28,983 | 28,983 |
| Special trust | - | - | - | 206 | 206 |
| Special reserves | - | - | - | 8,695 | 8,695 |
| Donor restrictions | - | - | - | 278 | 278 |
| Unrestricted | (33,071) | 31,084 | (1,987) | (36,012) | (37,999) |
| Total net position | <u>\$ 1,789,787</u> | <u>\$ 1,131,525</u> | <u>\$ 2,921,312</u> | <u>\$ 486,848</u> | <u>\$ 3,408,160</u> |

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

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended December 31, 2023

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Net (Expenses) Revenues and Changes in Net Position | | | | | | | | | | | | |
|---|---|----------------------|------------------------------------|----------------------------------|-------------------------|-------------------------|--------------------------|-------|------|--------------------------|-------|--------------|--------------|
| | Program Revenues | | | Primary Government | | | Business-type Activities | | | Discrete Component Units | Total | | |
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Governmental Activities | Business-type Activities | Total | | | | | |
| FUNCTIONS/PROGRAMS | | | | | | | | | | | | | |
| Primary government | | | | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | | | | |
| General government | \$ 139,362 | \$ 8,549 | \$ 31,440 | \$ - | \$ (99,373) | \$ - | \$ (99,373) | \$ - | \$ - | \$ - | \$ - | \$ (99,373) | \$ (272,656) |
| Public safety | 361,983 | 17,332 | 71,995 | - | (272,656) | - | (272,656) | - | - | - | - | (272,656) | (55,883) |
| Public works | 142,916 | 41,348 | 38,252 | 7,433 | (55,883) | - | (55,883) | - | - | - | - | (55,883) | (14,532) |
| Culture and recreation | 14,532 | - | - | - | (14,532) | - | (14,532) | - | - | - | - | (14,532) | (10,753) |
| Health and welfare | 36,191 | 2,719 | 22,719 | - | (10,753) | - | (10,753) | - | - | - | - | (10,753) | (71,733) |
| Community planning and economic development | 198,412 | 60,531 | 66,148 | - | (71,733) | - | (71,733) | - | - | - | - | (71,733) | (19,054) |
| Interest on long-term debt | 19,054 | - | - | - | (19,054) | - | (19,054) | - | - | - | - | (19,054) | (543,984) |
| Total governmental activities | 912,450 | 130,479 | 230,554 | 7,433 | (543,984) | - | (543,984) | - | - | - | - | (543,984) | 29,758 |
| Business-type Activities: | | | | | | | | | | | | | |
| Sanitary sewer | 62,338 | 91,463 | 633 | - | - | 29,758 | 29,758 | - | - | - | - | 29,758 | 9,613 |
| Stormwater | 39,020 | 46,372 | 2,261 | - | - | 9,613 | 9,613 | - | - | - | - | 9,613 | 17,905 |
| Water treatment and distribution services | 76,673 | 94,578 | - | - | - | 17,905 | 17,905 | - | - | - | - | 17,905 | 12,097 |
| Municipal parking | 50,466 | 62,563 | - | - | - | 12,097 | 12,097 | - | - | - | - | 12,097 | 8,023 |
| Solid waste and recycling | 37,947 | 44,457 | 1,513 | - | - | 8,023 | 8,023 | - | - | - | - | 8,023 | (548) |
| Community planning and economic development | 1,372 | 824 | - | - | - | (548) | (548) | - | - | - | - | (548) | 76,848 |
| Total business-type activities | 267,816 | 340,257 | 4,407 | - | - | 76,848 | 76,848 | - | - | - | - | 76,848 | (467,136) |
| Total primary government | \$ 1,180,266 | \$ 470,736 | \$ 234,961 | \$ 7,433 | \$ (543,984) | \$ 76,848 | \$ (467,136) | \$ - | \$ - | \$ - | \$ - | \$ (467,136) | (83,940) |
| Component units: | | | | | | | | | | | | | |
| Discrete component units | \$ 179,601 | \$ 53,281 | \$ 9,588 | \$ 32,792 | | | | | | | | | (83,940) |
| General Revenues: | | | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | | | |
| General property tax and fiscal disparities | | | | | 383,051 | | 383,051 | | | | | | 76,465 |
| Property tax increment | | | | | 491 | | 491 | | | | | | 491 |
| Museum (county-wide levy) | | | | | - | | - | | | | | | 17,143 |
| Franchise taxes | | | | | 40,122 | | 40,122 | | | | | | 40,478 |
| Local taxes | | | | | 77,608 | | 77,608 | | | | | | 77,608 |
| Local government aid - unrestricted | | | | | 65,518 | | 65,521 | | | | | | 8,788 |
| Grants and contributions not restricted to programs | | | | | 692 | | 695 | | | | | | 28 |
| Unrestricted interest and investment earnings | | | | | 47,900 | | 49,008 | | | | | | 1,595 |
| Other | | | | | - | | 113 | | | | | | 119 |
| Gain on sale of capital assets | | | | | - | | - | | | | | | 482 |
| Transfers | | | | | 34,788 | | (34,788) | | | | | | - |
| Total general revenues and transfers | | | | | 650,170 | | (33,205) | | | | | | 104,620 |
| Change in net position | | | | | 106,186 | | 43,643 | | | | | | 20,680 |
| Net position - January 1 (restated, see Note 1R) | | | | | 1,683,601 | | 1,087,882 | | | | | | 466,168 |
| Net position - December 31 | | | | | \$ 1,789,787 | | \$ 1,131,525 | | | | | | \$ 486,848 |
| | | | | | \$ 2,921,312 | | \$ 2,921,312 | | | | | | \$ 3,408,160 |

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

**GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2023**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | General | Community Planning and Economic Development | Grants- Federal | HUD Consolidated Plan | Permanent Improvement | Special Assessment | Non-Major Governmental | Total |
|---|-------------------|--|--------------------|-----------------------------|--------------------------|-----------------------|---------------------------|---------------------|
| <u>ASSETS</u> | | | | | | | | |
| Cash and cash equivalents | \$ 230,837 | \$ 208,595 | \$ 90,361 | \$ 583 | \$ 70,883 | \$ 21,190 | \$ 184,153 | \$ 806,602 |
| Investments with trustees | - | - | - | - | - | - | 3,476 | 3,476 |
| Receivables: | | | | | | | | |
| Accounts - net | 5,906 | 6 | 23 | 29 | 3,695 | - | 1,072 | 10,731 |
| Taxes | 2,646 | 248 | - | - | 55 | - | 535 | 3,484 |
| Special assessments | 570 | 1,515 | - | - | 1,754 | 76,616 | 13 | 80,468 |
| Intergovernmental | 856 | 155 | 6,612 | 2,713 | 21,097 | - | 13,023 | 44,456 |
| Loans - net | - | 45,393 | 1,426 | 48,873 | - | - | - | 95,692 |
| Leases | - | - | - | - | - | - | 19,644 | 19,644 |
| Accrued interest | 1,523 | 578 | 253 | - | 363 | 59 | 456 | 3,232 |
| Advances to other funds | - | - | - | - | - | - | 4,055 | 4,055 |
| Properties held for resale | - | 35,082 | 468 | 5,521 | 16,312 | - | 646 | 58,029 |
| Total assets | \$ 242,338 | \$ 291,572 | \$ 99,143 | \$ 57,719 | \$ 114,159 | \$ 97,865 | \$ 227,073 | \$ 1,129,869 |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u> | | | | | | | | |
| Liabilities: | | | | | | | | |
| Salaries payable | \$ 12,598 | \$ 64 | \$ 348 | \$ 63 | \$ 385 | \$ - | \$ 479 | \$ 13,937 |
| Accounts payable | 11,983 | 1,341 | 5,334 | 3,262 | 9,418 | 12 | 6,583 | 37,933 |
| Retainage payable | - | - | - | - | 3,831 | - | - | 3,831 |
| Deposits held for others | 5,559 | 1,355 | - | - | 660 | - | 1,437 | 9,011 |
| Advances from other funds | - | - | - | - | - | - | 4,055 | 4,055 |
| Unearned revenue | 91 | - | 83,697 | - | 2,391 | - | 7,753 | 93,932 |
| Total liabilities | 30,231 | 2,760 | 89,379 | 3,325 | 16,685 | 12 | 20,307 | 162,699 |
| Deferred Inflows of Resources: | | | | | | | | |
| Unavailable revenue | 1,737 | 47,157 | 1,426 | 48,873 | 20,800 | 77,000 | 328 | 197,321 |
| Leases | - | - | - | - | - | - | 19,051 | 19,051 |
| Total deferred inflows of resources | 1,737 | 47,157 | 1,426 | 48,873 | 20,800 | 77,000 | 19,379 | 216,372 |
| Fund balances: | | | | | | | | |
| Restricted | 19,000 | 173,456 | 8,338 | 5,521 | 74,145 | 20,853 | 43,004 | 344,317 |
| Assigned | 52,051 | 68,199 | - | - | 2,529 | - | 144,383 | 267,162 |
| Unassigned | 139,319 | - | - | - | - | - | - | 139,319 |
| Total fund balances | 210,370 | 241,655 | 8,338 | 5,521 | 76,674 | 20,853 | 187,387 | 750,798 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 242,338 | \$ 291,572 | \$ 99,143 | \$ 57,719 | \$ 114,159 | \$ 97,865 | \$ 227,073 | \$ 1,129,869 |

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, 2023**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | | | |
|--|--------------------|-----------|-------------------------|
| Fund balances - total governmental funds | | \$ | 750,798 |
| <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 / non-amortizable | 667,916 | | |
| Depreciable / amortizable | 2,229,425 | | |
| Accumulated depreciation and amortization | <u>(1,103,460)</u> | | <u>1,793,881</u> |
| <p>Deferred inflows are not available to pay for current-period expenditures and, therefore, in the governmental funds, are unavailable revenue.</p> | | | |
| | | | 197,321 |
| <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> | | | |
| | | | 71,993 |
| <p>Receivable from business-type funds for internal service fund activity.</p> | | | |
| | | | 41,572 |
| <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 | (544,619) | | |
| Other postemployment benefits payable | (94,878) | | |
| Net pension liability | (430,426) | | |
| Bond interest payable | (2,339) | | |
| Lease liability | (893) | | |
| Lease interest payable | (1) | | |
| Software subscriptions liability | (7,300) | | |
| Software subscriptions interest payable | (861) | | |
| Compensated absences | <u>(25,950)</u> | | <u>(1,107,267)</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 | 64,027 | | |
| Deferred inflows - other postemployment benefits | (5,469) | | |
| Deferred outflows - pensions | 324,450 | | |
| Deferred inflows - pensions | <u>(341,519)</u> | | <u>41,489</u> |
| Net position of governmental activities | | \$ | <u>1,789,787</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, 2023**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | General | Community Planning and Economic Development | Grants- Federal | HUD Consolidated Plan | Permanent Improvement | Special Assessment | Non-Major Governmental | Total |
|--|-------------------|--|--------------------|-----------------------------|--------------------------|-----------------------|---------------------------|-------------------|
| REVENUES: | | | | | | | | |
| Taxes | \$ 325,383 | \$ 20,236 | \$ - | \$ - | \$ 13,683 | \$ - | \$ 142,294 | \$ 501,596 |
| Licenses and permits | 45,368 | - | - | - | 330 | - | 103 | 45,801 |
| Intergovernmental revenues | 116,806 | 513 | 99,527 | 19,587 | 24,114 | - | 28,959 | 289,506 |
| Charges for services and sales | 59,322 | 1,059 | 60 | 257 | 8,205 | - | 9,483 | 78,386 |
| Fines and forfeits | 5,741 | - | - | - | - | - | 111 | 5,852 |
| Special assessments | 5,337 | 812 | - | - | 2,165 | 15,085 | 7,794 | 31,193 |
| Investment earnings | 20,483 | 7,965 | 7,790 | 116 | 4,226 | 800 | 6,635 | 48,015 |
| Miscellaneous revenues | 3,660 | 1,773 | 328 | 1,259 | 644 | - | 24,579 | 32,243 |
| Total revenues | <u>582,100</u> | <u>32,358</u> | <u>107,705</u> | <u>21,219</u> | <u>53,367</u> | <u>15,885</u> | <u>219,958</u> | <u>1,032,592</u> |
| EXPENDITURES: | | | | | | | | |
| Current: | | | | | | | | |
| General government | 133,782 | - | 8,864 | 2,945 | - | - | 24,669 | 170,260 |
| Public safety | 315,840 | - | 5,525 | 970 | - | - | 10,499 | 332,834 |
| Public works | 69,387 | - | 1,352 | - | - | - | 186 | 70,925 |
| Health and welfare | 15,758 | - | 14,075 | - | - | - | 6,377 | 36,210 |
| Community planning and economic development | 38,256 | 32,380 | 22,661 | 17,072 | - | - | 73,983 | 184,352 |
| Capital outlay | - | - | - | - | 131,698 | - | - | 131,698 |
| Intergovernmental: | | | | | | | | |
| General government | - | - | - | - | 771 | - | - | 771 |
| Health and welfare | - | - | 332 | - | - | - | - | 332 |
| Culture and recreation | - | - | - | - | 13,174 | - | - | 13,174 |
| Debt Service: | | | | | | | | |
| Principal retirement | 1,580 | - | - | - | - | 10,775 | 61,570 | 73,925 |
| Interest and fiscal charges | 196 | - | - | - | - | 2,306 | 16,485 | 18,987 |
| Total expenditures | <u>574,799</u> | <u>32,380</u> | <u>52,809</u> | <u>20,987</u> | <u>145,643</u> | <u>13,081</u> | <u>193,769</u> | <u>1,033,468</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>7,301</u> | <u>(22)</u> | <u>54,896</u> | <u>232</u> | <u>(92,276)</u> | <u>2,804</u> | <u>26,189</u> | <u>(876)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | | | |
| Transfers from other funds | 61,738 | 22,202 | - | - | 12,008 | - | 66,315 | 162,263 |
| Transfers to other funds | (32,888) | (10,115) | (47,106) | - | (6,081) | - | (66,385) | (162,575) |
| Premium (discount) | - | - | - | - | 4,066 | - | - | 4,066 |
| Leases issued | 502 | - | - | - | - | - | - | 502 |
| Bonds issued | - | - | - | - | 73,105 | - | - | 73,105 |
| Total other financing sources (uses) | <u>29,352</u> | <u>12,087</u> | <u>(47,106)</u> | <u>-</u> | <u>83,098</u> | <u>-</u> | <u>(70)</u> | <u>77,361</u> |
| Net change in fund balances | 36,653 | 12,065 | 7,790 | 232 | (9,178) | 2,804 | 26,119 | 76,485 |
| Fund balances - January 1 | <u>173,717</u> | <u>229,590</u> | <u>548</u> | <u>5,289</u> | <u>85,852</u> | <u>18,049</u> | <u>161,268</u> | <u>674,313</u> |
| Fund balances - December 31 | <u>\$ 210,370</u> | <u>\$ 241,655</u> | <u>\$ 8,338</u> | <u>\$ 5,521</u> | <u>\$ 76,674</u> | <u>\$ 20,853</u> | <u>\$ 187,387</u> | <u>\$ 750,798</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, 2023**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | | |
|--|------------------|-----------------|
| Net increase (decrease) in fund balances - total governmental funds | \$ | 76,485 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| 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. | | (14,229) |
| Transfers from business-type funds for internal service fund activity. | | 1,360 |
| 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 and amortization expense. | | |
| Expenditures for general capital assets, infrastructure, and other related capital assets: | 117,050 | |
| Less current year depreciation and amortization | <u>(69,367)</u> | <u>47,683</u> |
| 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. | | |
| Deferred inflows of resources - December 31 | 197,321 | |
| Deferred inflows of resources - January 1 | <u>(181,255)</u> | <u>16,066</u> |
| Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position: | | |
| Lease proceeds | (502) | |
| Bond, lease and software subscription principal payments | 73,925 | |
| Bond proceeds | <u>(73,105)</u> | <u>318</u> |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds: | | |
| Change in accrued interest payable | (67) | |
| Change in other postemployment benefits payable and related deferred outflows and inflows | (5,758) | |
| Change in compensated absences | (508) | |
| Change in net pension liability and related deferred outflows and inflows | (13,253) | |
| Change in other long-term liabilities | <u>(1,911)</u> | <u>(21,497)</u> |
| Increase (decrease) in net position of governmental activities | <u>\$</u> | <u>106,186</u> |

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

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2023

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 | \$ 18,101 | \$ 27,691 | \$ 59,620 | \$ 217 | \$ 21,956 | \$ - | \$ 127,585 | \$ 179,971 |
| Investments with trustees | - | - | - | - | - | 24,153 | 24,153 | - |
| Receivables: | | | | | | | | |
| Accounts - net | 8,752 | 4,890 | 8,449 | 1,163 | 5,862 | - | 29,116 | 4,944 |
| Special assessments: | | | | | | | | |
| Current | 2,207 | 832 | 2,134 | 543 | 1,338 | - | 7,054 | - |
| Delinquent | 42 | 57 | 137 | - | 61 | - | 297 | - |
| Noncurrent | 786 | - | 1,653 | 1,087 | - | - | 3,526 | - |
| Intergovernmental | - | 199 | - | 3,522 | 2 | - | 3,723 | - |
| Accrued interest | - | - | - | - | - | 148 | 148 | - |
| Inventories | - | - | 3,905 | - | 1,799 | - | 5,704 | 8,714 |
| Prepaid items | 4,097 | 216 | - | - | - | - | 4,313 | 4,574 |
| Total current assets | <u>33,985</u> | <u>33,885</u> | <u>75,898</u> | <u>6,532</u> | <u>31,018</u> | <u>24,301</u> | <u>205,619</u> | <u>198,203</u> |
| Long-term assets: | | | | | | | | |
| Capital assets: | | | | | | | | |
| Nondepreciable/amortizable: | | | | | | | | |
| Land and easements | 1 | 7,211 | 5,347 | 109,735 | 4,179 | 3,848 | 130,321 | 23,007 |
| Construction in progress | 26,776 | 72,689 | 47,140 | 1,120 | 863 | - | 148,588 | 25,036 |
| Depreciable/amortizable: | | | | | | | | |
| Land lease - amortizable | - | - | - | 5,680 | - | - | 5,680 | - |
| Less accumulated amortization | - | - | - | (1,063) | - | - | (1,063) | - |
| Leased buildings | - | - | - | - | - | - | - | 3,630 |
| Less accumulated amortization | - | - | - | - | - | - | - | (1,179) |
| Leased Equipment | - | - | - | - | - | - | - | 1,992 |
| Less accumulated amortization | - | - | - | - | - | - | - | (956) |
| Software Subscriptions | - | - | - | - | - | - | - | 19,362 |
| Less accumulated amortization | - | - | - | - | - | - | - | (3,753) |
| Buildings and structures | - | - | 259,546 | 291,145 | 36,411 | 12,743 | 599,845 | 55,560 |
| Less accumulated depreciation | - | - | (123,543) | (168,080) | (4,496) | (12,743) | (308,862) | (37,393) |
| Public improvements | 259,525 | 485,156 | 316,183 | 8,089 | 3,663 | - | 1,072,616 | 20,161 |
| Less accumulated depreciation | (80,728) | (152,060) | (105,276) | (4,853) | (525) | - | (343,442) | (8,067) |
| Equipment and other capital outlay | 1,624 | 1,941 | 107,255 | 18,070 | 27,468 | - | 156,358 | 174,641 |
| Less accumulated depreciation | (1,616) | (1,926) | (40,880) | (11,127) | (19,113) | - | (74,662) | (121,345) |
| Software | - | 1,494 | 302 | 130 | 955 | - | 2,881 | 65,778 |
| Less accumulated depreciation | - | (1,494) | (300) | (130) | (955) | - | (2,879) | (60,941) |
| Total long - term assets | <u>205,582</u> | <u>413,011</u> | <u>465,774</u> | <u>248,716</u> | <u>48,450</u> | <u>3,848</u> | <u>1,385,381</u> | <u>155,533</u> |
| Total assets | <u>\$ 239,567</u> | <u>\$ 446,896</u> | <u>\$ 541,672</u> | <u>\$ 255,248</u> | <u>\$ 79,468</u> | <u>\$ 28,149</u> | <u>\$ 1,591,000</u> | <u>\$ 353,736</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | |
| Deferred outflows - other postemployment benefits | \$ 1,389 | \$ 2,884 | \$ 4,327 | \$ 1,144 | \$ 2,909 | \$ - | \$ 12,653 | \$ 5,938 |
| Deferred outflows - pensions | 995 | 1,978 | 3,960 | 931 | 1,944 | - | 9,808 | 5,266 |
| Total deferred outflows of resources | <u>\$ 2,384</u> | <u>\$ 4,862</u> | <u>\$ 8,287</u> | <u>\$ 2,075</u> | <u>\$ 4,853</u> | <u>\$ -</u> | <u>\$ 22,461</u> | <u>\$ 11,204</u> |

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

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2023

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Business-type Activities - Enterprise Funds | | | | | | Governmental Activities | |
|--|---|-------------------|---|-------------------|---------------------------|---|-------------------------|------------------------|
| | Sanitary Sewer | Stormwater | Water Treatment and Distribution Services | Municipal Parking | Solid Waste and Recycling | Community Planning and Economic Development | Total | Internal Service Funds |
| LIABILITIES | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Salaries payable | \$ 169 | \$ 498 | \$ 691 | \$ 162 | \$ 340 | \$ 4 | \$ 1,864 | \$ 1,116 |
| Accounts payable | 976 | 2,626 | 5,133 | 3,336 | 2,189 | 1,268 | 15,528 | 10,012 |
| Intergovernmental payable | - | - | 12 | 19 | 673 | - | 704 | 1 |
| Deposits held for others | - | - | 175 | 1,708 | - | - | 1,883 | 2 |
| Interest payable | 155 | 151 | 649 | 152 | 63 | 36 | 1,206 | 227 |
| Unearned revenue | - | - | - | - | - | 277 | 277 | 1,479 |
| Bonds payable - current portion | 6,250 | 3,735 | 9,835 | 7,760 | 595 | - | 28,175 | - |
| Notes payable - current portion | - | - | 6,890 | 290 | - | - | 7,180 | - |
| Compensated absences payable - current portion | 312 | 659 | 1,187 | 281 | 594 | - | 3,033 | 4,005 |
| Software Subscriptions - current portion | - | - | - | - | - | - | - | 2,953 |
| Lease liability - current portion | - | - | - | 514 | - | - | 514 | 1,148 |
| Medical claims payable - current portion | - | - | - | - | - | - | - | 10,295 |
| Unpaid claims payable - current portion | - | - | - | - | - | - | - | 60,514 |
| Total current liabilities | <u>7,862</u> | <u>7,669</u> | <u>24,572</u> | <u>14,222</u> | <u>4,454</u> | <u>1,585</u> | <u>60,364</u> | <u>91,752</u> |
| Long-term liabilities: | | | | | | | | |
| Bonds payable | 49,932 | 39,364 | 87,529 | 19,579 | 19,571 | - | 215,975 | - |
| Notes payable | - | - | 53,350 | 26,045 | - | - | 79,395 | - |
| Compensated absences payable | 113 | 238 | 429 | 102 | 215 | - | 1,097 | 16,241 |
| Lease liability | - | - | - | 4,150 | - | - | 4,150 | 2,458 |
| Software Subscriptions liability | - | - | - | - | - | - | - | 9,700 |
| Other postemployment benefits | 2,058 | 4,274 | 6,412 | 1,695 | 4,311 | - | 18,750 | 8,799 |
| Net pension liability | 4,850 | 9,640 | 19,306 | 4,538 | 9,478 | - | 47,812 | 25,671 |
| Unpaid claims payable | - | - | - | - | - | - | - | 131,516 |
| Total long-term liabilities | <u>56,953</u> | <u>53,516</u> | <u>167,026</u> | <u>56,109</u> | <u>33,575</u> | <u>-</u> | <u>367,179</u> | <u>194,385</u> |
| Total liabilities | <u>\$ 64,815</u> | <u>\$ 61,185</u> | <u>\$ 191,598</u> | <u>\$ 70,331</u> | <u>\$ 38,029</u> | <u>\$ 1,585</u> | <u>\$ 427,543</u> | <u>\$ 286,137</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| Deferred inflows - other postemployment benefits | \$ 119 | \$ 246 | \$ 369 | \$ 98 | \$ 248 | \$ - | \$ 1,080 | 506 |
| Deferred inflows - pensions | 1,191 | 2,367 | 4,741 | 1,114 | 2,328 | - | 11,741 | 6,304 |
| Total deferred inflows of resources | <u>\$ 1,310</u> | <u>\$ 2,613</u> | <u>\$ 5,110</u> | <u>\$ 1,212</u> | <u>\$ 2,576</u> | <u>\$ -</u> | <u>\$ 12,821</u> | <u>\$ 6,810</u> |
| NET POSITION | | | | | | | | |
| Net investment in capital assets | \$ 150,773 | \$ 375,207 | \$ 326,401 | \$ 190,137 | \$ 28,266 | \$ 3,848 | \$ 1,074,632 | \$ 138,599 |
| Restricted - debt service | - | - | - | - | - | 25,809 | 25,809 | - |
| Unrestricted | 25,053 | 12,753 | 26,850 | (4,357) | 15,450 | (3,093) | 72,656 | (66,606) |
| Total net position | <u>\$ 175,826</u> | <u>\$ 387,960</u> | <u>\$ 353,251</u> | <u>\$ 185,780</u> | <u>\$ 43,716</u> | <u>\$ 26,564</u> | <u>\$ 1,173,097</u> | <u>\$ 71,993</u> |
| Net position - total enterprise funds | | | | | | | \$ 1,173,097 | |
| Some amounts reported for business-type activities in the statement of net position are different because internal service fund assets and liabilities are included with business-type activities. | | | | | | | (41,572) | |
| Net position of business-type activities | | | | | | | <u>\$ 1,131,525</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, 2023

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: | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 356 | \$ - | \$ - | \$ 356 | \$ - |
| Licenses and permits | - | - | 103 | 715 | - | - | 818 | - |
| Intergovernmental revenues | - | 994 | - | - | 8 | - | 1,002 | 271 |
| Charges for services and sales | 90,474 | 45,189 | 92,660 | 61,867 | 43,412 | 52 | 333,654 | 206,104 |
| Special assessments | 1,167 | 1,183 | 1,776 | - | 1,066 | - | 5,192 | - |
| Rents and commissions | - | - | - | 43 | - | 772 | 815 | 40,672 |
| Total operating revenues | 91,641 | 47,366 | 94,539 | 62,981 | 44,486 | 824 | 341,837 | 247,047 |
| Operating expenses: | | | | | | | | |
| Personnel costs | 5,953 | 11,566 | 24,545 | 6,042 | 15,314 | 146 | 63,566 | 53,841 |
| Contractual services | 16,709 | 16,466 | 23,165 | 38,114 | 26,674 | 380 | 121,508 | 132,366 |
| Materials, supplies, services and other | 49,400 | 4,655 | 14,150 | 2,243 | 2,722 | 846 | 74,016 | 58,706 |
| Depreciation and amortization | 3,413 | 5,139 | 15,010 | 8,163 | 2,448 | - | 34,173 | 19,537 |
| Total operating expenses | 75,475 | 37,826 | 76,870 | 54,562 | 47,158 | 1,372 | 293,263 | 264,450 |
| Operating income (loss) | 16,166 | 9,540 | 17,669 | 8,419 | (2,672) | (548) | 48,574 | (17,403) |
| Nonoperating revenues (expenses): | | | | | | | | |
| Intergovernmental | 634 | 1,268 | 3 | 1 | 1,506 | - | 3,412 | 4 |
| Investment earnings | - | - | - | - | - | 1,108 | 1,108 | - |
| Interest expense | (1,283) | (1,194) | (3,373) | (1,615) | (668) | - | (8,133) | - |
| Special assessments | - | - | 1,150 | - | - | - | 1,150 | - |
| Other revenues | - | - | 113 | 30 | 7 | - | 150 | 1,605 |
| Total nonoperating revenues (expenses) | (649) | 74 | (2,107) | (1,584) | 845 | 1,108 | (2,313) | 1,604 |
| Income (loss) before transfers | 15,517 | 9,614 | 15,562 | 6,835 | (1,827) | 560 | 46,261 | (15,799) |
| Transfers in (out): | | | | | | | | |
| Transfers from other funds | - | - | 1,082 | 4,579 | 471 | - | 6,132 | 4,490 |
| Transfers to other funds | (1,041) | (1,703) | - | (4,646) | - | - | (7,390) | (2,920) |
| Total transfers | (1,041) | (1,703) | 1,082 | (67) | 471 | - | (1,258) | 1,570 |
| Change in net position | 14,476 | 7,911 | 16,644 | 6,768 | (1,356) | 560 | 45,003 | (14,229) |
| Net position - January 1 (restated, see Note 1R) | 161,350 | 380,049 | 336,607 | 179,012 | 45,072 | 26,004 | 1,128,094 | 86,222 |
| Net position - December 31 | \$ 175,826 | \$ 387,960 | \$ 353,251 | \$ 185,780 | \$ 43,716 | \$ 26,564 | \$ 1,173,097 | \$ 71,993 |

Change in net position - total enterprise funds \$ 45,003

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. (1,360)

Change in net position of business-type activities \$ 43,643

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, 2023

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Business-type Activities - Enterprise Funds | | | | | | | Governmental |
|---|---|------------|--|----------------------|---------------------------------|--|------------|------------------------------|
| | Sanitary Sewer | Stormwater | Water | Municipal Parking | Solid Waste and Recycling | Community | Total | Internal Service Funds |
| | | | Treatment and Distribution Services | | | Planning and Economic Development | | |
| Cash flows from operating activities: | | | | | | | | |
| Cash received from customers | \$ 90,054 | \$ 45,726 | \$ 92,052 | \$ 61,403 | \$ 43,714 | \$ 947 | \$ 333,896 | \$ 5,108 |
| Intergovernmental receipts | - | 1,049 | - | - | 9 | - | 1,058 | 34,984 |
| Cash received from interfund activities | 14 | 133 | 1,087 | 172 | 29 | - | 1,435 | 207,716 |
| Payments to suppliers | (57,271) | (13,237) | (19,965) | (34,497) | (22,665) | (732) | (148,367) | (157,152) |
| Payments to employees | (5,916) | (10,862) | (21,585) | (6,351) | (14,091) | (146) | (58,951) | (55,002) |
| Payments for interfund activities | (9,483) | (7,089) | (18,265) | (5,957) | (8,168) | - | (48,962) | (10,373) |
| Other nonoperating revenues | - | - | 113 | 30 | 7 | - | 150 | 937 |
| Net cash provided (used) by operating activities | 17,398 | 15,720 | 33,437 | 14,800 | (1,165) | 69 | 80,259 | 26,218 |
| Cash flows from non-capital financing activities: | | | | | | | | |
| Transfers from other funds | - | - | 1,082 | 4,579 | 471 | - | 6,132 | 4,490 |
| Transfers to other funds | (1,041) | (1,703) | - | (4,646) | - | - | (7,390) | (2,920) |
| Intergovernmental receipts | 634 | 1,268 | 3 | 1 | 1,506 | - | 3,412 | 4 |
| Net cash provided (used) by non-capital financing activities | (407) | (435) | 1,085 | (66) | 1,977 | - | 2,154 | 1,574 |
| Cash Flows from capital and related financing activities: | | | | | | | | |
| Bonds issued | 9,035 | 12,211 | 24,717 | - | - | - | 45,963 | - |
| Notes issued | - | - | 1,988 | - | - | - | 1,988 | - |
| Principal paid on bonds | (9,515) | (4,980) | (6,710) | (7,125) | (570) | - | (28,900) | - |
| Interest paid on bonds | (1,800) | (1,541) | (2,619) | (924) | (778) | - | (7,662) | - |
| Principal paid on notes | - | - | (10,450) | (290) | - | - | (10,740) | - |
| Interest paid on notes | - | - | (1,230) | (965) | - | - | (2,195) | - |
| Principal paid on leases | - | - | - | (509) | - | - | (509) | (1,157) |
| Interest paid on leases | - | - | - | (60) | - | - | (60) | - |
| Advance from other funds | - | - | - | (4,500) | - | - | (4,500) | - |
| Special assessments | - | - | 1,150 | 543 | - | - | 1,693 | - |
| Acquisition and construction of capital assets | (14,477) | (36,243) | (28,226) | (741) | (1,230) | - | (80,959) | (21,343) |
| Software Subscriptions payments | - | - | - | - | - | - | - | (3,592) |
| Bond issuance costs | (35) | (43) | - | - | - | - | (78) | - |
| Proceeds from sale of capital assets | - | - | - | - | - | - | - | 668 |
| Net cash provided (used) by capital and related financing activities | (16,792) | (30,596) | (21,380) | (14,571) | (2,578) | - | (85,917) | (25,424) |
| Cash flows from investing activities: | | | | | | | | |
| Purchase of investments | - | - | - | - | - | (1,473) | (1,473) | - |
| Sale of investments | - | - | - | - | - | 232 | 232 | - |
| Interest | - | - | - | - | - | 1,172 | 1,172 | - |
| Net cash provided (used) by investing activities | - | - | - | - | - | (69) | (69) | - |
| Net increase (decrease) in cash and cash equivalents | 199 | (15,311) | 13,142 | 163 | (1,766) | - | (3,573) | 2,368 |
| Cash and cash equivalents, beginning of year | 17,902 | 43,002 | 46,478 | 54 | 23,722 | - | 131,158 | 177,603 |
| Cash and cash equivalents, end of year | \$ 18,101 | \$ 27,691 | \$ 59,620 | \$ 217 | \$ 21,956 | \$ - | \$ 127,585 | \$ 179,971 |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | | | | | |
| Operating income (loss) | \$ 16,166 | \$ 9,540 | \$ 17,669 | \$ 8,419 | \$ (2,672) | \$ (548) | \$ 48,574 | \$ (17,403) |
| Adjustment to reconcile change in net position to net cash provided (used) by operating activities: | | | | | | | | |
| Depreciation and amortization | 3,413 | 5,139 | 15,010 | 8,163 | 2,448 | - | 34,173 | 19,537 |
| Accounts receivable | (937) | (253) | (1,207) | (23) | (612) | - | (3,032) | (4,815) |
| Intergovernmental receivable | - | 55 | - | (1,308) | 1 | - | (1,252) | - |
| Special assessments receivable | (637) | (260) | (254) | - | (125) | - | (1,276) | - |
| Inventories | - | - | 136 | - | (326) | - | (190) | 609 |
| Prepaid items | (97) | (5) | - | - | - | - | (102) | (816) |
| Deferred outflows - other postemployment benefits | (1,219) | (2,549) | (3,848) | (1,014) | (2,574) | - | (11,204) | (5,245) |
| Deferred outflows - pensions | 452 | 836 | 1,117 | 474 | 834 | - | 3,713 | 2,262 |
| Salaries payable | (3) | 223 | 9 | (10) | (31) | - | 188 | 132 |
| Accounts payable | (222) | 1,101 | (149) | (89) | (362) | 495 | 774 | 2,129 |
| Interest Payable | - | - | - | - | - | (1) | (1) | 227 |
| Intergovernmental payable | - | - | 9 | (7) | 502 | - | 504 | - |
| Deposits held for others | - | - | 62 | - | - | - | 62 | - |
| Unearned revenue | - | - | - | (76) | - | 123 | 47 | 38 |
| Compensated absences payable | (182) | 81 | (148) | (49) | (68) | - | (366) | 406 |
| Other postemployment benefits | 1,194 | 2,570 | 3,975 | 1,034 | 2,606 | - | 11,379 | 5,276 |
| Net pension liability | (1,635) | (2,972) | (3,453) | (1,759) | (2,974) | - | (12,793) | (8,075) |
| Unpaid claims payable | - | - | - | - | - | - | - | 25,376 |
| Medical claims payable | - | - | - | - | - | - | - | (111) |
| Deferred inflows - other postemployment benefits | 109 | 227 | 342 | 90 | 229 | - | 997 | 467 |
| Deferred inflows - pensions | 996 | 1,987 | 4,054 | 925 | 1,952 | - | 9,914 | 5,287 |
| Other nonoperating revenues | - | - | 113 | 30 | 7 | - | 150 | 937 |
| Net cash provided (used) by operating activities | \$ 17,398 | \$ 15,720 | \$ 33,437 | \$ 14,800 | \$ (1,165) | \$ 69 | \$ 80,259 | \$ 26,218 |
| Non-cash investing, capital and financing activities: | | | | | | | | |
| Increase (decrease) in the value of investments reported at fair value | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,067 | \$ 1,067 | \$ - |
| Capital assets purchased on account | 446 | 129 | 1,386 | 242 | 19 | - | 2,222 | 679 |
| Leases issued | - | - | - | 42 | - | - | 42 | 1,579 |
| Software Subscriptions issued | - | - | - | - | - | - | - | 2,776 |
| Transfer in of leased asset | - | - | - | - | - | - | - | (1,191) |
| Transfer in of lease liability | - | - | - | - | - | - | - | 1,200 |

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

**CUSTODIAL FUNDS
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2023**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | | Total Custodial Funds |
|---------------------------|----------------------------|----------------------------------|
| | <u>ASSETS</u> | |
| Cash and cash equivalents | | \$ 2,246 |
| Receivables: | | |
| Intergovernmental | | 874 |
| Loans - net | | 15 |
| Accrued interest | | 6 |
| Prepaid items | | <u>1</u> |
| Total assets | | <u>\$ 3,142</u> |
| | <u>LIABILITIES</u> | |
| Salaries payable | | \$ 1 |
| Accounts payable | | 44 |
| Intergovernmental payable | | 293 |
| Unearned revenue | | <u>1,609</u> |
| Total liabilities | | <u>\$ 1,947</u> |
| | <u>NET POSITION</u> | |
| Restricted for: | | |
| Other governments | | <u>\$ 1,195</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, 2023

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | <u>Total Custodial Funds</u> |
|---|----------------------------------|
| <u>ADDITIONS</u> | |
| Intergovernmental revenues | \$ 2,468 |
| Development fees | 66 |
| Investment earnings | 76 |
| Miscellaaneous revenues | <u>147</u> |
| Total additions | <u>2,757</u> |
| <u>DEDUCTIONS</u> | |
| General government | 2,564 |
| Legal services | <u>50</u> |
| Total deductions | <u>2,614</u> |
| Net increase (decrease) in fiduciary net position | 143 |
| Net Position - January 1 | <u>1,052</u> |
| Net Position - December 31 | <u><u>\$ 1,195</u></u> |

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

**COMBINING STATEMENT OF NET POSITION
DISCRETE COMPONENT UNITS
December 31, 2023**

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 | \$ 84,587 | \$ 3,774 | \$ 1,953 | \$ 90,314 |
| Receivables | 7,069 | 1,298 | 598 | 8,965 |
| Prepays and other assets | 627 | - | 1,493 | 2,120 |
| Inventories | 75 | - | 6 | 81 |
| Capital assets: | | | | |
| Nondepreciable/nonamortizable | 161,740 | 48,411 | - | 210,151 |
| Depreciable/amortizable, net | 269,024 | 1,956 | 3,766 | 274,746 |
| Total assets | \$ 523,122 | \$ 55,439 | \$ 7,816 | \$ 586,377 |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | | |
| Deferred outflows - other postemployment benefits | \$ 1,000 | \$ 104 | \$ - | \$ 1,104 |
| Deferred outflows - pensions | 19,054 | 598 | - | 19,652 |
| Total deferred outflows of resources | \$ 20,054 | \$ 702 | \$ - | \$ 20,756 |
| <u>LIABILITIES</u> | | | | |
| Accrued salaries and benefits | \$ 1,951 | \$ 169 | \$ 1,149 | \$ 3,269 |
| Accounts payable | 5,915 | 950 | 241 | 7,106 |
| Deposits held for others | 9,931 | 13 | - | 9,944 |
| Unearned revenue | - | - | 72 | 72 |
| Compensated absences: | | | | |
| Due within one year | 3,679 | 204 | - | 3,883 |
| Due beyond one year | 790 | 30 | - | 820 |
| Long-term liabilities: | | | | |
| Due within one year | 135 | - | 400 | 535 |
| Due beyond one year | 6,642 | - | 3,337 | 9,979 |
| Other postemployment benefits | 1,338 | 659 | - | 1,997 |
| Net pension liability | 54,924 | 3,752 | - | 58,676 |
| Total liabilities | \$ 85,305 | \$ 5,777 | \$ 5,199 | \$ 96,281 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Deferred inflows - service concession arrangement | \$ 3,504 | \$ - | \$ - | \$ 3,504 |
| Deferred inflows - other postemployment benefits | 83 | 133 | - | 216 |
| Deferred inflows - pensions | 19,489 | 795 | - | 20,284 |
| Total deferred inflows of resources | \$ 23,076 | \$ 928 | \$ - | \$ 24,004 |
| <u>NET POSITION</u> | | | | |
| Net investment in capital assets | \$ 428,996 | \$ 50,367 | \$ 1,097 | \$ 480,460 |
| Restricted: | | | | |
| Capital improvements | 4,238 | - | - | 4,238 |
| Project and grant programs | 28,983 | - | - | 28,983 |
| Special trust | 206 | - | - | 206 |
| Special reserves | 8,695 | - | - | 8,695 |
| Donor restrictions | - | - | 278 | 278 |
| Unrestricted | (36,323) | (931) | 1,242 | (36,012) |
| Total net position | \$ 434,795 | \$ 49,436 | \$ 2,617 | \$ 486,848 |

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

**COMBINING STATEMENT OF ACTIVITIES
DISCRETE COMPONENT UNITS**

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2023

(In Thousands)

| | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position | | | | Total Discrete Component Units |
|--|------------------|----------------------|------------------------------------|---|---------------------------------------|-------------------------------|------------------|--------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Minneapolis Park and Recreation Board | Municipal Building Commission | Meet Minneapolis | |
| FUNCTIONS/PROGRAMS | | | | | | | | |
| Minneapolis Park and Recreation Board | \$ 154,558 | \$ 30,247 | \$ 8,727 | \$ 31,786 | \$ (83,798) | \$ - | \$ - | \$ (83,798) |
| Municipal Building Commission | 8,760 | 10,198 | - | 1,006 | - | 2,444 | - | 2,444 |
| Meet Minneapolis | 16,283 | 12,836 | 861 | - | - | - | (2,586) | (2,586) |
| Total discrete component unit activities | \$ 179,601 | \$ 53,281 | \$ 9,588 | \$ 32,792 | (83,798) | 2,444 | (2,586) | (83,940) |
| General Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| General property tax and fiscal disparities | | | | | 76,465 | - | - | 76,465 |
| Museum (county-wide levy) | | | | | 17,143 | - | - | 17,143 |
| Local government aid - unrestricted | | | | | 8,788 | - | - | 8,788 |
| Grants and contributions not restricted to specific programs | | | | | 27 | 1 | - | 28 |
| Unrestricted interest and investment earnings | | | | | 1,595 | - | - | 1,595 |
| Other | | | | | - | 10 | 109 | 119 |
| Gain on sale of capital assets | | | | | 482 | - | - | 482 |
| Total general revenues | | | | | 104,500 | 11 | 109 | 104,620 |
| Change in net position | | | | | 20,702 | 2,455 | (2,477) | 20,680 |
| Net position - January 1 | | | | | 414,093 | 46,981 | 5,094 | 466,168 |
| Net position - December 31 | | | | | \$ 434,795 | \$ 49,436 | \$ 2,617 | \$ 486,848 |

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

For the fiscal year ended December 31, 2023

(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. The City has both a voting majority and operational responsibility over the BET. It is these criterions 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, 2023

(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 on 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, 2023

(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 MFSA 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, 2023

(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 City of Minneapolis – Community Planning and Economic Development, 505 4th Ave So #320, Minneapolis Minnesota 55415.

▪ 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 350 South 5th Street Room 201, Minneapolis, Minnesota 55415.

▪ 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. Sherburne County joined the joint powers agreement effective January 1, 2019.

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.

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A – Reporting Entity****Joint Ventures (continued)****▪ 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, Columbia Heights, Fridley, Hilltop, Minneapolis, Saint Anthony Village, Saint Paul and the Minneapolis Park and Recreation Board. These entities entered a new, revised joint and cooperative agreement (i.e., joint powers agreement under Minnesota Statutes, 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.

▪ 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, 2023

(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, 2023

(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 leases and software subscriptions 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, 2023

(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.

▪ Special Revenue Fund – 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.

▪ HUD Consolidated Plan

This fund is used to account for federal formula-based grants received from the U.S. Department of Housing and Urban Development's Community Planning and Development Office.

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

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/amortization on capital assets. All revenues and expenses not meeting this definition are reported as *nonoperating* revenues and expenses.

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/amortization) 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.

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
- Convention Center
- Self-Managed Special Service Districts
- Employee Retirement
- 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. They use the economic resources measurement focus and utilize the full accrual basis of accounting. Custodial funds are included in the Statement of Fiduciary Net Position and in the Statement of Changes in Fiduciary Net Position.

- Minneapolis Youth Coordinating Board
- Joint Board

For the fiscal year ended December 31, 2023

(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 2022 process for the 2023 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 business plan and make appropriate changes to the plan for the next year. Featured elements are reported 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 Annual Comprehensive Financial Report (ACFR) is not available until the second quarter of the year.

March – April*Capital Improvement Budget Development*

The City has a six-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 Six-Year Capital Plan.

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

The 2023 Mayor's Recommended Budget will be 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 | \$ 574,553 | \$ 24,176 | \$ 598,729 |
| CPED Special Revenue | 53,323 | 84,168 | 137,491 |
| Grants – Federal Special Revenue | 21,623 | 84,571 | 106,194 |
| HUD Consolidated Plan Special Revenue | 19,500 | 13,712 | 33,212 |
| Arena Reserve Special Revenue | 7,175 | 1,968 | 9,143 |
| Convention Center Special Revenue | 50,424 | 1,987 | 52,411 |
| Grants – Other Special Revenue | - | 33,397 | 33,397 |
| Neighborhood and Community Relations | - | 1,700 | 1,700 |
| Regulatory Services | - | 2,877 | 2,877 |
| Total | \$ 726,598 | \$ 248,556 | \$ 975,154 |

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For the fiscal year ended December 31, 2023

(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, equipment, software and right-to-use assets acquired under leasing and software subscription arrangements. 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 using the straight-line method over their estimated useful lives or the lessor of the lease or subscription period in the government-wide statements and proprietary funds. As of 2008 the City no longer uses salvage values and depreciates/amortizes assets to zero.

The estimated useful lives are as follows:

| | |
|---------------------------------------|-----------------|
| Right-to-use land | 10 years |
| Right-to-use land improvements | 3 years |
| Infrastructure | 15 to 100 years |
| Buildings and structures | 25 to 50 years |
| Right-to-use buildings and structures | 2 to 8 years |
| Equipment | 5 to 15 years |
| Right-to-use equipment | 1 to 5 years |
| Public improvements | 20 to 40 years |
| Software | 5 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, 2023

(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 both on the same basis as they are reported by PERA and TRA, except that PERA's and TRA's fiscal year end is June 30, and for additional statutory contributions. The City has reported its long-term projected contribution effort to the pension plan for the additional statutory contributions rather than the allocated amounts based on current year contributions of all contributing members. 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, and the Permanent Improvement Capital Projects 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, and the Permanent Improvement Capital Projects 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, 2023

(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 asset 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 assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. 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. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The City also reports deferred inflows of resources for the net present value of leases that mature beyond one year, amortized to revenue on a straight-line basis over the lease terms. These amounts arise under both the modified accrual and the full accrual basis of accounting and are reported in both the governmental fund balance sheet and the statement of net position. The City also reports deferred inflows of resources associated with the service concession arrangement, 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P – Stewardship, Accountability and Compliance

The Internal Service Self-Insurance Fund has a deficit fund balance of \$76,220. Actuarially determined values are in two categories. One relates to pending and anticipated litigation against the City, and the other is projected workers’ compensation settlement costs. The City is monitoring and managing fund inflows to ensure sufficient resources to pay liabilities as they come due.

The Board of Estimate and Taxation Fund’s expenditures exceeded budget by \$2, due to contractual obligations.

Q – Change in Accounting Principle

During the year ended December 31, 2023, the City adopted new accounting guidance by implementing provisions of GASB Statement number 96. GASB Statement No. 96, Subscription-Based Information Technology Arrangements, prescribed a new approach to accounting for software subscriptions. Whereas the City previously recorded software subscriptions as an expense of the current period, the new guidance requires software subscriptions to be recognized as assets, and future payments to be recognized as liabilities. Note 4 - Capital Assets, and Note 5 – Long-Term Debt, reflect the asset, debt, and future annual payments for the City’s software subscriptions.

R – Restatement of Net Position

Due to the change in accounting principle for the implementation of GASB Statement No. 96, the Intergovernmental Services Internal Service Fund statement of net position and governmental activities were restated. The impact of these adjustments on net position are reflected in the table below.

| | Intergovernmental | |
|---|--------------------------|-------------------------|
| | Services | Governmental |
| | Fund | Activities |
| | <u> </u> | <u> </u> |
| Net Position January 1, 2023 | 10,525 | 1,681,040 |
| Software subscriptions - governmental funds | - | (819) |
| Software subscriptions - internal service funds | <u>3,380</u> | <u>3,380</u> |
| Net Position January 1, 2023, restated | <u><u>13,905</u></u> | <u><u>1,683,601</u></u> |

NOTE 2 – DEPOSITS AND INVESTMENTS

A – Deposits

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

| | |
|--|---------------------|
| Deposits and investments: | |
| Deposits, per book | \$ 19,258 |
| Investments | 1,214,820 |
| Imprest cash held by City | <u>269</u> |
| Total | <u>\$ 1,234,347</u> |
| Primary Government: | |
| Cash and pooled Investments | \$ 1,114,158 |
| Cash and pooled investments in custodial funds | 2,246 |
| Investments with trustees | <u>27,629</u> |
| Total primary government | <u>\$ 1,144,033</u> |
| Discretely Presented Component Units: | |
| Park and Recreation Board: | |
| Cash and pooled investments | <u>84,587</u> |
| Municipal Building Commission: | |
| Cash and pooled investments | <u>3,774</u> |
| Meet Minneapolis: | |
| Cash and pooled investments | <u>1,953</u> |
| Total discretely presented component units | <u>\$ 90,314</u> |
| Total reporting entity | <u>\$ 1,234,347</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 Minnesota Statutes, Section 118A.04, 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, 2023, totaled \$13,495.

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For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS**A – Deposits (continued)***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, 2023, 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.

B – Investments

In accordance with Minnesota Statutes, Section 118A.04, 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) time deposits fully insured by the Federal Deposit Insurance Corporation, the National Credit Union Administration, or bankers' acceptances issued by United States banks, (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 requirements of Minnesota Statutes Chapter 118A.

As of December 31, 2023, there were no derivative instruments held in the City's Investment Portfolio.

Interest Rate Risk

Interest rate risk is the risk at market interest rate increases will create unrealized losses in the fair value of the City's investments. The unrealized losses typically end by the time individual bonds mature. Unrealized losses may be realized when bonds are sold prior to maturity. The Investment Policy provides maturity constraint parameters, cashflow matching, portfolio segmentation, and conservative operating liquidity objective as well as prudent investment principles. When currently held bonds mature, there is a risk that they will be reinvested at a lower yield. The City diversifies the impact of this reinvestment rate risk by diversifying the timing of maturities, coupon rate, and coupon payment dates as well as limiting the amount of callable bonds while observing market rate levels.

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For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS

B – Investments (continued)

The following table presents the City of Minneapolis’ investment balances (excluding accrued earnings) at December 31, 2023, and information relating to interest rate risks:

| Investment Type | Portfolio Weighted Final Maturity (Years) | Fair Value |
|---|--|---------------------|
| U.S. Treasury Obligation | 3.2 | \$ 773,096 |
| U.S. Federal Agency Obligations | 1.2 | 132,498 |
| U.S Mortgage Obligations | 18.9 | 136,881 |
| Municipal Bonds | 2.9 | 56,441 |
| Money Market Mutual Funds | - | 115,904 |
| Portfolio Weighted Average Final Maturity | 4.4 | |
| Total investments | | \$ 1,214,820 |
| | | |
| Deposits, per Book | | 19,258 |
| Imprest Cash | | <u>269</u> |
| | | |
| Total Cash and Investments | | <u>\$ 1,234,347</u> |

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 Minnesota Statutes, Section 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 which is rated "AA" or better by a national bond rating service;
- (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; and
- (4) any security which is an obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to section 126C.55.

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, the National Credit Union Administration, or bankers acceptances of United States banks.”

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS

B – Investments (continued)

At December 31, 2023, the City's investments were rated by Standard & Poor's and Moody's as follows:

| <u>Investment Type</u> | <u>Standard & Poor's Rating</u> | | <u>Moody's Rating</u> | |
|---------------------------------------|-------------------------------------|---------------------|-----------------------|---------------------|
| U.S. Treasury Obligations | AA+ | \$ 773,096 | Aaa | \$ 773,096 |
| U.S. Federal Agency Obligations | AAA | \$ - | Aaa | \$ 132,498 |
| | AA+ | 132,498 | Aa1 | - |
| Total U.S. Federal Agency Obligations | | <u>\$ 132,498</u> | | <u>\$ 132,498</u> |
| U.S. Mortgage Obligations | AAA | \$ 39 | Aaa | \$ 135,170 |
| | AA+ | 136,842 | Aa1 | - |
| | Not Available | - | Not Available | 1,711 |
| Total U.S. Mortgage Obligations | | <u>\$ 136,881</u> | | <u>\$ 136,881</u> |
| Municipal Bonds | AAA | \$ 19,046 | Aaa | \$ 10,653 |
| | AA+ | 12,069 | Aa1 | 14,707 |
| | AA | 10,130 | Aa2 | 11,026 |
| | AA- | 3,416 | Aa3 | 7,388 |
| | A+ | 672 | A1 | - |
| | A | - | A2 | 200 |
| | Not Available | 11,108 | Not Available | 12,467 |
| Total Municipal Bonds | | <u>\$ 56,441</u> | | <u>\$ 56,441</u> |
| Money Market Mutual Funds | AAAm | <u>\$ 115,904</u> | Aaa-mf | <u>\$ 115,904</u> |
| Total | | <u>\$ 1,214,820</u> | | <u>\$ 1,214,820</u> |

All City securities holdings are rated "A" or higher by at least one Nationally Recognized Statistical Ratings Organization (NRSRO). The 'Not Available' lines under a rating agency column are specific to that rating agency, and any City investment security in such group is alternatively rated at least "A" by another NRSRO.

For the fiscal year ended December 31, 2023

(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, 2023.

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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NOTE 2 – DEPOSITS AND INVESTMENTS

B – Investments (continued)

At December 31, 2023, the City had the following recurring fair value measurements:

| | <u>Total Value</u> | <u>Fair Value Measurements Using:</u> | | |
|--|--------------------|---|--|--|
| | | <u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u> | <u>Significant Other Observable Inputs (Level 2)</u> | <u>Significant Unobservable Inputs (Level 3)</u> |
| Investments by Fair Value Level | | | | |
| Debt Securities: | | | | |
| U.S. Treasury Securities | \$ 773,096 | \$ - | \$ 773,096 | \$ - |
| U.S. Federal Agency Obligations | 132,498 | - | 132,498 | - |
| U.S. Mortgage Obligations | 136,881 | - | 136,881 | - |
| Municipal Bonds | 56,441 | - | 56,441 | - |
| Total Investments by Fair Value Level | \$ 1,098,916 | \$ - | \$ 1,098,916 | \$ - |
| Investments Measured at Net Asset Value (NAV) | | | | |
| Money Market Mutual Funds | \$ 115,904 | | | |
| Total Investments Measured at Fair Value and NAV | \$ 1,214,820 | | | |

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 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 \$115,904 in 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.

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For the fiscal year ended December 31, 2023

(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 and Economic Development | | | HUD | | Special Assessment | Non-Major Governmental Funds | Internal Service Funds | Total Governmental |
|--|--|--------------------|----------------------|--------------------------|-----------|-----------------------|------------------------------------|------------------------------|-----------------------|
| | General Fund | Grants- Federal | Consolidated Plan | Permanent Improvement | | | | | |
| Accounts | \$ 6,592 | \$ 6 | \$ 23 | \$ 30 | \$ 3,762 | \$ - | \$ 1,136 | \$ 4,957 | \$ 16,506 |
| Taxes | 2,646 | 248 | - | - | 55 | - | 535 | - | 3,484 |
| Special assessments | 570 | 1,515 | - | - | 1,754 | 76,616 | 13 | - | 80,468 |
| Intergovernmental | 856 | 155 | 6,612 | 2,713 | 21,097 | - | 13,023 | - | 44,456 |
| Loans | - | 190,529 | 8,612 | 206,421 | - | - | - | - | 405,562 |
| Leases | - | - | - | - | - | - | 19,644 | - | 19,644 |
| Accrued interest | 1,523 | 578 | 253 | - | 363 | 59 | 456 | - | 3,232 |
| Gross receivables | 12,187 | 193,031 | 15,500 | 209,164 | 27,031 | 76,675 | 34,807 | 4,957 | 573,352 |
| Less: | | | | | | | | | |
| Allowance for uncollectibles | (686) | (145,136) | (7,186) | (157,549) | (67) | - | (64) | (13) | (310,701) |
| Total receivables (due within one year) | \$ 11,501 | \$ 47,895 | \$ 8,314 | \$ 51,615 | \$ 26,964 | \$ 76,675 | \$ 34,743 | \$ 4,944 | \$ 262,651 |

| Business-type Activities | Water Treatment and Distribution | | | Municipal Parking | Solid Waste and Recycling | Community Planning and Economic Development | | Total Business-type |
|--|--|------------|-----------|----------------------|------------------------------|--|-----------|------------------------|
| | Sanitary Sewer | Stormwater | Services | | | | | |
| Accounts | \$ 8,752 | \$ 4,890 | \$ 8,530 | \$ 1,397 | \$ 5,862 | \$ - | \$ 29,431 | |
| Special assessments | 3,035 | 889 | 3,924 | 1,630 | 1,399 | - | 10,877 | |
| Intergovernmental | - | 199 | - | 3,522 | 2 | - | 3,723 | |
| Accrued interest | - | - | - | - | - | 148 | 148 | |
| Gross receivables | 11,787 | 5,978 | 12,454 | 6,549 | 7,263 | 148 | 44,179 | |
| Less: | | | | | | | | |
| Allowance for uncollectibles | - | - | (81) | (234) | - | - | (315) | |
| Total receivables (due within one year) | \$ 11,787 | \$ 5,978 | \$ 12,373 | \$ 6,315 | \$ 7,263 | \$ 148 | \$ 43,864 | |

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For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 3 – RECEIVABLES (continued)

B – Leases Receivable Payment Schedule

The City of Minneapolis holds one lease agreement in which the City is a lessor. The City is the lessor for the Target Center, a mixed-use sports and entertainment facility. Currently, the City leases the facility to the Minnesota Timberwolves professional basketball team with annual lease payments through 2035. The City received \$1,376 of principal payments and \$237 of interest payments for a total of \$1,613 in 2023.

Principal and Interest Expected to Maturity

| Year Ending December 31 | Governmental Activities | | |
|----------------------------|-------------------------|----------------------|-------------------|
| | Principal Payments | Interest Payments | Total Payments |
| 2024 | \$ 1,425 | \$ 221 | \$ 1,646 |
| 2025 | 1,475 | 204 | 1,679 |
| 2026 | 1,526 | 187 | 1,713 |
| 2027 | 1,578 | 169 | 1,747 |
| 2028 | 1,631 | 150 | 1,781 |
| 2029-2033 | 9,008 | 447 | 9,455 |
| 2034-2035 | 3,001 | 28 | 3,029 |

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For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS

A – Current Year Activity

Capital asset activity for the year ended December 31, 2023, was as follows:

| | Balance January 1, 2023 | Restatement | January 1, 2023 Restated | Additions | Retirements | Balance December 31, 2023 |
|--|-------------------------------|------------------|--------------------------------|-------------------|--------------------|---------------------------------|
| Governmental activities | | | | | | |
| <i>Capital assets, not being depreciated/amortized</i> | | | | | | |
| Land and easements | \$ 114,788 | \$ - | \$ 114,788 | \$ - | \$ - | \$ 114,788 |
| Construction in progress | 568,142 | - | 568,142 | 129,511 | (96,482) | 601,171 |
| Total capital assets, not being depreciated/amortized | <u>682,930</u> | <u>-</u> | <u>682,930</u> | <u>129,511</u> | <u>(96,482)</u> | <u>715,959</u> |
| <i>Capital assets, being depreciated/amortized</i> | | | | | | |
| Leased land | 11 | - | 11 | - | - | 11 |
| Leased buildings | 2,831 | - | 2,831 | 2,069 | - | 4,900 |
| Leased equipment | 2,042 | - | 2,042 | - | (50) | 1,992 |
| Software subscriptions | - | 25,441 | 25,441 | 2,802 | (288) | 27,955 |
| Infrastructure | 1,246,973 | - | 1,246,973 | 275 | (1) | 1,247,247 |
| Buildings and structures | 799,698 | - | 799,698 | 4,562 | (89) | 804,171 |
| Public improvements | 103,497 | - | 103,497 | 87,347 | (172) | 190,672 |
| Equipment, other capital outlay | 226,205 | - | 226,205 | 12,926 | (12,063) | 227,068 |
| Software | 66,533 | - | 66,533 | - | - | 66,533 |
| Total capital assets, being depreciated/amortized | <u>2,447,790</u> | <u>25,441</u> | <u>2,473,231</u> | <u>109,981</u> | <u>(12,663)</u> | <u>2,570,549</u> |
| Less accumulated depreciation/amortization for: | | | | | | |
| Leased land | (4) | - | (4) | (4) | - | (8) |
| Leased buildings | (520) | - | (520) | (1,101) | - | (1,621) |
| Leased equipment | (512) | - | (512) | (478) | 34 | (956) |
| Software subscriptions | - | - | - | (5,399) | 288 | (5,111) |
| Infrastructure | (684,304) | - | (684,304) | (37,015) | 1 | (721,318) |
| Buildings and structures | (332,227) | - | (332,227) | (21,085) | 88 | (353,224) |
| Public improvements | (22,067) | - | (22,067) | (8,973) | 172 | (30,868) |
| Machinery, equipment, other capital outlay | (160,795) | - | (160,795) | (13,510) | 11,948 | (162,357) |
| Software | (60,161) | - | (60,161) | (1,470) | - | (61,631) |
| Total accumulated depreciation/amortization | <u>(1,260,590)</u> | <u>-</u> | <u>(1,260,590)</u> | <u>(89,035)</u> | <u>12,531</u> | <u>(1,337,094)</u> |
| Total capital assets, being depreciated/amortized, net | <u>1,187,200</u> | <u>25,441</u> | <u>1,212,641</u> | <u>20,946</u> | <u>(132)</u> | <u>1,233,455</u> |
| Governmental activities capital assets, net | <u>\$ 1,870,130</u> | <u>\$ 25,441</u> | <u>\$ 1,895,571</u> | <u>\$ 150,457</u> | <u>\$ (96,614)</u> | <u>\$ 1,949,414</u> |

Some construction in progress amounts were expensed in the current year.

Depreciation/amortization expense was charged to governmental functions as follows:

| | |
|--|------------------|
| General government | \$ 21,557 |
| Public safety | 2,365 |
| Public works | 44,588 |
| Health and welfare | 96 |
| Community planning and economic development | <u>20,429</u> |
| Total depreciation/amortization expense - governmental functions | <u>\$ 89,035</u> |

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS

A – Current Year Activity (continued)

| | <u>Balance January 1, 2023</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance December 31, 2023</u> |
|--|--|-------------------|--------------------|--|
| Business-type activities | | | | |
| <i>Capital assets, not being depreciated/amortized</i> | | | | |
| Land and easements | \$ 130,321 | \$ - | \$ - | \$ 130,321 |
| Construction in progress | 137,546 | 78,115 | (67,073) | 148,588 |
| | <u>267,867</u> | <u>78,115</u> | <u>(67,073)</u> | <u>278,909</u> |
| <i>Capital assets, being depreciated/amortized</i> | | | | |
| Leased Land | 5,618 | 62 | - | 5,680 |
| Buildings and structures | 593,189 | 6,656 | - | 599,845 |
| Public improvements | 1,025,348 | 47,268 | - | 1,072,616 |
| Equipment and other capital outlay | 142,602 | 13,756 | - | 156,358 |
| Software | 2,880 | 1 | - | 2,881 |
| | <u>1,769,637</u> | <u>67,743</u> | <u>-</u> | <u>1,837,380</u> |
| Less accumulated depreciation/amortization for: | | | | |
| Leased Land | (511) | (552) | - | (1,063) |
| Buildings and structures | (296,868) | (11,994) | - | (308,862) |
| Public improvements | (330,243) | (13,199) | - | (343,442) |
| Equipment and other capital outlay | (66,238) | (8,424) | - | (74,662) |
| Software | (2,875) | (4) | - | (2,879) |
| | <u>(696,735)</u> | <u>(34,173)</u> | <u>-</u> | <u>(730,908)</u> |
| Total capital assets, being depreciated/amortized, net | <u>1,072,902</u> | <u>33,570</u> | <u>-</u> | <u>1,106,472</u> |
| Business-type activities capital assets, net | <u>\$ 1,340,769</u> | <u>\$ 111,685</u> | <u>\$ (67,073)</u> | <u>\$ 1,385,381</u> |

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

| | |
|---|------------------|
| Sanitary sewer | \$ 3,413 |
| Stormwater | 5,139 |
| Water treatment and distribution services | 15,010 |
| Municipal parking | 8,163 |
| Solid waste and recycling | 2,448 |
| Total depreciation/amortization expense - business-type functions | <u>\$ 34,173</u> |

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS (continued)

B – Capital Project Commitments

For the year ended December 31, 2023, the City of Minneapolis made capital project commitments for the following:

| | |
|-----------------------------------|-------------------|
| Public works department | \$ 195,503 |
| Public grounds and facilities | 45,350 |
| Miscellaneous projects | 1,251 |
| Total capital project commitments | <u>\$ 242,104</u> |

C – Discretely Presented Component Units

Activity for the discretely presented component units for the year ended December 31, 2023, was as follows:

| | Balance | | | Balance |
|--|------------------------|------------------|--------------------|--------------------------|
| Minneapolis Park and Recreation Board | January 1, 2023 | Additions | Retirements | December 31, 2023 |
| Capital assets, not being depreciated | \$ 158,239 | \$ 39,910 | \$ (36,409) | \$ 161,740 |
| Capital assets, being depreciated, net | 249,517 | 19,588 | (81) | 269,024 |
| | <u>\$ 407,756</u> | <u>\$ 59,498</u> | <u>\$ (36,490)</u> | <u>\$ 430,764</u> |
| Depreciation expense charged | \$ 20,319 | | | |
| | | | | |
| | Balance | | | Balance |
| Municipal Building Commission | January 1, 2023 | Additions | Retirements | December 31, 2023 |
| Capital assets, not being depreciated | \$ 45,769 | \$ 2,642 | \$ - | \$ 48,411 |
| Capital assets, being depreciated, net | 2,767 | (811) | - | 1,956 |
| | <u>\$ 48,536</u> | <u>\$ 1,831</u> | <u>\$ -</u> | <u>\$ 50,367</u> |
| Depreciation expense charged | \$ 811 | | | |

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For the fiscal year ended December 31, 2023

(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.

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

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.

2023 Bond and Note Sales

In 2023, the City of Minneapolis issued general obligation bonds and notes totaling \$116,913, consisting of \$114,925 of new bonds and \$1,988 additional draw on notes. Below are details of the 2023 debt issuances.

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 5 – LONG-TERM DEBT (continued)

In September 2023, the City issued \$114,925 of General Obligation Bonds, Series 2023 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 \$122,903 including an original issue premium of \$8,209 offset by a \$230 underwriter's discount. The proceeds were used to reimburse design and construction costs of \$13,301 for special assessment projects related to street reconstruction and resurfacing and \$109,402 for a variety of other capital infrastructure and enterprise fund improvements. With the net premium received, the par amount of bonds required for the projects has been reduced to \$12,435 and \$102,490, respectively. \$200 of the proceeds not required for projects was used to pay cost of issuance expenses. The bonds were dated October 4, 2023 and were issued with fixed interest rates ranging from 4.00% to 5.50% and a final maturity date of December 1, 2042.

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 City has received proceeds totaling \$160,388 on these notes in total and, the outstanding debt balance of the four remaining notes in this program is \$60,240 as of December 31, 2023. The interest rates range from 1.01% - 2.80% and the final maturity dates range from August 20, 2026, to August 20, 2035.

The most recently issued note was for \$27,300; it was issued on November 9, 2018, at a 1.47% interest rate with a final maturity of August 20, 2035. The note began funding expenses beginning in 2019. The City drew \$1,988 on this note in 2023, fully utilizing the \$27,300 note.

Lease Liability

The City of Minneapolis is a party in several lease contracts where the City is a lessee. Generally, the City leases office or storage space at locations throughout the City where there is no access to City-owned facilities. The City manages lease contracts primarily through the Property Services internal service fund where practicable. The schedules in Note 4 show the lease assets.

Software Subscriptions Liability

The City of Minneapolis is a party in several software subscription contracts where the City is a subscriber. Generally, the City subscribes to various software services to manage the technology and software needs of departments across the enterprise. The schedules in Note 4 show the software subscription asset amounts.

Discrete Component Unit Debt

The City issues debt on behalf of the Minneapolis Park & Recreation Board and the Municipal Building Commission. As of December 31, 2023, \$18,931 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. The capital assets purchased with proceeds from debt issuances are held by the respective discrete component units and are reported with their capital assets on the Statement of Net Position.

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 5 – LONG-TERM DEBT (continued)

Long-term liabilities on December 31, 2023 (in thousands) are detailed below.

| | <u>Balance</u> <u>1/1/2023</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>12/31/2023</u> | <u>Amounts</u> <u>Due Within</u> <u>One Year</u> |
|---|-----------------------------------|-------------------|--------------------|-------------------------------------|--|
| Governmental activities: | | | | | |
| <u>Bonds and Notes</u> | | | | | |
| Property Tax Supported GO Bonds | 283,645 | 60,670 | 53,650 | 290,665 | 19,155 |
| Self Supporting GO Bonds | 147,830 | - | 5,635 | 142,195 | 5,940 |
| GO Improvement Bonds | 72,195 | 12,435 | 10,775 | 73,855 | 8,875 |
| Tax Increment Revenue Bonds | 12,880 | - | 1,690 | 11,190 | 1,780 |
| Tax Increment Revenue Notes | 1,225 | - | 595 | 630 | 630 |
| Total Governmental Bonds and Notes | <u>517,775</u> | <u>73,105</u> | <u>72,345</u> | <u>518,535</u> | <u>36,380</u> |
| <u>Other Long-term Liabilities</u> | | | | | |
| Unamortized Premium (Discount) | 24,155 | 4,066 | 2,137 | 26,084 | - |
| Lease Liability | 3,883 | 2,070 | 1,454 | 4,499 | 1,484 |
| Software Subscriptions * | 22,051 | 2,776 | 4,874 | 19,953 | 4,238 |
| Total Long-term Liabilities Governmental | <u>567,864</u> | <u>82,017</u> | <u>80,810</u> | <u>569,071</u> | <u>42,102</u> |
| Business-type activities: | | | | | |
| <u>Bonds and Notes</u> | | | | | |
| Sanitary Sewer Fund GO Bonds | 52,945 | 8,220 | 9,515 | 51,650 | 6,250 |
| Stormwater Fund GO Bonds | 33,385 | 11,110 | 4,980 | 39,515 | 3,735 |
| Water Treatment and Distribution Services Fund GO Bonds | 74,715 | 22,490 | 6,710 | 90,495 | 9,835 |
| Water Treatment and Distribution Services Fund GO Notes | 68,702 | 1,988 | 10,450 | 60,240 | 6,890 |
| Municipal Parking Fund GO Bonds | 33,030 | - | 7,125 | 25,905 | 7,760 |
| Municipal Parking Fund GO Notes | 26,625 | - | 290 | 26,335 | 290 |
| Solid Waste and Recycling Fund GO Bonds | 19,340 | - | 570 | 18,770 | 595 |
| Total Business-type Bonds and Notes | <u>308,742</u> | <u>43,808</u> | <u>39,640</u> | <u>312,910</u> | <u>35,355</u> |
| <u>Other Long-term Liabilities</u> | | | | | |
| Unamortized Premium (Discount) | 15,661 | 4,143 | 1,989 | 17,815 | - |
| Lease Liability | 5,136 | 42 | 514 | 4,664 | 514 |
| Total Long-term Liabilities Business-Type | <u>329,539</u> | <u>47,993</u> | <u>42,143</u> | <u>335,389</u> | <u>35,869</u> |
| Total Long-term Liabilities | <u>\$ 897,403</u> | <u>\$ 130,010</u> | <u>\$ 122,953</u> | <u>\$ 904,460</u> | <u>\$ 77,971</u> |

* The software subscriptions liability was restated due to the implementation of GASB 96. See Note 1Q.

For the fiscal year ended December 31, 2023

(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, 2023, all annual debt service requirements for Governmental activities are as follows:

| Year Ending December 31: | Governmental Activities | | | | Total Governmental | |
|-----------------------------|-------------------------|-------------------|---------------|--------------|--------------------------|-------------------|
| | Bonds | | Notes | | Activities Bonds & Notes | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2024 | \$ 35,750 | \$ 18,285 | \$ 630 | \$ 19 | \$ 36,380 | \$ 18,304 |
| 2025 | 61,600 | 16,844 | - | - | 61,600 | 16,844 |
| 2026 | 34,305 | 15,310 | - | - | 34,305 | 15,310 |
| 2027 | 37,730 | 14,035 | - | - | 37,730 | 14,035 |
| 2028 | 23,640 | 12,723 | - | - | 23,640 | 12,723 |
| 2029 - 2033 | 118,405 | 49,891 | - | - | 118,405 | 49,891 |
| 2034 - 2038 | 87,825 | 31,332 | - | - | 87,825 | 31,332 |
| 2039 - 2043 | 82,930 | 14,983 | - | - | 82,930 | 14,983 |
| 2044 - 2047 | 35,720 | 2,232 | - | - | 35,720 | 2,232 |
| | <u>\$ 517,905</u> | <u>\$ 175,635</u> | <u>\$ 630</u> | <u>\$ 19</u> | <u>\$ 518,535</u> | <u>\$ 175,654</u> |

Amortization of Outstanding Business-type Activities City Debt

As of December 31, 2023, all annual debt service requirements for Business-type Activities are as follows:

| Year Ending December 31: | Business-type Activities | | | | Total Business-type | |
|-----------------------------|--------------------------|------------------|------------------|-----------------|--------------------------|------------------|
| | Bonds | | Notes | | Activities Bonds & Notes | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2024 | \$ 28,175 | \$ 8,393 | \$ 7,180 | \$ 1,809 | \$ 35,355 | \$ 10,202 |
| 2025 | 24,860 | 7,380 | 11,435 | 1,670 | 36,295 | 9,050 |
| 2026 | 25,515 | 6,433 | 11,885 | 1,434 | 37,400 | 7,867 |
| 2027 | 21,680 | 5,595 | 12,425 | 1,128 | 34,105 | 6,723 |
| 2028 | 20,785 | 4,904 | 7,915 | 836 | 28,700 | 5,740 |
| 2029 - 2033 | 55,380 | 16,405 | 31,855 | 2,154 | 87,235 | 18,559 |
| 2034 - 2038 | 33,045 | 7,305 | 3,880 | 86 | 36,925 | 7,391 |
| 2039 - 2041 | 16,895 | 1,553 | - | - | 16,895 | 1,553 |
| | <u>\$ 226,335</u> | <u>\$ 57,968</u> | <u>\$ 86,575</u> | <u>\$ 9,117</u> | <u>\$ 312,910</u> | <u>\$ 67,085</u> |

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 5 – LONG-TERM DEBT (continued)

Leases Payable Payment Schedule

Principal and Interest Requirements to Maturity

| Year Ending December 31 | Governmental Activities | | | Business-type Activities | | |
|----------------------------|-------------------------|----------|----------|--------------------------|----------|----------|
| | Principal | Interest | Total | Principal | Interest | Total |
| | Payments | Payments | Payments | Payments | Payments | Payments |
| 2024 | \$ 1,484 | \$ 48 | \$ 1,532 | \$ 514 | \$ 50 | \$ 564 |
| 2025 | 1,141 | 34 | 1,175 | 498 | 45 | 543 |
| 2026 | 699 | 22 | 721 | 504 | 39 | 543 |
| 2027 | 630 | 11 | 641 | 510 | 34 | 544 |
| 2028 | 297 | 4 | 301 | 516 | 27 | 543 |
| 2029-2032 | 248 | 1 | 249 | 2,122 | 53 | 2,175 |

Software Subscriptions Payment Schedule

| Year Ending December 31 | Governmental Activities | | |
|----------------------------|-------------------------|----------------------|-------------------|
| | Principal Payments | Interest Payments | Total Payments |
| 2024 | \$ 4,238 | \$ 527 | \$ 4,765 |
| 2025 | 3,734 | 416 | 4,150 |
| 2026 | 2,551 | 318 | 2,869 |
| 2027 | 2,273 | 252 | 2,525 |
| 2028 | 2,162 | 192 | 2,354 |
| 2029-2033 | 4,902 | 348 | 5,250 |
| 2034-2035 | 93 | 2 | 95 |

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

As of December 31, 2023, outstanding industrial, commercial, and housing revenue bonds and notes is \$1,707,925. 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.

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For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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:

| Deferred Inflows of Resources | General Fund | Community | HUD | | Permanent Improvement | Special Assessment | Non-Major | Total Governmental |
|------------------------------------|-----------------|-----------------------------|--------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | | and Economic Development | Grants- Federal | Consolidated Plan | | | Governmental Funds | |
| Unavailable Revenue | | | | | | | | |
| Property taxes | \$ 1,287 | \$ 248 | \$ - | \$ - | \$ - | \$ - | \$ 328 | \$ 1,863 |
| Special assessments | 450 | 7,198 | - | - | 1,747 | 77,000 | - | 86,395 |
| Intergovernmental | - | - | - | - | 19,053 | - | - | 19,053 |
| Loans receivable | - | 39,711 | 1,426 | 48,873 | - | - | - | 90,010 |
| Leases | - | - | - | - | - | - | 19,051 | 19,051 |
| Total deferred inflows of resource | <u>\$ 1,737</u> | <u>\$ 47,157</u> | <u>\$ 1,426</u> | <u>\$ 48,873</u> | <u>\$ 20,800</u> | <u>\$ 77,000</u> | <u>\$ 19,379</u> | <u>\$ 216,372</u> |

NOTE 8 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables

The composition of interfund balances as of December 31, 2023 are as follows:

Advances to/from other funds:

| Receivable Fund | Payable Fund | Amount |
|-----------------------------|-----------------------------|--------|
| Non-Major Governmental Fund | Non-Major Governmental Fund | 4,055 |

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, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 8 – INTERFUND TRANSACTIONS

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 | Municipal Parking Fund | \$ 1,000 |
| | Stormwater Fund | 110 |
| | Grants - Federal Fund | 47,106 |
| | Non-major Governmental Funds | <u>13,522</u> |
| | | <u>61,738</u> |
| CPED Special Revenue Fund | General Fund | 20,533 |
| | Non-Major Governmental Funds | <u>1,669</u> |
| | | <u>22,202</u> |
| Permanent Improvement Fund | General Fund | 7,495 |
| | Internal Service Funds | 2,920 |
| | Stormwater Fund | <u>1,593</u> |
| | | <u>12,008</u> |
| Non-Major Governmental Funds | General Fund | 4 |
| | CPED Special Revenue Fund | 5,536 |
| | Permanent Improvement Fund | 6,081 |
| | Non-Major Governmental Funds | 51,194 |
| | Municipal Parking Fund | <u>3,500</u> |
| | | <u>66,315</u> |
| | Total Governmental Funds | <u>\$ 162,263</u> |

NOTE 8 – 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 | \$ 41 |
| | Sanitary Sewer Fund | <u>1,041</u> |
| | | <u>1,082</u> |
| Municipal Parking Fund | CPED Special Revenue Fund | <u>4,579</u> |
| | | <u>4,579</u> |
| Solid Waste & Recycling Fund | General Fund | 325 |
| | Municipal Parking Fund | <u>146</u> |
| | | <u>471</u> |
| | Total Business-type Activities | <u>\$ 6,132</u> |
| Governmental Activities | | |
| Internal Service Funds | General Fund | <u>\$ 4,490</u> |
| | | <u>4,490</u> |
| | Total Governmental Activities | <u>\$ 4,490</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.

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 9 – 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 amortization 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 the City Council. Those committed amounts cannot be used for any other purpose unless the 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 the 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, committed 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, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 9 – 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 | Grants- Federal | HUD Consolidated Plan | Permanent Improvement | Special Assessment | Non-Major Governmental | Total |
|---|-------------------|--|--------------------|-----------------------------|--------------------------|-----------------------|---------------------------|-------------------|
| Restricted for | | | | | | | | |
| Public safety aid | \$ 19,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 19,000 |
| Debt service: | | | | | | | | |
| Community development | - | - | - | - | - | - | 3,545 | 3,545 |
| General debt service | - | - | - | - | - | - | 29,159 | 29,159 |
| Special assessment | - | - | - | - | - | 20,853 | - | 20,853 |
| Community and economic development | - | 138,374 | - | - | - | - | - | 138,374 |
| Law enforcement: | | | | | | | | |
| Gambling compliance | - | - | - | - | - | - | 156 | 156 |
| Forfeitures | - | - | - | - | - | - | 3,012 | 3,012 |
| Grants | - | - | 7,870 | - | - | - | 6,486 | 14,356 |
| Properties held for resale | - | 35,082 | 468 | 5,521 | 16,312 | - | 646 | 58,029 |
| Capital improvements | - | - | - | - | 57,833 | - | - | 57,833 |
| Total restricted | <u>19,000</u> | <u>173,456</u> | <u>8,338</u> | <u>5,521</u> | <u>74,145</u> | <u>20,853</u> | <u>43,004</u> | <u>344,317</u> |
| Assigned to | | | | | | | | |
| General government | | | | | | | | |
| Budget Rollovers | 25,756 | - | - | - | - | - | - | 25,756 |
| Settlement | 8,000 | - | - | - | - | - | - | 8,000 |
| 2024 budget use of fund balance | 18,295 | - | - | - | - | - | - | 18,295 |
| Board of estimate and taxation | - | - | - | - | - | - | 309 | 309 |
| Self-managed special districts | - | - | - | - | - | - | 438 | 438 |
| Public safety: | | | | | | | | |
| Police | - | - | - | - | - | - | 736 | 736 |
| Community and economic development | - | 68,199 | - | - | - | - | 101,974 | 170,173 |
| Neighborhood and community relations | - | - | - | - | - | - | 382 | 382 |
| Pension obligations | - | - | - | - | - | - | 40,544 | 40,544 |
| Capital improvements | - | - | - | - | 2,529 | - | - | 2,529 |
| Total assigned | <u>52,051</u> | <u>68,199</u> | <u>-</u> | <u>-</u> | <u>2,529</u> | <u>-</u> | <u>144,383</u> | <u>267,162</u> |
| Unassigned | | | | | | | | |
| Unassigned | <u>139,319</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>139,319</u> |
| Total fund balances | <u>\$ 210,370</u> | <u>\$ 241,655</u> | <u>\$ 8,338</u> | <u>\$ 5,521</u> | <u>\$ 76,674</u> | <u>\$ 20,853</u> | <u>\$ 187,387</u> | <u>\$ 750,798</u> |

The City’s net position that is restricted by enabling legislation include the following:

Governmental Activities: Law Enforcement \$3,168

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS**A – Plan Description**

The City, Park Board, and MBC participates 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)

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, and the 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 Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

2. Public Employees Police and Fire Plan (PEPFP)

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Police and Fire Plan (accounted for in the Police and Fire Fund). 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 after 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. Benefit provisions are established by state statute and can only be modified by the state Legislature. Benefit increases are provided to benefit recipients each January.

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for all years of service. For 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 the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS**B – Benefits Provided (continued)**

The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the Social Security Administration, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients 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 Rule of 90 are exempt from the delay to normal retirement.

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Police and Fire Plan benefit recipients will receive a 1.0 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. 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.

The Teachers Retirement Association (TRA) covers teachers and other related professionals employed by school districts or by the state. Approximately 606 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.

The benefit provisions stated in the preceding 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.

C – Contributions

Pension benefits are funded from member and employer contributions and income from 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.

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS**C – Contributions (continued)****1. GERP Contributions**

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in calendar year 2023 and the City, Park Board, and MBC were required to contribute 7.50 percent for Coordinated Plan members. The City, Park Board, and MBC contributions related to payroll to the GERP for the year ended December 31, 2023, were \$17,944, \$3,754, and \$235, respectively. The City, Park Board, and MBC fixed contributions to the GERP for the year ended December 31, 2023, were \$11,869, \$2,169, and \$227 respectively. Total contributions were equal to the required contributions as set by state statute.

2. PEPFP Contributions

Plan members were required to contribute 11.80 percent of their annual covered salary in calendar year 2023. Employers were required to contribute 17.70 percent of pay for PEPFP members in calendar year 2023. Contributions to the PEPFP related to payroll for the year ended December 31, 2023, were \$23,315 for the City and \$661 for the Park Board. The City also made fixed contributions to PEPFP, non-payroll related, of \$7,679 for the year ended December 31, 2023. Total contributions were equal to the required contractual contributions as set by state statute.

3. TRA Contributions

The City's non-employer contribution to the TRA for the year ended December 31, 2023, was \$2,250. The City's contributions were equal to the required contributions as set by state statute.

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

At December 31, 2023, the City, Park Board, and MBC reported a liability of \$166,686, \$34,925, and \$2,200 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, 2023, 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, 2022, through June 30, 2023, relative to the total employer payroll related contributions received from all of PERA's participating employers. At June 30, 2023, the City's proportionate share related to payroll contributions was 3.1223 percent, which was an increase of 0.1317 percent from its proportion measured as of June 30, 2022. At June 30, 2023 the Park Board's proportionate share related to payroll contributions was 0.6542 percent, which was an increase of 0.0346 percent from its proportion measured as of June 30, 2022. At June 30, 2023, MBC's proportionate share related to payroll contributions was 0.0412 percent, which was a decrease of 0.0008 percent from its proportion measured as of June 30, 2022.

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 \$81,247, \$14,849, and \$1,553 respectively as of the June 30, 2023 measurement date. The resulting combined net pension liability reported by the City, Park Board, and MBC as of December 31, 2023 is \$247,933, \$49,774 and \$3,753, respectively. The combined liability represents a proportionate share of the Plan's net pension liability equal to 4.4338 percent for the City, 0.8901 percent for Park Board, and 0.0671 for MBC.

NOTE 10 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

1. GERP Pension Costs (continued)

For the year ended December 31, 2023, the City, Park Board, and MBC recognized pension expense of \$1,453, \$1,297, and (\$29), respectively for the proportionate share of the GERP’s pension expense.

In addition, the City, Park Board, and MBC also recognized \$35, \$7, and \$1, respectively as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s expense related to its contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$16,000 to the General Employees Plan annually until September 15, 2031.

The table below shows the share of each category of pension liability for the City Park Board and MBC and the total by entity.

| | <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 | \$ 134,579 | \$ 32,107 | \$ 166,686 | \$ 34,925 | \$ 2,200 |
| Net present value of fixed pension contributions | 65,542 | 15,705 | 81,247 | 14,849 | 1,553 |
| State of Minnesota’s proportionate share of the net pension liability associated with the entity | <u>6,266</u> | <u>1,501</u> | <u>7,767</u> | <u>1,546</u> | <u>121</u> |
| Total | <u>\$ 206,387</u> | <u>\$ 49,313</u> | <u>\$ 255,700</u> | <u>\$ 51,320</u> | <u>\$ 3,874</u> |

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For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

1. GERP Pension Costs (continued)

At December 31, 2023, 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:

| | Deferred Outflows of Resources | | | Deferred Inflows of Resources | | |
|---|--------------------------------|------------------|---------------|-------------------------------|------------------|---------------|
| | City | Park Board | MBC | City | Park Board | MBC |
| Differences between expected and actual economic experiences | \$ 5,676 | \$ 1,186 | \$ 76 | \$ 1,172 | \$ 231 | \$ 16 |
| Changes in actuarial assumptions | 28,521 | 5,620 | 399 | 48,852 | 10,206 | 651 |
| Difference between projected and actual investment earnings | - | - | - | 7,621 | 1,080 | 82 |
| Changes in proportion Contributions paid to PERA subsequent to the measurement date | 7,548 | 2,376 | 3 | 3,239 | 121 | 46 |
| | 9,115 | 1,906 | 120 | - | - | - |
| Total | \$ 50,860 | \$ 11,088 | \$ 598 | \$ 60,884 | \$ 11,638 | \$ 795 |

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, 2023. These contributions total \$9,115 for the City, \$1,906 for the Park Board, and \$120 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 |
| 2024 | \$ 4,003 | \$ 1,528 | \$ 62 |
| 2025 | (24,672) | (4,398) | (367) |
| 2026 | 5,317 | 1,207 | 38 |
| 2027 | (3,787) | (793) | (50) |

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS**D – Pension Costs (continued)****2. PEPFP Pension Costs**

At December 31, 2023, the City reported a liability of \$174,207 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, 2023, 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, 2022, through June 30, 2023, relative to the total employer payroll related contributions received from all of PERA's participating employers. At June 30, 2023, the City's proportionate share related to payroll contributions was 10.4098 percent, which was a decrease of 0.4254 percent from its proportion measured as of June 30, 2022. 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 \$53,379 as of the June 30, 2023 measurement date. The resulting combined net pension liability reported by the City as of December 31, 2023 is \$227,586. The combined liability represents a proportionate share of the Plan's net pension liability equal to 13.1791 percent for the City.

At December 31, 2023, the Park Board reported a liability of \$5,149 for the proportionate share of the PEPFP's net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the Park Board's proportionate share was 0.3077 percent, which was an increase of 0.0014 percent from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the City and Park Board recognized pension expense of \$13,127 and \$872 respectively for the proportionate share of the PEPFP's pension expense.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2023. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2022. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2023, the City and Park Board respectively recognized pension expense of (\$563) and (\$12) for its proportionate share of the Police and Fire Plan's pension expense. The City and Park Board respectively recognized (\$563) and (\$12) as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

NOTE 10 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

2. PEPFP Pension Costs (continued)

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City and Park Board recognized \$1,210 and \$26 for the year ended December 31, 2023 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Fund.

The table below shows the share of each category of pension liability for the City and Park Board and the total by entity.

| | City | |
|--|---------------------|-------------------|
| | Governmental | |
| | Activities | Park Board |
| Payroll related proportionate share of the net pension liability | \$ 174,207 | \$ 5,149 |
| Net present value of fixed pension contributions | 53,379 | - |
| State of Minnesota’s proportionate share of the net pension liability associated with the entity | 9,354 | 200 |
| Total | \$ 236,940 | \$ 5,349 |

At December 31, 2023, 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:

| | Deferred Outflows of Resources | | Deferred Inflows of Resources | |
|---|---------------------------------------|-------------------|--------------------------------------|-------------------|
| | City | Park Board | City | Park Board |
| Differences between expected and actual economic experiences | \$ 51,049 | \$ 1,459 | \$ - | \$ - |
| Changes in actuarial assumptions | 224,654 | 6,081 | 255,097 | 7,462 |
| Difference between projected and actual investment earnings | - | - | 12,705 | 181 |
| Changes in proportion Contributions paid to PERA subsequent to the measurement date | 157 | 90 | 30,878 | 207 |
| Total | \$ 287,536 | \$ 7,966 | \$ 298,680 | \$ 7,850 |

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

2. PEPFP 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, 2023. These contributions total \$11,676 for the City and \$336 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 December 31:</u> | <u>Pension Expense Amount</u> | |
|------------------------------------|-------------------------------|-------------------|
| | <u>City</u> | <u>Park Board</u> |
| 2024 | \$ (2,208) | \$ 165 |
| 2025 | (2,159) | 27 |
| 2026 | 43,975 | 1,233 |
| 2027 | (14,335) | (339) |
| 2028 | (48,093) | (1,306) |

3. TRA Pension Costs

At December 31, 2023, the City reported a liability of \$28,390 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 7.00 percent.

For the year ended December 31, 2023, the City recognized pension expense of \$(339) for its share of the TRA’s pension expense.

At December 31, 2023, 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 | \$ 1,128 | \$ - |

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

3. TRA Pension Costs (continued)

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, 2024. 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> |
|------------------------------------|-----------------------------------|
| 2024 | \$ 376 |
| 2025 | 376 |
| 2026 | 376 |

4. Total Pension Costs

Total pension expense for year ended December 31, 2023 is as shown in the chart below:

| | <u>City</u> | <u>Park Board</u> | <u>MBC</u> |
|-------|------------------|-------------------|----------------|
| GERP | \$ 1,453 | \$ 1,297 | \$ (29) |
| PEPFF | 13,127 | 872 | - |
| TRA | (339) | - | - |
| | <u>\$ 14,241</u> | <u>\$ 2,169</u> | <u>\$ (29)</u> |

E – Long-Term Expected Return on Investment

The long-term expected rate of return on pension plan investments is 7.00 percent. 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 geometric real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|----------------------|------------------------------|---|
| Domestic Equity | 33.50% | 5.10% |
| International Equity | 16.50 | 5.30 |
| Fixed Income | 25.00 | 0.75 |
| Private Markets | 25.00 | 5.90 |

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

F. Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent in 2023. This was an increase from the 6.50 percent and 5.40 percent used in 2022 for the General Employees Plan and the Police and Fire Plan, respectively. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Plan and the Police and Fire Plan were 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.

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 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability.

G – Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

| Assumption | GERP | PEPFF | TRA |
|------------------------------|----------------|----------------|-------|
| Inflation | 2.25% per year | 2.25% per year | 2.50% |
| Active Member Payroll Growth | 3.00% per year | 3.00% per year | 2.85% |
| Investment Rate of Return | 7.00% | 7.00% | 7.50% |

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service and 6.0 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service. Mortality rates for active members, retirees, survivors, and debilitants were based on the Pub-2010 General Employee Mortality Table for the General Employees Plan and the Pub-2010 Public Safety Employee Mortality tables for the Police and Fire Plan. The tables are adjusted slightly to fit PERA’s experience. Cost of living benefit increases for retirees are assumed to be 1.25 percent 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 state 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.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience studies for the Police and Fire and the Correctional Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS**G – Actuarial Assumptions (continued)**

The following changes in actuarial assumptions and plan provisions occurred in 2023:

General Employees Plan

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- For Basic Plan members, a one-time, non-compounding benefit increase of 2.5 percent minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

Police and Fire Plan

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.5 percent to 7.00 percent.
- The single discount rate changed from 5.4 percent to 7.0 percent.

Changes in Plan Provisions:

- Additional one-time direct state aid contribution of 19.4 million will be contributed to the Plan on October 1, 2023.
- Vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded 10-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after 10 years.
- A one-time, non-compounding benefit increase of 3.0 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

Teachers Retirement Association

- There were no changes in actuarial assumptions or plan provisions.

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

G – 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 | 6.0% | 7.0% | 8.0% |
| City | 384,914 | 247,933 | 134,946 |
| Park Board | 78,395 | 49,775 | 26,176 |
| MBC | 5,577 | 3,752 | 2,244 |
| PEPFF Discount Rate | 6.0% | 7.0% | 8.0% |
| City | 406,150 | 227,586 | 80,584 |
| Park Board | 10,373 | 5,149 | 856 |
| TRA Discount Rate | 6.0% | 7.0% | 8.0% |
| City | 30,937 | 28,390 | 26,184 |

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.

This Section left Blank intentionally

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 11 - 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, 2023, was \$1,339 and the CPED's total payroll was \$22,782.

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 \$74 and \$68 respectively to the plan during the year, which amounts represented 5.53 percent and 5.10 percent respectively of the covered payroll.

NOTE 12 – 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.

A – 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 December 31, 2023, actuarial valuation. Retirees pay 100 percent of the blended active/retiree premium rate, in accordance with Minnesota Statutes, Section 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.

As of the actuarial valuation for the fiscal year ending December 31, 2023, 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 | 493 | 10 | 7 |
| Active plan participants | <u>3,777</u> | <u>487</u> | <u>42</u> |
| Total | <u><u>4,270</u></u> | <u><u>497</u></u> | <u><u>49</u></u> |

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 12 – POSTEMPLOYMENT BENEFITS PLAN (continued)

B – Total OPEB Liability

The City’s and Park Board’s total OPEB liability of \$122,427 and \$1,338 respectively, was measured as of December 31, 2022, with an actuarial valuation as of December 31, 2022. MBC’s total OPEB liability of \$659 was measured as of January 1, 2023 and was determined by an actuarial valuation as of January 1, 2023.

The total OPEB liability in the fiscal year-end December 31, 2023, 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 | 2.25 % for City and Park Board; 2.50% for MBC |
| Salary increases | Based on years of service, ranging from 3.00 % to 10.25% for City and Park Board; based on years of service, ranging from 3.00% to 10.25% for MBC |
| Health care cost trend | 10.40% in 2023, gradually decreasing over several decades to an ultimate rate of 4.04% in 2075 and later years for City and Park Board. 6.50% for 2023, grading to 5.00% over 6 years and then 4.00% over the next 48 years for MBC |
| Discount Rate | 3.72% for City and Park Board; 4.00% for MBC |
| Mortality Rate | <p>City and Park Board General Healthy Pre-Retirement: Pub-2010 General Employee Mortality Table adjusted for mortality improvements using projection scale MP-2020. Rates are multiplied by a factor of 1.07 for males and 0.98 for females.</p> <p>City and Park Board General Healthy Post-Retirement: Pub-2010 General Employee Mortality Table adjusted for mortality improvements using projection scale MP-2020. Rates are multiplied by a factor of 1.02 for males and 0.90 for females.</p> <p>City and Park Board General Disabled Retiree: Pub-2010 General/Teacher Disabled Retiree Mortality Table adjusted for mortality improvements using projection scale MP-2020. Rates are set forward two years for males and set forward four years for females.</p> <p>City and Park Board Police Fire Healthy Pre-Retirement: Pub-2010 Public Safety Employee Mortality Table adjusted for mortality improvements using projection scale MP-2020.</p> <p>City and Park Board Police Fire Healthy Post-Retirement: Pub-2010 Public Safety Employee Mortality Table adjusted for mortality improvements using projection scale MP-2020. Male rates are multiplied by a factor of 0.98.</p> <p>City and Park Board Police Fire Disabled Retiree: Pub-2010 Public Safety Disabled Retiree Mortality Table adjusted for mortality improvements using projection scale MP-2020. Male rates are multiplied by a factor of 1.05.</p> <p>MBC All Participants: Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.</p> |
| Actuarial Cost Method | Entry age, level percentage of pay |

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 12 – POSTEMPLOYMENT BENEFITS PLAN (continued)

C – Changes in the Total OPEB liability

| | <u>City</u> | <u>Park Board</u> | <u>MBC</u> |
|------------------------------|-------------------|-------------------|---------------|
| Balance at January 1, 2023 | \$ 48,422 | \$ 869 | \$ 917 |
| Changes for the year | | | |
| Service cost | 2,661 | 30 | 30 |
| Interest cost | 1,001 | 11 | 18 |
| Changes of assumptions | (7,813) | (87) | (38) |
| Experience Gain/(Loss) | 83,815 | 578 | (162) |
| Benefit payments | (5,659) | (63) | (106) |
| Total net change | <u>74,005</u> | <u>469</u> | <u>(258)</u> |
| Balance at December 31, 2023 | <u>\$ 122,427</u> | <u>\$ 1,338</u> | <u>\$ 659</u> |

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

D – 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:

| | <u>1% Decrease</u> | <u>Current</u> | <u>1% Increase</u> |
|---------------------------------|--------------------|----------------|--------------------|
| Discount Rate | 2.72% | 3.72% | 4.72% |
| City total OPEB liability | \$ 134,001 | \$ 122,427 | \$ 112,334 |
| Park Board total OPEB liability | \$ 1,490 | \$ 1,338 | \$ 1,249 |
| Discount Rate | 3.00% | 4.00% | 5.00% |
| MBC total OPEB liability | \$ 683 | \$ 659 | \$ 636 |

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:

| | <u>1% Decrease</u> | <u>Current</u> | <u>1% Increase</u> |
|---------------------------------|---|---|---|
| Medical Trend Rate | 9.40% Decreasing to 3.04% by 2075 | 10.40% Decreasing to 4.04% by 2075 | 11.40% Decreasing to 5.04% by 2075 |
| City total OPEB liability | \$ 109,945 | \$ 122,427 | \$ 136,899 |
| Park Board total OPEB liability | \$ 1,223 | \$ 1,338 | \$ 1,523 |
| Medical Trend Rate | 5.50% Decreasing to 4.00% over 5 years | 6.50% Decreasing to 5.00% over 5 years | 7.50% Decreasing to 6.00% over 5 years |
| MBC total OPEB liability | \$ 627 | \$ 659 | \$ 695 |

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 12 – POSTEMPLOYMENT BENEFITS PLAN (continued)

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

For the year ended December 31, 2023, the City, Park Board, and MBC recognized OPEB expense of \$7,431, (\$258), and (\$73), 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 | \$ 74,862 | \$ 818 | \$ - | \$ - | \$ - | \$ 106 |
| Changes in actuarial assumptions | 1,469 | 16 | - | 7,055 | 83 | 26 |
| Contributions paid subsequent to the measurement date | 6,287 | 166 | 104 | - | - | - |
| Total | 82,618 | 1,000 | 104 | 7,055 | 83 | 132 |

Contributions subsequent to the measurement date are shown as deferred outflows in the above table and will be recognized as a reduction to OPEB liability for the year ended December 31, 2024. These contributions total \$6,287 for the City, \$166 for the Park Board, and \$104 for MBC. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

| Year Ended | OPEB Expense Amount | | |
|---------------------|---------------------|------------|---------|
| | City | Park Board | MBC |
| December 31: | | | |
| 2024 | \$ 12,768 | \$ 140 | \$ (66) |
| 2025 | 12,768 | 140 | (66) |
| 2026 | 12,439 | 136 | - |
| 2027 | 11,570 | 126 | - |
| 2028 | 11,217 | 122 | - |
| Thereafter | 8,513 | 87 | - |

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 12 – POSTEMPLOYMENT BENEFITS PLAN (continued)**F – Changes in Actuarial Assumptions**

The following changes in actuarial assumptions occurred in 2023 for the City and Park Board:

- The discount rate has been updated from 2.06% to 3.72%.
- The salary increase rates were updated to reflect the experience of the analogous population for Public Employees' Retirement Association of Minnesota (July 1, 2022 funding valuations).
- The medical cost increase trend rates have been updated based on short and long-term expectations.
- The mortality improvement projection scale has been updated from MP-2020 to MP-2021.
- The Per Capita Claims cost tables for medical coverage have been updated to reflect actual claims information from 2022.
- Risk scores/Age-Based Factors for Pre-65 Retirees were updated to be based on "Health Care Costs - From Birth to Death" published by the Society of Actuaries (Chart 5, Cost Curve by Age for 2010), based on an average age of 65

The following changes in actuarial assumptions occurred in 2023 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 Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 4.00%.

NOTE 13 – 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.

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 13 – VACATION, SEVERANCE, SICK AND COMPENSATORY TIME PAY (continued)

Primary Government

Activity for the primary government for the year ended December 31, 2023, was as follows:

| | <u>Balance 1/1/2023</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance 12/31/2023</u> | <u>Amounts Due Within One Year</u> |
|-------------------------------|-----------------------------|------------------|--------------------|-------------------------------|--|
| Compensated absences payable: | | | | | |
| Governmental activities | \$ 45,281 | \$ 26,957 | \$ (26,042) | \$ 46,196 | \$ 24,678 |
| Business-type activities | 4,494 | 2,668 | (3,032) | 4,130 | 3,033 |
| Total | <u>\$ 49,775</u> | <u>\$ 29,625</u> | <u>\$ (29,074)</u> | <u>\$ 50,326</u> | <u>\$ 27,711</u> |

Discretely Presented Component Units

Activity for the discretely presented component units for the year ended December 31, 2023, was as follows:

| | <u>Balance 1/1/2023</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance 12/31/2023</u> | <u>Amounts Due Within One Year</u> |
|---------------------------------------|-----------------------------|------------------|--------------------|-------------------------------|--|
| Compensated absences payable: | | | | | |
| Minneapolis Park and Recreation Board | \$ 4,339 | \$ 3,946 | \$ (3,816) | \$ 4,469 | \$ 3,679 |
| Municipal Building Commission | 229 | 224 | (219) | 234 | 204 |
| Total | <u>\$ 4,568</u> | <u>\$ 4,170</u> | <u>\$ (4,035)</u> | <u>\$ 4,703</u> | <u>\$ 3,883</u> |

NOTE 14 – 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 2022 and 2023 are as follows:

| | <u>2022</u> | <u>2023</u> |
|---|------------------|------------------|
| Incurred but not Received Claims (IBNR) | \$ 10,190 | \$ 10,056 |
| Claims Adjustment Expense | 27 | 28 |
| Provision for Adverse Deviation | 189 | 211 |
| Total Estimated Actuarial Liabilities | <u>\$ 10,406</u> | <u>\$ 10,295</u> |

NOTE 15 – 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 \$192,030 reported in the Self-Insurance Internal Service Fund at December 31, 2023, 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 2024 for claim exposure and settlements payments, calculated that the claims liability at December 31, 2023 is \$192,030, an increase of \$25,377 from the liability amount of \$166,653 at December 31, 2022.

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 2022 and 2023 are:

| | <u>2022</u> | <u>2023</u> |
|--|-------------------|-------------------|
| Liability balance – January 1 | \$ 178,270 | \$ 166,653 |
| Current year claims and changes in estimates | 27,153 | 60,514 |
| Claim payments | (38,770) | (35,137) |
| Liability balance – December 31 | <u>\$ 166,653</u> | <u>\$ 192,030</u> |

NOTE 16 – 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 17 – 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, 2023 as shown below:

| Tax Abatement Program | Taxes Abated |
|------------------------------|---------------------|
| Tax Increment Financing | \$ 9,377 |

NOTE 18 – 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 three cases that allege injury or wrongful death, as a result of police misconduct
- In March of 2023, the City settled a police use of force claim. The total settlement was \$7,500.

The City has temporarily stopped work on a capital project currently included in the City’s construction in progress balance as of December 31, 2023. The project is a multi-year land development and building construction project to be used by both business-type and governmental activities for various functions including office space, maintenance shops, and more. The project is funded through bonds and cash contributions from participating funds. Work has been on hold pending the outcome of various legal challenges and proposed contractual agreements with a local group that seeks to purchase the location for an alternate use. It is the City management’s opinion that this work stoppage does not constitute a permanent impairment to the asset at this time, pending the outcome of the aforementioned legal and contractual discussions.

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
REQUIRED SUPPLEMENTAL INFORMATION
For the Fiscal Year Ended December 31, 2023

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amounts | | Actual | Variance |
|---|-------------------|-------------------|-------------------|------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 325,903 | \$ 325,903 | \$ 325,383 | \$ (520) |
| Licenses and permits | 42,417 | 42,417 | 45,368 | 2,951 |
| Intergovernmental revenues | 84,885 | 84,885 | 116,806 | 31,921 |
| Charges for services and sales | 56,851 | 56,851 | 59,322 | 2,471 |
| Fines and forfeits | 5,382 | 5,382 | 5,741 | 359 |
| Special assessments | 4,786 | 4,786 | 5,337 | 551 |
| Investment earnings | 6,837 | 6,837 | 20,483 | 13,646 |
| Miscellaneous revenues | 2,606 | 2,604 | 3,660 | 1,056 |
| Total revenues | <u>529,667</u> | <u>529,665</u> | <u>582,100</u> | <u>52,435</u> |
| CURRENT EXPENDITURES: | | | | |
| Current: | | | | |
| General government: | | | | |
| Mayor | 2,701 | 2,722 | 2,640 | 82 |
| Legislative Department | 18,705 | 20,672 | 18,199 | 2,473 |
| Assessing | 7,991 | 9,389 | 7,671 | 1,718 |
| Attorney | 19,427 | 19,427 | 18,048 | 1,379 |
| Civil rights | 6,074 | 6,434 | 5,788 | 646 |
| Office Of Public Service | 57,290 | 59,291 | 54,757 | 4,534 |
| Information Technology | - | 2,000 | 1,369 | 631 |
| Neighborhood Safety | 12,429 | 13,269 | 13,098 | 171 |
| Arts And Cultural Affairs | 979 | 1,054 | 997 | 57 |
| Racial Equity Inclusion Belong | 1,721 | 1,836 | 1,514 | 322 |
| Performance Mgmt & Innovation | 1,202 | 1,202 | 563 | 639 |
| Contingency | 14,759 | 13,130 | - | 13,130 |
| General government pensions | - | - | 9,138 | (9,138) |
| Total general government | <u>143,278</u> | <u>150,426</u> | <u>133,782</u> | <u>16,644</u> |
| Public safety: | | | | |
| Regulatory services | 26,276 | 26,531 | 24,360 | 2,171 |
| Office of Community Safety | 12,858 | 13,341 | 13,617 | (276) |
| Fire | 73,119 | 73,119 | 78,958 | (5,839) |
| Police | 194,346 | 199,122 | 193,889 | 5,233 |
| Public safety pensions | - | - | 5,016 | (5,016) |
| Total public safety | <u>306,599</u> | <u>312,113</u> | <u>315,840</u> | <u>(3,727)</u> |
| Public works | <u>64,723</u> | <u>64,902</u> | <u>69,387</u> | <u>(4,485)</u> |
| Health and welfare - Health and family support | <u>16,056</u> | <u>16,742</u> | <u>15,758</u> | <u>984</u> |
| Community planning and economic development | <u>43,897</u> | <u>54,546</u> | <u>38,256</u> | <u>16,290</u> |
| Debt Service: | | | | |
| Principal retirement | - | - | 1,580 | (1,580) |
| Interest and fiscal charges | - | - | 196 | (196) |
| Total expenditures | <u>574,553</u> | <u>598,729</u> | <u>574,799</u> | <u>23,930</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(44,886)</u> | <u>(69,064)</u> | <u>7,301</u> | <u>76,365</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers from other funds | 64,470 | 64,738 | 61,738 | (3,000) |
| Transfers to other funds | (24,397) | (32,888) | (32,888) | - |
| Leases issued | - | - | 502 | 502 |
| Total other financing sources (uses) | <u>40,073</u> | <u>31,850</u> | <u>29,352</u> | <u>(2,498)</u> |
| Net change in fund balance | (4,813) | (37,214) | 36,653 | 73,867 |
| Fund balances - January 1 | <u>173,717</u> | <u>173,717</u> | <u>173,717</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 168,904</u> | <u>\$ 136,503</u> | <u>\$ 210,370</u> | <u>\$ 73,867</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
REQUIRED SUPPLEMENTAL INFORMATION
For the Fiscal Year Ended December 31, 2023**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amounts | | Actual | Variance |
|---|-------------------|-------------------|-------------------|------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 26,318 | \$ 26,318 | \$ 20,236 | \$ (6,082) |
| Intergovernmental revenues | - | - | 513 | 513 |
| Charges for services and sales | - | - | 1,059 | 1,059 |
| Special assessments | - | - | 812 | 812 |
| Investment earnings | 5,312 | 5,312 | 7,965 | 2,653 |
| Miscellaneous revenues | 5,941 | 5,941 | 1,773 | (4,168) |
| Total revenues | <u>37,571</u> | <u>37,571</u> | <u>32,358</u> | <u>(5,213)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community planning and economic development | <u>53,323</u> | <u>137,491</u> | <u>32,380</u> | <u>105,111</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(15,752)</u> | <u>(99,920)</u> | <u>(22)</u> | <u>99,898</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers from other funds | 15,941 | 24,429 | 22,202 | (2,227) |
| Transfers to other funds | <u>(11,999)</u> | <u>(11,999)</u> | <u>(10,115)</u> | <u>1,884</u> |
| Total other financing sources (uses) | <u>3,942</u> | <u>12,430</u> | <u>12,087</u> | <u>(343)</u> |
| Net change in fund balance | (11,810) | (87,490) | 12,065 | 99,555 |
| Fund balances - January 1 | <u>229,590</u> | <u>229,590</u> | <u>229,590</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 217,780</u> | <u>\$ 142,100</u> | <u>\$ 241,655</u> | <u>\$ 99,555</u> |

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

**GRANTS - FEDERAL
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
REQUIRED SUPPLEMENTAL INFORMATION
For the Fiscal Year Ended December 31, 2023**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amounts | | Actual | Variance |
|---|--------------------|---------------------|-----------------|-------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental revenues | \$ 13,536 | \$ 36,534 | \$ 99,527 | \$ 62,993 |
| Charges for services and sales | - | - | 60 | 60 |
| Investment earnings | - | - | 7,790 | 7,790 |
| Miscellaneous revenues | - | - | 328 | 328 |
| Total revenues | <u>13,536</u> | <u>36,534</u> | <u>107,705</u> | <u>71,171</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 1,712 | 18,434 | 8,864 | 9,570 |
| Public safety | 5,028 | 14,641 | 5,525 | 9,116 |
| Public works | - | 4,535 | 1,352 | 3,183 |
| Health and welfare | 10,034 | 28,257 | 14,075 | 14,182 |
| Community planning and economic development | 4,517 | 39,995 | 22,661 | 17,334 |
| Intergovernmental: | | | | |
| Health and Welfare | 332 | 332 | 332 | - |
| Total expenditures | <u>21,623</u> | <u>106,194</u> | <u>52,809</u> | <u>53,385</u> |
| Excess (deficiency) of revenues over (under) expenditures | (8,087) | (69,660) | 54,896 | 124,556 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers to other funds | <u>(47,106)</u> | <u>(47,106)</u> | <u>(47,106)</u> | <u>-</u> |
| Net change in fund balances | (55,193) | (116,766) | 7,790 | 124,556 |
| Fund balances - January 1 | <u>548</u> | <u>548</u> | <u>548</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ (54,645)</u> | <u>\$ (116,218)</u> | <u>\$ 8,338</u> | <u>\$ 124,556</u> |

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

**HUD CONSOLIDATED PLAN
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
REQUIRED SUPPLEMENTAL INFORMATION
For the Fiscal Year Ended December 31, 2023**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amounts | | Actual | Variance |
|---|------------------|-----------------|-----------------|-----------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental revenues | \$ 14,324 | \$ 28,036 | \$ 19,587 | \$ (8,449) |
| Charges for services and sales | - | - | 257 | 257 |
| Investment earnings | - | - | 116 | 116 |
| Miscellaneous revenues | 1,445 | 1,445 | 1,259 | (186) |
| Total revenues | <u>15,769</u> | <u>29,481</u> | <u>21,219</u> | <u>(8,262)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 3,839 | 3,839 | 2,945 | 894 |
| Public safety | 1,120 | 1,120 | 970 | 150 |
| Community planning and economic development | 14,541 | 28,253 | 17,072 | 11,181 |
| Total expenditures | <u>19,500</u> | <u>33,212</u> | <u>20,987</u> | <u>12,225</u> |
| Net change in fund balances | (3,731) | (3,731) | 232 | 3,963 |
| Fund balances - January 1 | <u>5,289</u> | <u>5,289</u> | <u>5,289</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 1,558</u> | <u>\$ 1,558</u> | <u>\$ 5,521</u> | <u>\$ 3,963</u> |

DEFINED BENEFIT PENSION PLANS

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2023

(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 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% |
| December 31, 2020 | 28,174 | 28,174 | - | 217,363 | 13.0% |
| December 31, 2021 | 27,157 | 27,157 | - | 203,866 | 13.3% |
| December 31, 2022 | 27,899 | 27,899 | - | 213,400 | 13.1% |
| December 31, 2023 | 29,813 | 29,813 | - | 239,552 | 12.4% |

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

| Fiscal Year Ending | Statutorily 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% |
| December 31, 2020 | 444 | 444 | - | 2,887 | 15.4% |
| December 31, 2021 | 444 | 444 | - | 2,900 | 15.3% |
| December 31, 2022 | 446 | 446 | - | 2,916 | 15.3% |
| December 31, 2023 | 462 | 462 | - | 3,133 | 14.7% |

* 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, 2023

(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% |
| June 30, 2020 | 4.7247% | 283,266 | 9,617 | 292,883 | 212,140 | 133.5% | 79.1% |
| June 30, 2021 | 5.0671% | 216,387 | 6,602 | 222,989 | 203,990 | 106.1% | 87.0% |
| June 30, 2022 | 4.0135% | 317,869 | 11,403 | 329,272 | 209,243 | 151.9% | 76.7% |
| June 30, 2023 | 4.4338% | 247,933 | 7,767 | 255,700 | 232,649 | 106.6% | 83.1% |

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% |
| June 30, 2020 | 0.0705% | 4,230 | 150 | 4,380 | 2,772 | 152.6% | 79.1% |
| June 30, 2021 | 0.0817% | 3,490 | 106 | 3,596 | 2,811 | 124.2% | 87.0% |
| June 30, 2022 | 0.0621% | 4,916 | 180 | 5,096 | 2,939 | 167.3% | 76.7% |
| June 30, 2023 | 0.0671% | 3,753 | 121 | 3,874 | 3,079 | 121.9% | 83.1% |

* 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, 2023

(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% |
| December 31, 2020 | 31,566 | 31,566 | - | 134,819 | 23.4% |
| December 31, 2021 | 28,713 | 28,713 | - | 118,830 | 24.2% |
| December 31, 2022 | 28,906 | 28,906 | - | 117,964 | 24.5% |
| December 31, 2023 | 30,994 | 30,994 | - | 133,577 | 23.2% |

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 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 and the State's Related 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 Position of the Total Pension Liability |
|------------------|--|--|--|--|----------------------------------|--|--|
| June 30, 2015 | 19.4220% | \$ 220,680 | N/A | \$ 220,680 | \$ 101,015 | 218.5% | 86.6% |
| June 30, 2016 | 19.8370% | 796,093 | N/A | 796,093 | 106,039 | 750.8% | 63.9% |
| June 30, 2017 | 20.8345% | 281,291 | N/A | 281,291 | 120,133 | 234.1% | 85.4% |
| June 30, 2018 | 22.5320% | 240,167 | N/A | 240,167 | 123,917 | 193.8% | 88.8% |
| June 30, 2019 | 17.5833% | 187,192 | N/A | 187,192 | 124,200 | 150.7% | 89.3% |
| June 30, 2020 | 16.5738% | 218,460 | 4,812 | 223,272 | 130,203 | 167.8% | 87.2% |
| June 30, 2021 | 18.6986% | 144,333 | 4,945 | 149,278 | 124,980 | 115.5% | 93.7% |
| June 30, 2022 | 12.0884% | 526,041 | 25,500 | 551,541 | 119,405 | 440.6% | 70.5% |
| June 30, 2023 | 13.1791% | 227,586 | 9,354 | 236,940 | 127,015 | 179.2% | 86.5% |

* 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.

DEFINED BENEFIT PENSION PLANS

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2023

(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 |
| December 31, 2020 | 2,250 | 2,250 | - | - | N/A |
| December 31, 2021 | 2,250 | 2,250 | - | - | N/A |
| December 31, 2022 | 2,250 | 2,250 | - | - | N/A |
| December 31, 2023 | 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% |
| June 30, 2020 | N/A | 27,248 | - | N/A | 75.5% |
| June 30, 2021 | N/A | 29,138 | - | N/A | 86.6% |
| June 30, 2022 | N/A | 28,777 | - | N/A | 76.2% |
| June 30, 2023 | N/A | 28,390 | - | N/A | 76.4% |

* 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, 2023

(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 | | 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 - Employee Payroll | Total OPEB Liability as a Percentage of Covered Payroll |
|--------------------|----------|----------|--|---------------------------|---------------------|--|--|-------------------------------------|----------------------------------|---|
| | Cost | Interest | | | | | | | | |
| 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% |
| December 31, 2020 | 1,900 | 1,424 | - | 2,648 | (2,305) | 3,667 | 37,614 | 41,281 | 354,304 | 11.65% |
| December 31, 2021 | 1,967 | 1,164 | 5,375 | (303) | (2,271) | 5,932 | 41,281 | 47,213 | 348,530 | 13.55% |
| December 31, 2022 | 2,566 | 1,028 | - | 180 | (2,565) | 1,209 | 47,213 | 48,422 | 368,160 | 13.15% |
| December 31, 2023 | 2,661 | 1,001 | 83,815 | (7,813) | (5,659) | 74,005 | 48,422 | 122,427 | 392,758 | 31.17% |

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 | | 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 - Employee Payroll | Total OPEB Liability as a Percentage of Covered Payroll |
|--------------------|---------|----------|--|---------------------------|---------------------|--|--|-------------------------------------|----------------------------------|---|
| | Cost | Interest | | | | | | | | |
| 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% |
| December 31, 2020 | 36 | 33 | - | 28 | (103) | (6) | 881 | 875 | 2,674 | 32.72% |
| December 31, 2021 | 37 | 25 | 115 | (14) | (90) | 73 | 875 | 948 | 2,727 | 34.76% |
| December 31, 2022 | 39 | 19 | - | - | (90) | (31) | 948 | 917 | 2,809 | 32.65% |
| December 31, 2023 | 30 | 18 | (162) | (38) | (106) | (258) | 917 | 659 | 2,940 | 22.41% |

* 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.

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 departments in the General Fund had expenditures in excess of appropriation for the fiscal year ending December 31, 2023.

| | <u>Final Budgeted</u> <u>Amounts</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------|---|---------------|-----------------|
| General Fund: | | | |
| General government pensions | \$ - | \$ 9,138 | \$ (9,138) |
| Office of Community Safety | 13,341 | 13,617 | (276) |
| Fire | 73,119 | 78,958 | (5,839) |
| Public safety pensions | - | 5,016 | (5,016) |
| Public Works | 64,902 | 69,387 | (4,485) |
| Debt Service: | | | |
| Principal retirement | - | 1,580 | (1,580) |
| Interest and fiscal charges | - | 196 | (196) |

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. The Office of Community Safety’s 911 Department exceeded budget due to additional costs resulting from a wage study. The Fire Dept exceeded budget due to overtime costs and back pay due to a settled union contract. Public Works exceeded budget due to the cost of additional work for other departments and snow removal activity beyond what was budgeted. No budgets are established for lease and software subscriptions principal retirement and interest and fiscal charges.

NOTE 3 – DEFINED BENEFIT PENSION PLANS

A – Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred:

General Employees Retirement Plan

2023

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.
- A one-time direct state aid contribution of \$170.1 million occurred on October 1, 2023.
- The vesting period for those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024 was eliminated.
- For Basic Plan members, a one-time, non-compounding benefit of 4.00 percent, minus the actual 2024 payment adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.

For the Fiscal Year Ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 3 – DEFINED BENEFIT PENSION PLANS**A – Changes in Actuarial Assumptions****General Employees Retirement Plan (continued)**2022

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP- 2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023 and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

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.

For the Fiscal Year Ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 3 – DEFINED BENEFIT PENSION PLANS**A – Changes in Actuarial Assumptions****General Employees Retirement Plan (continued)**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.

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 Plan2023

- The investment return assumption was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.40 percent to 7.00 percent.
- A one-time direct state aid contribution of \$19.4 million occurred on October 1, 2023.
- The vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded ten-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 percent after ten years.
- A one-time, non-compounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- A total and permanent duty disability benefit was added effective July 1, 2023.

2022

- The investment return and single discount rates were changed from 6.50 percent to 5.40 percent.
- The mortality improvement scale was changed from MP-2020 to MP-2021.

For the Fiscal Year Ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 3 – DEFINED BENEFIT PENSION PLANS**A – Changes in Actuarial Assumptions****Public Employees Police and Fire Plan (continued)**2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020

- The mortality projection scale was changed from MP-2018 to MP-2019.

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.

For the Fiscal Year Ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 3 – DEFINED BENEFIT PENSION PLANS**A – Changes in Actuarial Assumptions****Public Employees Police and Fire Plan (continued)**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.
- 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 Fund2023

- There were no changes in actuarial assumptions.

2022

- There were no changes in actuarial assumptions.

2021

- The investment return assumption was changed from 7.50% to 7.00%.

For the Fiscal Year Ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 3 – DEFINED BENEFIT PENSION PLANS**A – Changes in Actuarial Assumptions****Teachers' Retirement Association Fund (continued)**2020

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 5 years and female rates set back 7 years. Generational projections uses the MP-2015 scale.
- Assumed form of annuity election proportions were changed to more closely reflect experience for female retirees.

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.
- 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.

For the Fiscal Year Ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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 Liability2023

The following changes in actuarial assumptions occurred in 2023 for the City and Park Board:

- The discount rate has been updated from 2.06% to 3.72%.
- The salary increase rates were updated to reflect the experience of the analogous population for Public Employees' Retirement Association of Minnesota (July 1, 2022 funding valuations).
- The medical cost increase trend rates have been updated based on short and long-term expectations.
- The mortality improvement projection scale has been updated from MP-2020 to MP-2021.
- The Per Capita Claims cost tables for medical coverage have been updated to reflect actual claims information from 2022.
- Risk scores/Age-Based Factors for Pre-65 Retirees were updated to be based on "Health Care Costs - From Birth to Death" published by the Society of Actuaries (Chart 5, Cost Curve by Age for 2010), based on an average age of 65.

The following changes in actuarial assumptions occurred in 2023 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 Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 4.00%.

2022

The following changes in actuarial assumptions occurred in 2022 for the City and Park Board:

- Discount rate was updated to reflect the Bond Buyer 20-Bond General Obligation Index as of 12/31/2021.

No changes in actuarial assumptions occurred in 2022 for MBC.

2021

The following changes in actuarial assumptions occurred in 2021 for the City and Park Board:

- Salary increase rates were updated to reflect the 2019 Experience Study for PERA.
- Retirement rates were updated to reflect the 2019 Experience Study for PERA.
- Termination rates were updated to reflect the 2019 Experience Study for PERA.
- Mortality rates were updated to reflect the 2019 Experience Study for PERA.
- Disability rates were updated to reflect the 2019 Experience Study for PERA.
- Discount rate was updated to reflect the Bond Buyer 20-Bond General Obligation Index as of 12/31/2020.
- Medical trend increase rates was updated to reflect current and anticipated future economic environment.

For the Fiscal Year Ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

NOTE 4 – POSTEMPLOYMENT BENEFITS PLAN**B – Plan Changes Affecting Actuarial Accrued Liability**2021 (continued)

The following changes in actuarial assumptions occurred in 2021 for MBC:

- The health care trend rates, mortality tables, salary increase rates, and retirement and withdrawal rates were updated.
- The inflation rate was changed from 2.50% to 2.00%.
- The discount rate was changed from 2.90% to 2.00%.

2020

The following changes in actuarial assumptions occurred in 2020 for the City and Park Board:

- The discount rate was changed from 3.71% to 2.75% based on updated 20-year municipal bond rates.

The following changes in actuarial assumptions occurred in 2020 for MBC:

- The discount rate was changed from 3.80% to 2.90%.

2019

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.

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%.

2018

The following changes in actuarial assumptions occurred for all entities in 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. In addition, payments of the City's portion of U.S. Bank Stadium are being made from the local taxes.

Convention Center – This fund is used to account for the ownership, capital maintenance, operations, and debt service 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 – 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. 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, 2023

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| <u>ASSETS</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Total Non-Major Governmental</u> |
|---|------------------------|---------------------|---|
| Cash and cash equivalents | \$ 151,088 | \$ 33,065 | \$ 184,153 |
| Investments with trustees | - | 3,476 | 3,476 |
| Receivables: | | | |
| Accounts - net | 1,072 | - | 1,072 |
| Taxes | 132 | 403 | 535 |
| Special assessments | 13 | - | 13 |
| Intergovernmental | 13,023 | - | 13,023 |
| Leases | 19,644 | - | 19,644 |
| Accrued interest | 399 | 57 | 456 |
| Advances to other funds | 4,055 | - | 4,055 |
| Properties held for resale | 646 | - | 646 |
| Total assets | <u>\$ 190,072</u> | <u>\$ 37,001</u> | <u>\$ 227,073</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| This row is hidden so rows are consistent on all tabs | | | |
| Salaries payable | \$ 479 | \$ - | \$ 479 |
| Accounts payable | 6,580 | 3 | 6,583 |
| Deposits held for others | 1,437 | - | 1,437 |
| Advances from other funds | - | 4,055 | 4,055 |
| Unearned revenue | 7,753 | - | 7,753 |
| Total liabilities | <u>16,249</u> | <u>4,058</u> | <u>20,307</u> |
| Deferred Inflows of Resources: | | | |
| Unavailable revenue | 89 | 239 | 328 |
| Leases | 19,051 | - | 19,051 |
| Total deferred inflows of resources | 19,140 | 239 | 19,379 |
| Fund balances: | | | |
| Restricted | 10,300 | 32,704 | 43,004 |
| Assigned | 144,383 | - | 144,383 |
| Total fund balances | <u>154,683</u> | <u>32,704</u> | <u>187,387</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 190,072</u> | <u>\$ 37,001</u> | <u>\$ 227,073</u> |

**GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2023**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Total Non-Major Governmental</u> |
|--|------------------------|---------------------|---|
| REVENUES: | | | |
| Taxes | \$ 91,199 | \$ 51,095 | \$ 142,294 |
| Licenses and permits | 103 | - | 103 |
| Intergovernmental revenues | 28,909 | 50 | 28,959 |
| Charges for services and sales | 9,483 | - | 9,483 |
| Fines and forfeits | 111 | - | 111 |
| Special assessments | 7,794 | - | 7,794 |
| Investment earnings | 4,643 | 1,992 | 6,635 |
| Miscellaneous revenues | 19,707 | 4,872 | 24,579 |
| Total revenues | <u>161,949</u> | <u>58,009</u> | <u>219,958</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| General government | 24,669 | - | 24,669 |
| Public safety | 10,499 | - | 10,499 |
| Public works | 186 | - | 186 |
| Health and welfare | 6,377 | - | 6,377 |
| Community planning and economic development | 73,983 | - | 73,983 |
| Debt Service: | | | |
| Principal retirement | - | 61,570 | 61,570 |
| Interest and fiscal charges | - | 16,485 | 16,485 |
| Total expenditures | <u>115,714</u> | <u>78,055</u> | <u>193,769</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>46,235</u> | <u>(20,046)</u> | <u>26,189</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers from other funds | 42,449 | 23,866 | 66,315 |
| Transfers to other funds | <u>(64,716)</u> | <u>(1,669)</u> | <u>(66,385)</u> |
| Total other financing sources (uses) | <u>(22,267)</u> | <u>22,197</u> | <u>(70)</u> |
| Net change in fund balances | 23,968 | 2,151 | 26,119 |
| Fund balances - January 1 | <u>130,715</u> | <u>30,553</u> | <u>161,268</u> |
| Fund balances - December 31 | <u>\$ 154,683</u> | <u>\$ 32,704</u> | <u>\$ 187,387</u> |

**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
December 31, 2023**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | <u>Arena Reserve</u> | <u>Board of Estimate and Taxation</u> | <u>Downtown Assets</u> | <u>Convention Center</u> | <u>Self-Managed Special Service Districts</u> |
|---|--------------------------|---|----------------------------|------------------------------|---|
| <u>ASSETS</u> | | | | | |
| Cash and cash equivalents | \$ 5,547 | \$ 316 | \$ 71,089 | \$ 23,282 | \$ 430 |
| Receivables: | | | | | |
| Accounts - net | - | - | - | 717 | - |
| Taxes | - | 1 | - | - | - |
| Special assessments | - | - | - | - | 7 |
| Intergovernmental | - | - | 7,030 | - | - |
| Leases | 19,644 | - | - | - | - |
| Accrued interest | 35 | - | 202 | 65 | 1 |
| Advances to other funds | - | - | - | - | - |
| Properties held for resale | - | - | - | - | - |
| Total assets | <u>\$ 25,226</u> | <u>\$ 317</u> | <u>\$ 78,321</u> | <u>\$ 24,064</u> | <u>\$ 438</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u> | | | | | |
| Liabilities: | | | | | |
| Salaries payable | \$ 4 | \$ 6 | \$ - | \$ 296 | \$ - |
| Accounts payable | 151 | 2 | - | 4,698 | - |
| Deposits held for others | - | - | - | 1,437 | - |
| Unearned revenue | - | - | - | - | - |
| Total liabilities | <u>155</u> | <u>8</u> | <u>-</u> | <u>6,431</u> | <u>-</u> |
| Deferred inflows of resources: | | | | | |
| Deferred inflows - leases | 19,051 | - | - | - | - |
| Unavailable revenue | - | - | - | - | - |
| Total deferred inflows of resources | <u>19,051</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | | |
| Restricted | - | - | - | - | - |
| Assigned | 6,020 | 309 | 78,321 | 17,633 | 438 |
| Total fund balances | <u>6,020</u> | <u>309</u> | <u>78,321</u> | <u>17,633</u> | <u>438</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 25,226</u> | <u>\$ 317</u> | <u>\$ 78,321</u> | <u>\$ 24,064</u> | <u>\$ 438</u> |

**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
December 31, 2023**

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

(In Thousands)

| <u>Employee Retirement</u> | <u>Grants-Other</u> | <u>Police</u> | <u>Neighborhood and Community Relations</u> | <u>Regulatory Services</u> | <u>Total</u> |
|----------------------------|---------------------|-----------------|---|----------------------------|-------------------|
| \$ 36,358 | \$ 9,846 | \$ 3,792 | \$ 428 | \$ - | \$ 151,088 |
| - | 22 | 333 | - | - | 1,072 |
| 131 | - | - | - | - | 132 |
| - | 6 | - | - | - | 13 |
| - | 5,993 | - | - | - | 13,023 |
| - | - | - | - | - | 19,644 |
| 89 | 7 | - | - | - | 399 |
| 4,055 | - | - | - | - | 4,055 |
| - | 646 | - | - | - | 646 |
| <u>\$ 40,633</u> | <u>\$ 16,520</u> | <u>\$ 4,125</u> | <u>\$ 428</u> | <u>\$ -</u> | <u>\$ 190,072</u> |
| | | | | | |
| \$ - | \$ 144 | \$ 29 | \$ - | \$ - | \$ 479 |
| - | 1,499 | 184 | 46 | - | 6,580 |
| - | - | - | - | - | 1,437 |
| - | 7,745 | 8 | - | - | 7,753 |
| - | 9,388 | 221 | 46 | - | 16,249 |
| - | - | - | - | - | 19,051 |
| 89 | - | - | - | - | 89 |
| 89 | - | - | - | - | 19,140 |
| - | 7,132 | 3,168 | - | - | 10,300 |
| 40,544 | - | 736 | 382 | - | 144,383 |
| 40,544 | 7,132 | 3,904 | 382 | - | 154,683 |
| <u>\$ 40,633</u> | <u>\$ 16,520</u> | <u>\$ 4,125</u> | <u>\$ 428</u> | <u>\$ -</u> | <u>\$ 190,072</u> |

**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, 2023

(In Thousands)

| | Arena Reserve | Board of Estimate and Taxation | Downtown Assets | Convention Center | Self-Managed Special Service Districts |
|--|------------------|--------------------------------------|--------------------|----------------------|--|
| REVENUES: | | | | | |
| Taxes | \$ - | \$ 100 | \$ 77,608 | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - |
| Intergovernmental revenues | - | - | - | - | - |
| Charges for services and sales | - | - | - | 7,458 | - |
| Fines and forfeits | - | - | - | - | - |
| Special assessments | - | - | - | - | 7,768 |
| Investment earnings | 850 | - | 1,663 | 772 | (25) |
| Miscellaneous revenues | 2,086 | - | - | 11,310 | - |
| Total revenues | <u>2,936</u> | <u>100</u> | <u>79,271</u> | <u>19,540</u> | <u>7,743</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | - | 127 | - | - | 7,782 |
| Public safety | - | - | - | - | - |
| Public works | - | - | - | - | - |
| Health and welfare | - | - | - | - | - |
| Community planning and economic development | 4,980 | - | 431 | 49,994 | - |
| Total expenditures | <u>4,980</u> | <u>127</u> | <u>431</u> | <u>49,994</u> | <u>7,782</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(2,044)</u> | <u>(27)</u> | <u>78,840</u> | <u>(30,454)</u> | <u>(39)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers from other funds | 3,500 | - | 1,924 | 37,021 | - |
| Transfers to other funds | (1,924) | - | (55,970) | (6,553) | (28) |
| Total other financing sources (uses) | <u>1,576</u> | <u>-</u> | <u>(54,046)</u> | <u>30,468</u> | <u>(28)</u> |
| Net change in fund balances | (468) | (27) | 24,794 | 14 | (67) |
| Fund balances - January 1 | <u>6,488</u> | <u>336</u> | <u>53,527</u> | <u>17,619</u> | <u>505</u> |
| Fund balances - December 31 | <u>\$ 6,020</u> | <u>\$ 309</u> | <u>\$ 78,321</u> | <u>\$ 17,633</u> | <u>\$ 438</u> |

SPECIAL REVENUE FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**
COMBINING STATEMENT OF REVENUES, EXPENDITURES, **(continued)**
AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2023 **(In Thousands)**

| <u>Employee Retirement</u> | <u>Grants-Other</u> | <u>Police</u> | <u>Neighborhood and Community Relations</u> | <u>Regulatory Services</u> | <u>Total</u> |
|----------------------------|---------------------|-----------------|---|----------------------------|-------------------|
| \$ 13,233 | \$ 29 | \$ 229 | \$ - | \$ - | \$ 91,199 |
| - | 103 | - | - | - | 103 |
| 6,370 | 22,493 | 46 | - | - | 28,909 |
| - | 989 | 876 | - | 160 | 9,483 |
| - | - | 111 | - | - | 111 |
| - | 26 | - | - | - | 7,794 |
| 1,278 | 105 | - | - | - | 4,643 |
| 3,469 | 2,842 | - | - | - | 19,707 |
| <u>24,350</u> | <u>26,587</u> | <u>1,262</u> | <u>-</u> | <u>160</u> | <u>161,949</u> |
| 16,515 | 245 | - | - | - | 24,669 |
| 7,679 | 1,631 | 1,102 | - | 87 | 10,499 |
| - | 25 | - | - | 161 | 186 |
| - | 6,377 | - | - | - | 6,377 |
| - | 17,197 | - | 1,381 | - | 73,983 |
| <u>24,194</u> | <u>25,475</u> | <u>1,102</u> | <u>1,381</u> | <u>248</u> | <u>115,714</u> |
| 156 | 1,112 | 160 | (1,381) | (88) | 46,235 |
| - | 4 | - | - | - | 42,449 |
| - | - | - | - | (241) | (64,716) |
| - | 4 | - | - | (241) | (22,267) |
| 156 | 1,116 | 160 | (1,381) | (329) | 23,968 |
| <u>40,388</u> | <u>6,016</u> | <u>3,744</u> | <u>1,763</u> | <u>329</u> | <u>130,715</u> |
| <u>\$ 40,544</u> | <u>\$ 7,132</u> | <u>\$ 3,904</u> | <u>\$ 382</u> | <u>\$ -</u> | <u>\$ 154,683</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, 2023**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|-----------------|-----------------|-----------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Investment earnings | \$ 37 | \$ 37 | \$ 850 | \$ 813 |
| Miscellaneous revenues | 1,647 | 1,647 | 2,086 | 439 |
| Total revenues | <u>1,684</u> | <u>1,684</u> | <u>2,936</u> | <u>1,252</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community planning and economic development | <u>7,175</u> | <u>9,143</u> | <u>4,980</u> | <u>4,163</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(5,491)</u> | <u>(7,459)</u> | <u>(2,044)</u> | <u>5,415</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers from other funds | 5,000 | 5,000 | 3,500 | (1,500) |
| Transfers to other funds | <u>(1,924)</u> | <u>(1,924)</u> | <u>(1,924)</u> | - |
| Total other financing sources (uses) | <u>3,076</u> | <u>3,076</u> | <u>1,576</u> | <u>(1,500)</u> |
| Net change in fund balances | (2,415) | (4,383) | (468) | 3,915 |
| Fund balances - January 1 | <u>6,488</u> | <u>6,488</u> | <u>6,488</u> | - |
| Fund balances - December 31 | <u>\$ 4,073</u> | <u>\$ 2,105</u> | <u>\$ 6,020</u> | <u>\$ 3,915</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, 2023**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amount | | Actual | Variance |
|-----------------------------|-----------------|---------------|---------------|---------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 102 | \$ 102 | \$ 100 | \$ (2) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 125 | 125 | 127 | (2) |
| Net change in fund balances | (23) | (23) | (27) | (4) |
| Fund balances - January 1 | 336 | 336 | 336 | - |
| Fund balances - December 31 | <u>\$ 313</u> | <u>\$ 313</u> | <u>\$ 309</u> | <u>\$ (4)</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, 2023**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amount | | Actual | Variance |
|--|------------------------|------------------|------------------|------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 51,433 | \$ 51,433 | \$ 77,608 | \$ 26,175 |
| Investment earnings | 666 | 666 | 1,663 | 997 |
| Total revenues | <u>52,099</u> | <u>52,099</u> | <u>79,271</u> | <u>27,172</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community planning and economic development | <u>456</u> | <u>456</u> | <u>431</u> | <u>25</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>51,643</u> | <u>51,643</u> | <u>78,840</u> | <u>27,197</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers from other funds | 1,924 | 1,924 | 1,924 | - |
| Transfers to other funds | <u>(55,971)</u> | <u>(55,971)</u> | <u>(55,970)</u> | <u>1</u> |
| Total other financing sources (uses) | <u>(54,047)</u> | <u>(54,047)</u> | <u>(54,046)</u> | <u>1</u> |
| Net change in fund balances | (2,404) | (2,404) | 24,794 | 27,198 |
| Fund balances - January 1 | <u>53,527</u> | <u>53,527</u> | <u>53,527</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 51,123</u> | <u>\$ 51,123</u> | <u>\$ 78,321</u> | <u>\$ 27,198</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, 2023**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amount | | Actual | Variance |
|--|------------------|------------------|------------------|-----------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Charges for services and sales | \$ 5,405 | \$ 5,405 | \$ 7,458 | \$ 2,053 |
| Investment earnings | 151 | 151 | 772 | 621 |
| Miscellaneous revenues | 9,609 | 9,609 | 11,310 | 1,701 |
| Total revenues | <u>15,165</u> | <u>15,165</u> | <u>19,540</u> | <u>4,375</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community planning and economic development | <u>50,424</u> | <u>52,411</u> | <u>49,994</u> | <u>2,417</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(35,259)</u> | <u>(37,246)</u> | <u>(30,454)</u> | <u>6,792</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers from other funds | 37,021 | 37,021 | 37,021 | - |
| Transfers to other funds | (6,252) | (6,252) | (6,553) | (301) |
| Total other financing sources (uses) | <u>30,769</u> | <u>30,769</u> | <u>30,468</u> | <u>(301)</u> |
| Net change in fund balances | (4,490) | (6,477) | 14 | 6,491 |
| Fund balances - January 1 | <u>17,619</u> | <u>17,619</u> | <u>17,619</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 13,129</u> | <u>\$ 11,142</u> | <u>\$ 17,633</u> | <u>\$ 6,491</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, 2023**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|---------------|---------------|----------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Special assessments | \$ 7,827 | \$ 7,827 | \$ 7,768 | \$ (59) |
| Investment earnings | - | - | (25) | (25) |
| Total revenues | <u>7,827</u> | <u>7,827</u> | <u>7,743</u> | <u>(84)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | <u>7,827</u> | <u>7,827</u> | <u>7,782</u> | <u>45</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>-</u> | <u>(39)</u> | <u>(39)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers to other funds | <u>-</u> | <u>(27)</u> | <u>(28)</u> | <u>(1)</u> |
| Net change in fund balances | - | (27) | (67) | (40) |
| Fund balances - January 1 | <u>505</u> | <u>505</u> | <u>505</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 505</u> | <u>\$ 478</u> | <u>\$ 438</u> | <u>\$ (40)</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, 2023**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amounts | | Actual | Variance |
|-----------------------------|------------------|------------------|------------------|-----------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 13,575 | \$ 13,575 | \$ 13,233 | \$ (342) |
| Intergovernmental revenues | 5,644 | 5,644 | 6,370 | 726 |
| Investment earnings | - | - | 1,278 | 1,278 |
| Miscellaneous revenues | 3,254 | 3,254 | 3,469 | 215 |
| Total revenues | <u>22,473</u> | <u>22,473</u> | <u>24,350</u> | <u>1,877</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 16,515 | 16,515 | 16,515 | - |
| Public safety | 7,679 | 7,679 | 7,679 | - |
| Total expenditures | <u>24,194</u> | <u>24,194</u> | <u>24,194</u> | <u>-</u> |
| Net change in fund balances | (1,721) | (1,721) | 156 | 1,877 |
| Fund balances - January 1 | <u>40,388</u> | <u>40,388</u> | <u>40,388</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 38,667</u> | <u>\$ 38,667</u> | <u>\$ 40,544</u> | <u>\$ 1,877</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, 2023**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|-----------------|-----------------|-----------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 70 | \$ 70 | \$ 29 | \$ (41) |
| Licenses and permits | - | - | 103 | 103 |
| Intergovernmental revenues | - | 26,272 | 22,493 | (3,779) |
| Charges for services and sales | - | 950 | 989 | 39 |
| Special assessments | - | 1,840 | 26 | (1,814) |
| Investment earnings | - | 147 | 105 | (42) |
| Miscellaneous revenues | - | 1,888 | 2,842 | 954 |
| Total revenues | <u>70</u> | <u>31,167</u> | <u>26,587</u> | <u>(4,580)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | - | 996 | 245 | 751 |
| Public safety | - | 6,526 | 1,631 | 4,895 |
| Public works | - | 75 | 25 | 50 |
| Health and welfare | - | 8,602 | 6,377 | 2,225 |
| Community planning and economic development | - | 17,198 | 17,197 | 1 |
| Total expenditures | <u>-</u> | <u>33,397</u> | <u>25,475</u> | <u>7,922</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>70</u> | <u>(2,230)</u> | <u>1,112</u> | <u>3,342</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers from other funds | <u>-</u> | <u>4</u> | <u>4</u> | <u>-</u> |
| Net change in fund balances | 70 | (2,226) | 1,116 | 3,342 |
| Fund balances - January 1 | <u>6,016</u> | <u>6,016</u> | <u>6,016</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 6,086</u> | <u>\$ 3,790</u> | <u>\$ 7,132</u> | <u>\$ 3,342</u> |

POLICE
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2023

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amounts | | Actual | Variance |
|--------------------------------|------------------|-----------------|-----------------|---------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 161 | \$ 161 | \$ 229 | \$ 68 |
| Intergovernmental revenues | - | - | 46 | 46 |
| Charges for services and sales | 656 | 656 | 876 | 220 |
| Fines and forfeits | 400 | 400 | 111 | (289) |
| Total revenues | <u>1,217</u> | <u>1,217</u> | <u>1,262</u> | <u>45</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety | <u>1,217</u> | <u>1,217</u> | <u>1,102</u> | <u>115</u> |
| Net change in fund balances | - | - | 160 | 160 |
| Fund balances - January 1 | <u>3,744</u> | <u>3,744</u> | <u>3,744</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 3,744</u> | <u>\$ 3,744</u> | <u>\$ 3,904</u> | <u>\$ 160</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, 2023

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amounts | | Actual | Variance |
|---|------------------|---------|---------|----------|
| | Original | Final | | |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community planning and economic development | - | 1,700 | 1,381 | 319 |
| Net change in fund balances | - | (1,700) | (1,381) | 319 |
| Fund balances - January 1 | 1,763 | 1,763 | 1,763 | - |
| Fund balances - December 31 | \$ 1,763 | \$ 63 | \$ 382 | \$ 319 |

**REGULATORY SERVICES
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2023**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amounts | | Actual | Variance |
|--|------------------|----------|--------|------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Charges for services and sales | \$ - | \$ 2,788 | \$ 160 | \$ (2,628) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety | - | 2,716 | 87 | 2,629 |
| Public works | - | 161 | 161 | - |
| Total expenditures | - | 2,877 | 248 | 2,629 |
| Excess (deficiency) of revenues over (under) expenditures | - | (89) | (88) | 1 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers to other funds | - | (241) | (241) | - |
| Net change in fund balances | - | (330) | (329) | 1 |
| Fund balances - January 1 | 329 | 329 | 329 | - |
| Fund balances - December 31 | \$ 329 | \$ (1) | \$ - | \$ 1 |

DEBT SERVICE FUNDS
 COMBINING BALANCE SHEET
 NON-MAJOR FUNDS
 December 31, 2023

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 | \$ 69 | \$ 13,385 | \$ 19,611 | \$ 33,065 |
| Investments with trustees | 3,476 | - | - | 3,476 |
| Receivables: | | | | |
| Taxes | - | - | 403 | 403 |
| Accrued interest | - | 2 | 55 | 57 |
| Total assets | <u>\$ 3,545</u> | <u>\$ 13,387</u> | <u>\$ 20,069</u> | <u>\$ 37,001</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ 3 | \$ 3 |
| Advances from other funds | - | 4,055 | - | 4,055 |
| Total liabilities | <u>-</u> | <u>4,055</u> | <u>3</u> | <u>4,058</u> |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenue | - | - | 239 | 239 |
| Fund balances: | | | | |
| Restricted | <u>3,545</u> | <u>9,332</u> | <u>19,827</u> | <u>32,704</u> |
| Total fund balances | <u>3,545</u> | <u>9,332</u> | <u>19,827</u> | <u>32,704</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 3,545</u> | <u>\$ 13,387</u> | <u>\$ 20,069</u> | <u>\$ 37,001</u> |

DEBT SERVICE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NON-MAJOR FUNDS
 For the Fiscal Year Ended December 31, 2023

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Community Development Agency | Development | General Debt Service | Total |
|--|------------------------------------|-----------------|----------------------------|------------------|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ 51,095 | \$ 51,095 |
| Intergovernmental revenues | - | - | 50 | 50 |
| Investment earnings | 124 | 351 | 1,517 | 1,992 |
| Miscellaneous revenues | - | 3,728 | 1,144 | 4,872 |
| Total revenues | <u>124</u> | <u>4,079</u> | <u>53,806</u> | <u>58,009</u> |
| EXPENDITURES: | | | | |
| Debt Service: | | | | |
| Principal retirement | 1,690 | 4,685 | 55,195 | 61,570 |
| Interest and fiscal charges | 511 | 4,946 | 11,028 | 16,485 |
| Total expenditures | <u>2,201</u> | <u>9,631</u> | <u>66,223</u> | <u>78,055</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(2,077)</u> | <u>(5,552)</u> | <u>(12,417)</u> | <u>(20,046)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers from other funds | 4,142 | 12,992 | 6,732 | 23,866 |
| Transfers to other funds | (1,669) | - | - | (1,669) |
| Total other financing sources (uses) | <u>2,473</u> | <u>12,992</u> | <u>6,732</u> | <u>22,197</u> |
| Net change in fund balances | 396 | 7,440 | (5,685) | 2,151 |
| Fund balances - January 1 | <u>3,149</u> | <u>1,892</u> | <u>25,512</u> | <u>30,553</u> |
| Fund balances - December 31 | <u>\$ 3,545</u> | <u>\$ 9,332</u> | <u>\$ 19,827</u> | <u>\$ 32,704</u> |

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2023**

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 | \$ 1,945 | \$ 10,929 | \$ 6,200 | \$ 16,802 | \$ 2,649 | \$ 141,446 | \$ 179,971 |
| Receivables: | | | | | | | |
| Accounts - net | 77 | 118 | 69 | 1 | - | 4,679 | 4,944 |
| Inventories | - | - | 14 | 1,319 | 7,381 | - | 8,714 |
| Prepaid items | - | 4,574 | - | - | - | - | 4,574 |
| Total current assets | <u>2,022</u> | <u>15,621</u> | <u>6,283</u> | <u>18,122</u> | <u>10,030</u> | <u>146,125</u> | <u>198,203</u> |
| Long-term assets: | | | | | | | |
| Capital assets: | | | | | | | |
| Nondepreciable/amortizable: | | | | | | | |
| Land and easements | - | - | 20,821 | 2,186 | - | - | 23,007 |
| Construction in progress | - | 11,054 | 9,800 | 4,182 | - | - | 25,036 |
| Depreciable/amortizable: | | | | | | | |
| Leased buildings | - | - | 3,630 | - | - | - | 3,630 |
| Less accumulated amortization | - | - | (1,179) | - | - | - | (1,179) |
| Leased Equipment | - | 1,992 | - | - | - | - | 1,992 |
| Less accumulated amortization | - | (956) | - | - | - | - | (956) |
| Software Subscriptions | - | 19,362 | - | - | - | - | 19,362 |
| Less accumulated amortization | - | (3,753) | - | - | - | - | (3,753) |
| Buildings and structures | - | - | 25,499 | 30,061 | - | - | 55,560 |
| Less accumulated depreciation | - | - | (22,899) | (14,494) | - | - | (37,393) |
| Public improvements | - | - | 18,457 | 1,704 | - | - | 20,161 |
| Less accumulated depreciation | - | - | (7,175) | (892) | - | - | (8,067) |
| Equipment and other capital outlay | 312 | 33,772 | 13,459 | 127,068 | 30 | - | 174,641 |
| Less accumulated depreciation | (151) | (32,918) | (13,269) | (74,991) | (16) | - | (121,345) |
| Software | - | 65,673 | 8 | 97 | - | - | 65,778 |
| Less accumulated depreciation | - | (60,836) | (8) | (97) | - | - | (60,941) |
| Total long - term assets | <u>161</u> | <u>33,390</u> | <u>47,144</u> | <u>74,824</u> | <u>14</u> | <u>-</u> | <u>155,533</u> |
| Total assets | <u>\$ 2,183</u> | <u>\$ 49,011</u> | <u>\$ 53,427</u> | <u>\$ 92,946</u> | <u>\$ 10,044</u> | <u>\$ 146,125</u> | <u>\$ 353,736</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | |
| Deferred outflows - other postemployment benefits | \$ 263 | \$ 2,140 | \$ 1,595 | \$ 1,522 | \$ 239 | \$ 179 | \$ 5,938 |
| Deferred outflows - pensions | 224 | 2,188 | 1,344 | 1,169 | 189 | 152 | 5,266 |
| Total deferred outflows of resources | <u>\$ 487</u> | <u>\$ 4,328</u> | <u>\$ 2,939</u> | <u>\$ 2,691</u> | <u>\$ 428</u> | <u>\$ 331</u> | <u>\$ 11,204</u> |
| LIABILITIES | | | | | | | |
| Current liabilities: | | | | | | | |
| Salaries payable | \$ 41 | \$ 415 | \$ 356 | \$ 193 | \$ 29 | \$ 82 | \$ 1,116 |
| Accounts payable | 149 | 4,589 | 1,343 | 2,658 | 259 | 1,014 | 10,012 |
| Intergovernmental payable | - | - | - | 1 | - | - | 1 |
| Deposits held for others | - | - | - | 2 | - | - | 2 |
| Interest payable | - | 224 | 3 | - | - | - | 227 |
| Unearned revenue | - | 1,479 | - | - | - | - | 1,479 |
| Compensated absences payable - current portion | 76 | 740 | 557 | 381 | 59 | 2,192 | 4,005 |
| Lease liability - current portion | - | 479 | 669 | - | - | - | 1,148 |
| Software Subscriptions - current portion | - | 2,953 | - | - | - | - | 2,953 |
| Medical claims payable - current portion | - | - | - | - | - | 10,295 | 10,295 |
| Unpaid claims payable - current portion | - | - | - | - | - | 60,514 | 60,514 |
| Total current liabilities | <u>266</u> | <u>10,879</u> | <u>2,928</u> | <u>3,235</u> | <u>347</u> | <u>74,097</u> | <u>91,752</u> |
| Long-term liabilities: | | | | | | | |
| Compensated absences payable | 16 | 156 | 118 | 80 | 13 | 15,858 | 16,241 |
| Lease liability | - | 562 | 1,896 | - | - | - | 2,458 |
| Software Subscriptions liability | - | 9,700 | - | - | - | - | 9,700 |
| Other postemployment benefits | 390 | 3,171 | 2,363 | 2,255 | 355 | 265 | 8,799 |
| Net pension liability | 1,092 | 10,665 | 6,550 | 5,698 | 923 | 743 | 25,671 |
| Unpaid claims payable | - | - | - | - | - | 131,516 | 131,516 |
| Total long-term liabilities | <u>1,498</u> | <u>24,254</u> | <u>10,927</u> | <u>8,033</u> | <u>1,291</u> | <u>148,382</u> | <u>194,385</u> |
| Total liabilities | <u>\$ 1,764</u> | <u>\$ 35,133</u> | <u>\$ 13,855</u> | <u>\$ 11,268</u> | <u>\$ 1,638</u> | <u>\$ 222,479</u> | <u>\$ 286,137</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Deferred inflows - other postemployment benefits | \$ 22 | \$ 183 | \$ 136 | \$ 130 | \$ 20 | \$ 15 | \$ 506 |
| Deferred inflows - pensions | 268 | 2,619 | 1,609 | 1,399 | 227 | 182 | 6,304 |
| Total deferred inflows of resources | <u>\$ 290</u> | <u>\$ 2,802</u> | <u>\$ 1,745</u> | <u>\$ 1,529</u> | <u>\$ 247</u> | <u>\$ 197</u> | <u>\$ 6,810</u> |
| NET POSITION | | | | | | | |
| Net investment in capital assets | \$ 162 | \$ 19,697 | \$ 43,901 | \$ 74,824 | \$ 15 | \$ - | \$ 138,599 |
| Unrestricted | 454 | (4,293) | (3,135) | 8,016 | 8,572 | (76,220) | (66,606) |
| Total net position | <u>\$ 616</u> | <u>\$ 15,404</u> | <u>\$ 40,766</u> | <u>\$ 82,840</u> | <u>\$ 8,587</u> | <u>\$ (76,220)</u> | <u>\$ 71,993</u> |

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION**

CITY OF MINNEAPOLIS, MINNESOTA

| | Engineering Materials and Testing | Inter- governmental Services | Property Services | Equipment Services | Public Works Stores | Self- Insurance | Total |
|--|--|---|------------------------------|-------------------------------|------------------------------------|----------------------------|----------------|
| Operating revenues: | | | | | | | |
| Intergovernmental revenues | \$ - | \$ 271 | \$ - | \$ - | \$ - | \$ - | \$ 271 |
| Charges for services and sales | 9,698 | 47,968 | 4,761 | 18,793 | 2,598 | 122,286 | 206,104 |
| Rents and commissions | - | - | 23,699 | 16,973 | - | - | 40,672 |
| Total operating revenues | 9,698 | 48,239 | 28,460 | 35,766 | 2,598 | 122,286 | 247,047 |
| Operating expenses: | | | | | | | |
| Personnel costs | 1,485 | 13,763 | 11,213 | 7,242 | 1,237 | 18,901 | 53,841 |
| Contractual services | 1,138 | 22,600 | 13,248 | 10,515 | 283 | 84,582 | 132,366 |
| Materials, supplies, services and other | 7,141 | 7,483 | 2,439 | 8,052 | 67 | 33,524 | 58,706 |
| Depreciation and amortization | 19 | 6,702 | 2,315 | 10,498 | 3 | - | 19,537 |
| Total operating expenses | 9,783 | 50,548 | 29,215 | 36,307 | 1,590 | 137,007 | 264,450 |
| Operating income (loss) | (85) | (2,309) | (755) | (541) | 1,008 | (14,721) | (17,403) |
| Nonoperating revenues (expenses): | | | | | | | |
| Intergovernmental | - | 2 | 1 | 1 | - | - | 4 |
| Other revenues | - | - | 154 | 668 | 422 | 361 | 1,605 |
| Total nonoperating revenues (expenses) | (5) | 2 | 155 | 669 | 422 | 361 | 1,604 |
| Income (loss) before transfers | (90) | (2,307) | (600) | 128 | 1,430 | (14,360) | (15,799) |
| Transfers in (out): | | | | | | | |
| Transfers from other funds | - | 3,806 | 684 | - | - | - | 4,490 |
| Transfers to other funds | - | - | - | (2,920) | - | - | (2,920) |
| Total transfers | - | 3,806 | 684 | (2,920) | - | - | 1,570 |
| Change in net position | (90) | 1,499 | 84 | (2,792) | 1,430 | (14,360) | (14,229) |
| Net position - January 1 (restated, see Note 1R) | 706 | 13,905 | 40,682 | 85,632 | 7,157 | (61,860) | 86,222 |
| Net position - December 31 | \$ 616 | \$ 15,404 | \$ 40,766 | \$ 82,840 | \$ 8,587 | \$ (76,220) | \$ 71,993 |

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended December 31, 2023**

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 | \$ 105 | \$ 271 | \$ 300 | \$ 781 | \$ 82 | \$ 3,569 | \$ 5,108 |
| Intergovernmental receipts | - | - | - | 34,984 | - | - | 34,984 |
| Cash received from interfund activities | 9,545 | 47,890 | 28,187 | - | 8,052 | 114,042 | 207,716 |
| Payments to suppliers | (7,426) | (25,986) | (13,921) | (13,740) | (4,772) | (91,307) | (157,152) |
| Payments to employees | (1,493) | (14,058) | (10,490) | (7,775) | (1,237) | (19,949) | (55,002) |
| Payments for interfund activities | (888) | (3,012) | (973) | (4,009) | (718) | (773) | (10,373) |
| Other nonoperating revenues | - | - | 154 | - | 422 | 361 | 937 |
| Net cash provided (used) by operating activities | (157) | 5,105 | 3,257 | 10,241 | 1,829 | 5,943 | 26,218 |
| Cash flows from non-capital financing activities: | | | | | | | |
| Transfers from other funds | - | 3,806 | 684 | - | - | - | 4,490 |
| Transfers to other funds | - | - | - | (2,920) | - | - | (2,920) |
| Intergovernmental receipts | - | 2 | 1 | 1 | - | - | 4 |
| Net cash provided (used) by non-capital financing activities | - | 3,808 | 685 | (2,919) | - | - | 1,574 |
| Cash Flows from capital and related financing activities: | | | | | | | |
| Acquisition and construction of capital assets | - | (1,288) | (6,915) | (13,140) | - | - | (21,343) |
| Lease payments | - | (494) | (663) | - | - | - | (1,157) |
| Software Subscriptions payments | - | (3,592) | - | - | - | - | (3,592) |
| Proceeds from sale of capital assets | - | - | - | 668 | - | - | 668 |
| Net cash provided (used) by capital and related financing activities | - | (5,374) | (7,578) | (12,472) | - | - | (25,424) |
| Net increase (decrease) in cash and cash equivalents | (157) | 3,539 | (3,636) | (5,150) | 1,829 | 5,943 | 2,368 |
| Cash and cash equivalents, beginning of year | 2,102 | 7,390 | 9,836 | 21,952 | 820 | 135,503 | 177,603 |
| Cash and cash equivalents, end of year | \$ 1,945 | \$ 10,929 | \$ 6,200 | \$ 16,802 | \$ 2,649 | \$ 141,446 | \$ 179,971 |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | | | | |
| Operating income (loss) | \$ (85) | \$ (2,309) | \$ (755) | \$ (541) | \$ 1,008 | \$ (14,721) | \$ (17,403) |
| Adjustment to reconcile change in net position to net cash provided (used) by operating activities | | | | | | | |
| Depreciation and amortization | 19 | 6,702 | 2,315 | 10,498 | 3 | - | 19,537 |
| Accounts receivable | (49) | (116) | 26 | - | - | (4,676) | (4,815) |
| Inventories | - | - | (3) | (308) | 920 | - | 609 |
| Prepaid items | - | (816) | - | - | - | - | (816) |
| Deferred outflows - other postemployment benefits | (234) | (1,885) | (1,418) | (1,332) | (212) | (164) | (5,245) |
| Deferred outflows - pensions | 99 | 989 | 422 | 619 | 80 | 53 | 2,262 |
| Salaries payable | 3 | 15 | 94 | (2) | - | 22 | 132 |
| Accounts payable | (33) | 1,678 | 794 | 1,125 | (524) | (911) | 2,129 |
| Interest Payable | - | 224 | 3 | - | - | - | 227 |
| Unearned revenue | - | 38 | - | - | - | - | 38 |
| Compensated absences payable | (8) | (73) | 27 | (69) | (8) | 537 | 406 |
| Other postemployment benefits | 244 | 1,875 | 1,465 | 1,290 | 214 | 188 | 5,276 |
| Net pension liability | (358) | (3,575) | (1,363) | (2,316) | (283) | (180) | (8,075) |
| Unpaid claims payable | - | - | - | - | - | 25,376 | 25,376 |
| Medical claims payable | - | - | - | - | - | (111) | (111) |
| Deferred inflows - other postemployment benefits | 21 | 168 | 126 | 119 | 19 | 14 | 467 |
| Deferred inflows - pensions | 224 | 2,190 | 1,370 | 1,158 | 190 | 155 | 5,287 |
| Other nonoperating revenues | - | - | 154 | - | 422 | 361 | 937 |
| Net cash provided (used) by operating activities | \$ (157) | \$ 5,105 | \$ 3,257 | \$ 10,241 | \$ 1,829 | \$ 5,943 | \$ 26,218 |
| Non-cash investing, capital and financing activities: | | | | | | | |
| Transfer in of leased asset | \$ - | \$ - | \$ (1,191) | \$ - | \$ - | \$ - | \$ (1,191) |
| Transfer in of lease liability | - | - | 1,200 | - | - | - | 1,200 |
| Leases Issued | - | - | 1,579 | - | - | - | 1,579 |
| Software Subscriptions issued | - | 2,776 | - | - | - | - | 2,776 |
| Capital assets purchased on account | - | - | 679 | - | - | - | 679 |

CUSTODIAL FUNDS
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2023

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Minneapolis Youth Coordinating Board | Joint Board | Total |
|----------------------------|---|----------------|-----------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 2,008 | \$ 238 | \$ 2,246 |
| Receivables: | | | |
| Intergovernmental | 874 | - | 874 |
| Loans - net | 15 | - | 15 |
| Accrued interest | 6 | - | 6 |
| Prepaid items | 1 | - | 1 |
| Total assets | <u>\$ 2,904</u> | <u>\$ 238</u> | <u>\$ 3,142</u> |
| <u>LIABILITIES</u> | | | |
| Salaries payable | \$ 1 | \$ - | \$ 1 |
| Accounts payable | 26 | 18 | 44 |
| Intergovernmental payable | 293 | - | 293 |
| Unearned revenue | 1,609 | - | 1,609 |
| Total liabilities | <u>\$ 1,929</u> | <u>\$ 18</u> | <u>\$ 1,947</u> |
| <u>NET POSITION</u> | | | |
| Restricted for: | | | |
| Other governments | <u>\$ 975</u> | <u>\$ 220</u> | <u>\$ 1,195</u> |

CUSTODIAL FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended December 31, 2023

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Minneapolis Youth Coordinating Board | Joint Board | Total |
|---|---|------------------------|-----------------|
| <u>ADDITIONS</u> | | | |
| Intergovernmental revenues | \$ 2,468 | \$ - | \$ 2,468 |
| Development fees | - | 66 | 66 |
| Investment earnings | 69 | 7 | 76 |
| Miscellaneous revenues | 139 | 8 | 147 |
| | <u>2,676</u> | <u>81</u> | <u>2,757</u> |
| <u>DEDUCTIONS</u> | | | |
| General government | 2,564 | - | 2,564 |
| Legal services | - | 50 | 50 |
| | <u>2,564</u> | <u>50</u> | <u>2,614</u> |
| Net increase (decrease) in fiduciary net position | 112 | 31 | 143 |
| Net Position - January 1 | <u>863</u> | <u>189</u> | <u>1,052</u> |
| Net Position - December 31 | <u>\$ 975</u> | <u>\$ 220</u> | <u>\$ 1,195</u> |

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2023

(in Thousands)

| Issues Outstanding | Interest Rates | Issue Date | Final Maturity Date | Issued | Retired | Outstanding | Principal | | Interest | |
|--|----------------|------------|---------------------|---------|---------|-------------|-------------|-------------|-------------|-------------|
| | | | | | | | Due in 2024 | Due in 2024 | Due in 2024 | Due in 2024 |
| <u>Property Tax Supported General Obligation Bonds</u> | | | | | | | | | | |
| General Infrastructure Bonds | | | | | | | | | | |
| Bridges | 3.00% | 10/02/20 | 12/01/25 | 4,480 | 2,455 | 2,025 | 1,120 | 61 | | |
| | 4.00% | 10/27/21 | 12/01/25 | 2,857 | 1,905 | 952 | 572 | 38 | | |
| | 5.50% | 09/12/23 | 12/01/23 | 3,512 | 3,512 | - | - | - | | |
| Park Improvements | 3.00% to 5.00% | 05/15/18 | 12/01/26 | 3,650 | 2,300 | 1,350 | 450 | 50 | | |
| | 4.00% | 05/21/19 | 12/01/23 | 13,296 | 13,296 | - | - | - | | |
| | 2.00% to 3.00% | 10/02/20 | 12/01/27 | 7,934 | 5,080 | 2,854 | 900 | 79 | | |
| | 4.00% | 10/27/21 | 12/01/26 | 6,315 | 1,263 | 5,052 | 1,895 | 202 | | |
| | 5.00% | 08/17/22 | 12/01/26 | 13,647 | 12,147 | 1,500 | 500 | 75 | | |
| | 5.50% | 09/12/23 | 12/01/23 | 12,760 | 12,760 | - | - | - | | |
| Parkway Improvements | 5.50% | 09/12/23 | 12/01/23 | 767 | 767 | - | - | - | | |
| Public Buildings | 4.00% | 10/27/21 | 12/01/33 | 16,070 | 2,143 | 13,927 | 1,430 | 533 | | |
| | 5.00% | 08/17/22 | 12/01/26 | 8,864 | 7,364 | 1,500 | 500 | 75 | | |
| | 5.50% | 09/12/23 | 12/01/23 | 4,020 | 4,020 | - | - | - | | |
| Municipal Buildings | 4.00% | 10/27/21 | 12/01/23 | 904 | 904 | - | - | - | | |
| | 5.00% | 08/17/22 | 12/01/26 | 7,324 | 6,124 | 1,200 | 400 | 60 | | |
| | 5.50% | 09/12/23 | 12/01/23 | 4,820 | 4,820 | - | - | - | | |
| Street Improvements | 3.00% to 5.00% | 05/15/18 | 12/01/26 | 17,050 | 12,300 | 4,750 | 1,650 | 175 | | |
| | 3.00% to 5.00% | 05/21/19 | 12/01/26 | 35,321 | 31,646 | 3,675 | 735 | 103 | | |
| | 2.00% to 3.00% | 10/02/20 | 12/01/29 | 15,241 | 13,605 | 1,636 | 345 | 40 | | |
| | 2.00% to 3.00% | 10/02/20 | 12/01/29 | 2,050 | 660 | 1,390 | 225 | 32 | | |
| | 2.13% to 4.00% | 10/27/21 | 12/01/40 | 21,127 | 2,224 | 18,903 | 1,112 | 616 | | |
| | 3.50% to 5.00% | 08/17/22 | 12/01/41 | 30,345 | 4,475 | 25,870 | 275 | 1,133 | | |
| | 4.00% to 5.50% | 09/12/23 | 12/01/42 | 34,791 | 4,086 | 30,705 | 1,585 | 1,583 | | |
| Public Safety Radios | 4.00% | 10/27/21 | 12/01/24 | 1,980 | 1,584 | 396 | 396 | 16 | | |
| Sub-total General Infrastructure Bonds | | | | 269,125 | 151,440 | 117,685 | 14,090 | 4,871 | | |

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2023

(in Thousands)

| Issues Outstanding | Interest Rates | Issue Date | Final Maturity Date | Issued | Retired | Outstanding | Principal Due in 2024 | | Interest Due in 2024 | |
|--|----------------|------------|---------------------|---------|---------|-------------|-----------------------|--------|----------------------|--------|
| | | | | | | | 2024 | 2024 | 2024 | 2024 |
| Public Service Center Bonds | 4.00% to 5.00% | 10/31/18 | 12/01/46 | 68,215 | 1,655 | 66,560 | 1,740 | 1,740 | 2,759 | 2,759 |
| | 2.00% to 3.00% | 11/20/19 | 12/01/46 | 114,400 | 7,980 | 106,420 | 3,325 | 3,325 | 3,102 | 3,102 |
| Sub-total Public Service Center Bonds | | | | 182,615 | 9,635 | 172,980 | 5,065 | 5,065 | 5,861 | 5,861 |
| Total Property Tax Supported General Obligation Bonds | | | | 451,740 | 161,075 | 290,665 | 19,155 | 19,155 | 10,732 | 10,732 |
| <u>Self-Supporting General Obligation Bonds</u> | | | | | | | | | | |
| Convention Center | 0.60% | 10/02/20 | 12/01/25 | 26,000 | - | 26,000 | - | - | 156 | 156 |
| Parade Ice & Other Facility Energy Improvements | 2.00% | 10/02/20 | 12/01/30 | 2,675 | - | 2,675 | - | - | 54 | 54 |
| Parade Ice & Other Facility Energy Improvements | 2.00% to 3.80% | 12/03/13 | 12/01/26 | 7,000 | 3,950 | 3,050 | 975 | 975 | 110 | 110 |
| Downtown East | 0.95% to 4.63% | 03/04/14 | 03/01/44 | 61,905 | 4,755 | 57,150 | 1,175 | 1,175 | 2,526 | 2,526 |
| Target Center (Sales Tax) Refunding | 3.25% to 4.25% | 05/17/17 | 12/01/35 | 39,915 | 10,510 | 29,405 | 2,020 | 2,020 | 1,008 | 1,008 |
| Target Center (Sales Tax) Refunding | 3.40% to 5.00% | 05/15/18 | 12/01/30 | 31,560 | 7,645 | 23,915 | 1,770 | 1,770 | 902 | 902 |
| Total Self-Supporting General Obligation Bonds | | | | 169,055 | 26,860 | 142,195 | 5,940 | 5,940 | 4,756 | 4,756 |
| <u>Special Assessment General Obligation Bonds and Notes</u> | | | | | | | | | | |
| Improvements | 3.00% | 10/02/20 | 12/01/23 | 740 | 740 | - | - | - | - | - |
| | 2.00% | 10/20/16 | 12/01/26 | 4,440 | 2,770 | 1,670 | 370 | 370 | 33 | 33 |
| | 2.00% to 3.00% | 10/02/20 | 12/01/30 | 2,295 | 685 | 1,610 | 230 | 230 | 37 | 37 |
| | 2.00% to 3.50% | 12/02/14 | 12/01/34 | 5,930 | 5,600 | 330 | 30 | 30 | 10 | 10 |
| | 2.00% | 10/20/16 | 12/01/26 | 7,185 | 6,405 | 780 | 80 | 80 | 16 | 16 |
| | 3.00% to 4.00% | 05/17/17 | 12/01/27 | 8,820 | 6,320 | 2,500 | 250 | 250 | 75 | 75 |
| | 5.00% | 05/15/18 | 12/01/27 | 8,545 | 4,645 | 3,900 | 400 | 400 | 125 | 125 |
| | 4.00% | 05/21/19 | 12/01/33 | 12,245 | 8,530 | 3,715 | 245 | 245 | 105 | 105 |
| | 2.00% to 3.00% | 10/02/20 | 12/01/29 | 12,860 | 4,740 | 8,120 | 1,580 | 1,580 | 182 | 182 |
| | 2.13% to 4.00% | 10/27/21 | 12/01/40 | 7,005 | 2,210 | 4,795 | 915 | 915 | 160 | 160 |
| | 3.50% to 5.00% | 08/17/22 | 12/01/41 | 7,565 | 2,585 | 4,980 | 1,275 | 1,275 | 242 | 242 |
| | 4.00% to 5.50% | 09/07/23 | 12/01/42 | 11,665 | 1,300 | 10,365 | 1,300 | 1,300 | 548 | 548 |

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2023

(in Thousands)

| Issues Outstanding | Interest Rates | Issue Date | Final Maturity Date | Issued | Retired | Outstanding | Principal Due in 2024 | | Interest Due in 2024 | |
|--|-----------------|------------|---------------------|----------------|----------------|----------------|-----------------------|---------------|----------------------|--|
| | | | | | | | | | | |
| Housing Improvement Area Bonds | 3.00% to 4.30% | 12/03/13 | 12/01/32 | 1,260 | 520 | 740 | 60 | 31 | | |
| Housing Improvement Area Bonds-Wellington | 3.40% to 5.00% | 05/15/18 | 12/01/30 | 1,210 | 280 | 930 | 50 | 34 | | |
| Housing Improvement Area Bonds-Blaisdell | 3.00% to 3.30% | 05/21/19 | 12/01/37 | 4,055 | 845 | 3,210 | 170 | 100 | | |
| Housing Improvement Area Bonds-Summit | 1.00% to 2.60% | 10/27/21 | 12/01/40 | 15,860 | 1,360 | 14,500 | 695 | 291 | | |
| Nicollet Mall Improvement | 3.00% to 4.00% | 05/17/17 | 12/01/27 | 16,095 | 5,635 | 10,460 | 805 | 314 | | |
| Nicollet Mall Improvement - (Refunding) | Variable - Note | 12/18/15 | 06/17/21 | 8,000 | 8,000 | - | - | - | | |
| Park Diseased Trees | 5.00% | 05/15/18 | 12/01/23 | 300 | 300 | - | - | - | | |
| | 4.00% | 05/21/19 | 12/01/23 | 300 | 300 | - | - | - | | |
| | 3.00% | 10/02/20 | 12/01/24 | 285 | 230 | 55 | 55 | 2 | | |
| | 4.00% | 10/27/21 | 12/01/25 | 270 | 170 | 100 | 50 | 4 | | |
| | 5.00% | 08/17/22 | 12/01/26 | 800 | 320 | 480 | 160 | 24 | | |
| | 5.50% | 09/07/23 | 12/01/27 | 770 | 155 | 615 | 155 | 34 | | |
| Total Special Assessment General Obligation Bonds and Notes | | | | 138,500 | 64,645 | 73,855 | 8,875 | 2,366 | | |
| Tax Increment Revenue Bonds | | | | | | | | | | |
| 2015 Vil at St. Anth Fls-Tax Exempt Refunding | 1.60% to 4.00% | 12/13/05 | 03/01/27 | 8,245 | 4,795 | 3,450 | 730 | 123 | | |
| 2015 Ivy Tower Refunding | 1.25% to 5.00% | 09/24/15 | 03/01/29 | 6,085 | 2,780 | 3,305 | 455 | 147 | | |
| 2015 Grant Park TI Revenue Refunding | 1.55% to 4.00% | 03/12/15 | 03/01/30 | 7,460 | 3,275 | 4,185 | 495 | 156 | | |
| 2015 East River Unocal Site Refunding | 1.25% to 4.00% | 09/24/15 | 03/01/25 | 920 | 670 | 250 | 100 | 8 | | |
| Total Tax Increment Revenue Bonds | | | | 22,710 | 11,520 | 11,190 | 1,780 | 434 | | |
| Tax Increment Revenue Notes | | | | | | | | | | |
| Tax Increment- Section 108 - Midtown Exchange | Variable - Note | 12/01/04 | 08/01/24 | 6,500 | 5,870 | 630 | 630 | 19 | | |
| Total Revenue Notes | | | | 6,500 | 5,870 | 630 | 630 | 19 | | |
| Total Governmental Activity Bonds and Notes | | | | 788,505 | 269,970 | 518,535 | 36,380 | 18,307 | | |

SCHEDULE OF BUSINESS-TYPE ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2023

(In Thousands)

| Issues Outstanding | Interest Rates | Issue Date | Final Maturity Date | Issued | Retired | Outstanding | Principal Due in 2024 | Interest Due in 2024 |
|--|----------------|------------|---------------------|---------|---------|-------------|-----------------------|----------------------|
| <u>Sanitary Sewer Fund General Obligation Bonds</u> | | | | | | | | |
| | 2.00% | 10/20/16 | 12/01/23 | 20,750 | 20,750 | - | - | - |
| | 2.00% to 4.00% | 05/21/19 | 12/01/28 | 15,730 | 6,205 | 9,525 | 1,905 | 267 |
| | 2.00% to 3.00% | 10/02/20 | 12/01/29 | 14,865 | 3,005 | 11,860 | 1,860 | 274 |
| | 3.00% to 4.00% | 10/27/21 | 12/01/31 | 14,730 | 2,950 | 11,780 | 1,475 | 442 |
| | 3.50% to 5.00% | 08/17/22 | 12/01/41 | 10,840 | 575 | 10,265 | 575 | 458 |
| | 4.00% to 5.00% | 09/12/23 | 12/01/42 | 8,220 | - | 8,220 | 435 | 424 |
| Total Sanitary Sewer Fund General Obligation Bonds | | | | 85,135 | 33,485 | 51,650 | 6,250 | 1,865 |
| <u>Stormwater Fund General Obligation Bonds</u> | | | | | | | | |
| | 4.00% | 05/21/19 | 12/01/23 | 4,670 | 4,670 | - | - | - |
| | 3.00% | 10/02/20 | 12/01/23 | 1,425 | 1,425 | - | - | - |
| | 4.00% | 10/27/21 | 12/01/26 | 9,420 | 3,770 | 5,650 | 1,885 | 226 |
| | 3.50% to 5.00% | 08/17/22 | 12/01/41 | 24,020 | 1,265 | 22,755 | 1,265 | 1,016 |
| | 4.00% to 5.00% | 09/12/23 | 12/01/42 | 11,110 | - | 11,110 | 585 | 573 |
| Total Stormwater Fund General Obligation Bonds | | | | 50,645 | 11,130 | 39,515 | 3,735 | 1,815 |
| <u>Water Treatment and Distribution Services Fund General Obligation Bonds and Notes</u> | | | | | | | | |
| | 2.00% | 10/20/16 | 12/01/23 | 11,245 | 11,245 | - | - | - |
| | 2.00% | 10/20/16 | 12/01/24 | 11,500 | 9,950 | 1,550 | 1,550 | 31 |
| | 2.00% to 4.00% | 05/21/19 | 12/01/33 | 21,545 | 2,425 | 19,120 | 2,640 | 528 |
| | 2.00% to 3.00% | 10/02/20 | 12/01/29 | 18,565 | 765 | 17,800 | 2,520 | 412 |
| | 2.13% to 4.00% | 10/27/21 | 12/01/36 | 15,960 | 2,130 | 13,830 | 1,065 | 470 |
| | 3.50% to 5.00% | 08/17/22 | 12/01/41 | 16,580 | 875 | 15,705 | 875 | 702 |
| | 4.00% to 5.00% | 09/12/23 | 12/01/42 | 22,490 | - | 22,490 | 1,185 | 1,160 |
| Drinking Water Program - Notes Payable | | | | 25,000 | 25,000 | - | - | - |
| | 2.60% | 08/23/06 | 08/20/26 | 13,500 | 12,000 | 1,500 | 500 | 39 |
| | 2.69% | 12/09/09 | 08/20/27 | 19,558 | 2,058 | 17,500 | 2,700 | 470 |
| | 1.01% | 05/18/18 | 08/20/32 | 28,900 | 7,900 | 21,000 | 2,130 | 212 |
| | 1.47% | 11/21/18 | 08/20/35 | 27,300 | 7,060 | 20,240 | 1,560 | 298 |
| Total Water Treatment and Distribution Services Fund General Obligation Bonds and Notes | | | | 232,143 | 81,408 | 150,735 | 16,725 | 4,322 |

SCHEDULE OF BUSINESS-TYPE ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2023

(In Thousands)

| Issues Outstanding | Interest Rates | Issue Date | Final Maturity Date | Issued | Retired | Outstanding | Principal Due in 2024 | Interest Due in 2024 |
|--|-----------------|------------|---------------------|---------|---------|-------------|-----------------------|----------------------|
| <u>Municipal Parking Fund General Obligation Bonds and Notes</u> | | | | | | | | |
| | Variable - Note | 01/03/12 | 12/01/33 | 27,980 | 1,645 | 26,335 | 290 | 790 |
| | 2.00% | 10/20/16 | 12/01/26 | 17,600 | 10,800 | 6,800 | 3,000 | 136 |
| | 1.50% to 2.50% | 10/02/20 | 12/01/29 | 12,975 | 2,400 | 10,575 | 2,300 | 232 |
| | 2.00% to 3.00% | 10/02/20 | 12/01/28 | 3,720 | 590 | 3,130 | 660 | 73 |
| | 4.00% | 10/27/21 | 12/01/26 | 9,000 | 3,600 | 5,400 | 1,800 | 216 |
| Total Municipal Parking Fund General Obligation Bonds and Notes | | | | 71,275 | 19,035 | 52,240 | 8,050 | 1,447 |
| <u>Solid Waste and Recycling Fund General Obligation Bonds</u> | | | | | | | | |
| | 4.00% to 5.00% | 10/31/18 | 12/01/36 | 13,960 | 470 | 13,490 | 185 | 574 |
| | 2.125% to 4.00% | 10/27/21 | 12/01/36 | 6,100 | 820 | 5,280 | 410 | 179 |
| Total Solid Waste and Recycling Fund General Obligation Bonds | | | | 20,060 | 1,290 | 18,770 | 595 | 753 |
| Total Business-Type Activity General Obligation Bonds and Notes | | | | 459,258 | 146,348 | 312,910 | 35,355 | 10,202 |

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 ALL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2023

CITY OF MINNEAPOLIS
 (in thousands)

| Federal Grantor Pass Through Agency Program or Cluster Title | Federal ALN | Pass-through Grant Numbers | Expenditures | Passed Through to Subrecipients |
|--|----------------|----------------------------------|------------------|------------------------------------|
| U.S. Department of Housing and Urban Development | | | | |
| Direct | | | | |
| CDBG - Entitlement Grants Cluster | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | | \$ 14,825 | \$ 1,549 |
| COVID-19 Community Development Block Grants/Entitlement Grants | 14.218 | | 439 | 129 |
| Total ALN 14.218 | | | 15,264 | 1,678 |
| Total CDBG - Entitlement Grants Cluster (\$15,264) | | | | |
| Emergency Solutions Grant Program | 14.231 | | 647 | 75 |
| COVID-19 Emergency Solutions Grant Program | 14.231 | | 858 | 179 |
| Total ALN 14.231 (\$1,550) | | | 1,505 | 254 |
| Home Investment Partnerships Program | 14.239 | | 2,404 | - |
| Housing Opportunities for Persons with AIDS | 14.241 | | 2,025 | 1,938 |
| COVID-19 Housing Opportunities for Persons with AIDS | 14.241 | | 21 | 17 |
| Total ALN 14.241 | | | 2,046 | 1,955 |
| Lead Hazard Reduction Grant Program | 14.900 | | 1,767 | - |
| Healthy Homes Production Program | 14.913 | | 325 | - |
| Passed Through Minnesota Department of Human Services | | | | |
| COVID-19 Emergency Solutions Grant Program | 14.231 | 184736 | 45 | 45 |
| Total ALN 14.231 (\$1,550) | | | | |
| Total Department of Housing and Urban Development | | | \$ 23,356 | \$ 3,932 |
| U.S. Department of the Interior-National Park Service | | | | |
| Passed Through Minnesota Historical Society | | | | |
| Historic Preservation Fund Grants-In-Aid | 15.904 | Not provided | \$ 30 | \$ - |
| U.S. Department of Justice | | | | |
| Direct | | | | |
| Public Safety Partnership and Community Policing Grants | 16.710 | | \$ 7 | \$ - |
| National Sexual Assault Kit Initiative | 16.833 | | 435 | 435 |
| Comprehensive Opioid, Stimulant, and Other Substances Use Program | 16.838 | | 657 | 151 |
| Passed Through Hennepin County | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | PR00003163 | 46 | - |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | PR00004174 | 209 | - |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | PR00005165 | 26 | - |
| Total ALN 16.738 | | | 281 | - |
| Total U.S. Department of Justice | | | \$ 1,380 | \$ 586 |
| U.S. Department of Labor | | | | |
| Passed Through Minnesota Department of Employment and Economic Development | | | | |
| WIOA Cluster | | | | |
| WIOA Adult Program | 17.258 | 1103100 | \$ 48 | \$ 20 |
| WIOA Adult Program | 17.258 | 2103100 | 798 | 671 |
| WIOA Adult Program | 17.258 | 3103100 | 156 | 156 |
| Total ALN 17.258 | | | 1,002 | 847 |
| WIOA Youth Activities | 17.259 | 1103600 | 191 | 185 |
| WIOA Youth Activities | 17.259 | 2103600 | 952 | 784 |
| WIOA Youth Activities | 17.259 | 3103600 | 284 | 247 |
| Total ALN 17.259 | | | 1,427 | 1,216 |
| WIOA Dislocated Workers Formula Grants | 17.278 | 1108000 | 68 | 53 |
| WIOA Dislocated Workers Formula Grants | 17.278 | 2108000 | 254 | 236 |
| WIOA Dislocated Workers Formula Grants | 17.278 | 3108000 | 42 | 35 |
| Total ALN 17.278 | | | 364 | 324 |
| Total WIOA Cluster (\$2,793) | | | | |

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, 2023

CITY OF MINNEAPOLIS
 (in thousands)
 (continued)

| Federal Grantor Pass Through Agency Program or Cluster Title | Federal ALN | Pass-through Grant Numbers | Expenditures | Passed Through to Subrecipients |
|--|----------------|----------------------------------|------------------|------------------------------------|
| U.S. Department of Labor (continued) | | | | |
| Passed Through Midwest Urban Strategies, Inc. WIOA National Dislocated Worker Grants/WIA National Emergency Grants | 17.277 | MET-DW-37016-21-60-A-55 | 383 | 324 |
| Total U.S. Department of Labor | | | \$ 3,176 | \$ 2,711 |
| U.S. Department of Transportation | | | | |
| Direct | | | | |
| Strengthening Mobility and Revolutionizing Transportation (SMART) Grants Program | 20.941 | | \$ 9 | \$ - |
| Passed Through Minnesota Department of Transportation | | | | |
| Highway Planning and Construction | 20.205 | 8825-964 | 43 | - |
| Highway Planning and Construction | 20.205 | 1029973 | 12,245 | - |
| COVID-19 - Highway Planning and Construction | 20.205 | Not provided | 1,290 | - |
| Total ALN 20.205 | | | 13,578 | - |
| Passed Through Minnesota Department of Public Safety | | | | |
| Minimum Penalties for Repeat Offenders for Driving While Intoxicated | 20.608 | A-DGCT23-2023-4TH-JD-008 | 35 | - |
| Minimum Penalties for Repeat Offenders for Driving While Intoxicated | 20.608 | A-DGCT24-2024-4TH-JD-008 | 16 | - |
| Total ALN 20.608 | | | 51 | - |
| Total U.S. Department of Transportation | | | \$ 13,638 | \$ - |
| U.S. Department of the Treasury | | | | |
| Direct | | | | |
| COVID-19 Emergency Rental Assistance Program | 21.023 | | \$ 494 | \$ 494 |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds Total ALN 21.027 (\$81,909) | 21.027 | | 81,888 | 6,681 |
| Passed Through Minnesota Department of Health | | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds Total ALN 21.027 (\$81,909) | 21.027 | 168358 | 15 | - |
| Passed Through Minnesota Department of Human Services | | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds Total ALN 21.027 (\$81,909) | 21.027 | Not provided | 6 | - |
| Total U.S. Department of the Treasury | | | \$ 82,403 | \$ 7,175 |
| National Endowment for the Arts | | | | |
| Direct | | | | |
| Promotion of the Arts Grants to Organizations and Individuals | 45.024 | | \$ 150 | \$ - |
| U.S. Environmental Protection Agency | | | | |
| Direct | | | | |
| Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act | 66.034 | | \$ 93 | \$ - |
| Environmental Justice Government-to-Government (EJG2G) Program | 66.312 | | 37 | - |
| Passed Through the Minnesota Public Facilities Authority | | | | |
| Drinking Water State Revolving Fund Cluster | | | - | - |
| Drinking Water State Revolving Fund | 66.468 | MPFA-DWRF-L-049-FY19 | 1,987 | - |
| Total U.S. Environmental Protection Agency | | | \$ 2,117 | \$ - |
| U.S. Department of Health and Human Services | | | | |
| Direct | | | | |
| Injury Prevention and Control Research and State and Community Based Programs | 93.136 | | \$ 189 | \$ - |
| COVID-19 Community Programs to Improve Minority Health Grant Program | 93.137 | | 299 | - |
| Racial and Ethnic Approaches to Community Health | 93.304 | | 159 | - |
| COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to public Health or Healthcare Crises Total ALN 93.391 (\$1,935) | 93.391 | | 1,874 | 137 |
| PPHF: Racial and Ethnic Approaches to Community Health Program Financed Solely by Public Prevention and Health Funds | | | | |
| COVID-19 PPHF: Racial and Ethnic Approaches to Community Health Program Financed Solely by Public Prevention and Health Funds | 93.738 | | 613 | 136 |
| COVID-19 PPHF: Racial and Ethnic Approaches to Community Health Program Financed Solely by Public Prevention and Health Funds | 93.738 | | 351 | - |
| Total ALN 93.738 | | | 964 | 136 |
| Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health | 93.967 | | 255 | - |

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, 2023

CITY OF MINNEAPOLIS
 (in thousands)
 (continued)

| Federal Grantor Pass Through Agency Program or Cluster Title | Federal ALN | Pass-through Grant Numbers | Expenditures | Passed Through to Subrecipients |
|---|----------------|----------------------------------|-------------------|------------------------------------|
| U.S. Department of Health and Human Services (continued) | | | | |
| Passed Through Minnesota Department of Employment and Economic Development Temporary Assistance for Needy Families Total Temporary Assistance for Needy Families (ALN 93.558, \$539) | 93.558 | 3107400 | 17 | 17 |
| Passed Through Minnesota Department of Health Public Health Emergency Preparedness | 93.069 | 161418 | 329 | - |
| Affordable Care Act (ACA) Personal Responsibility Education Program | 93.092 | 223701 | 96 | - |
| COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) | 93.323 | 191800 | 61 | - |
| COVID-19-Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response | 93.354 | 204270 | 15 | - |
| COVID-19-Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response | 93.354 | 204774 | 417 | - |
| Total ALN 93.354 | | | 432 | - |
| The Innovative Cardiovascular Health Program | 93.435 | 152495 | 313 | 173 |
| Temporary Assistance for Needy Families | 93.558 | 1801MNTANF | 462 | 372 |
| Temporary Assistance for Needy Families | 93.558 | 232362 | 60 | 5 |
| Total Temporary Assistance for Needy Families (ALN 93.558, \$539) | | | 522 | 377 |
| Maternal, Infant, and Early Childhood Home Visiting Grant | 93.870 | 210898 | 1,164 | 1,152 |
| Maternal and Child Health Services Block Grant to the States | 93.994 | 167257 | 854 | 303 |
| COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises Total ALN 93.391 (\$1,935) | 93.391 | 224293 | 61 | - |
| Passed Through National Association of County and City Health Officials Strengthening Public Health Systems and Services Through National Partnerships to Improve and Protect the Nation's Health | 93.421 | 2022-031602 | 10 | - |
| Strengthening Public Health Systems and Services Through National Partnerships to Improve and Protect the Nation's Health | 93.421 | 2022-032114 | 36 | - |
| COVID-19 Strengthening Public Health Systems and Services Through National Partnerships to Improve and Protect the Nation's Health | 93.421 | 2022-102502 | 37 | - |
| Total ALN 93.421 | | | 83 | - |
| Passed Through Minnesota Department of Human Services Opioid STR | 93.788 | 191971 | 46 | - |
| Opioid STR | 93.788 | 193541 | 37 | - |
| Total ALN 93.788 | | | 83 | - |
| Passed Through Hennepin County Teenage Pregnancy Prevention Program | 93.297 | HS00001406 | 212 | - |
| Teenage Pregnancy Prevention Program | 93.297 | HS00000867 | 251 | - |
| Total ALN 93.297 | | | 463 | - |
| Total U.S. Department of Health and Human Services | | | \$ 8,218 | \$ 2,295 |
| U.S. Department of Homeland Security | | | | |
| Direct COVID-19 Assistance to Firefighters Grant | 97.044 | | \$ 39 | \$ - |
| Staffing for Adequate Fire and Emergency Response (SAFER) | 97.083 | | 809 | - |
| Passed Through Minnesota Department of Public Safety Homeland Security Grant Program | 97.067 | A-SHSP-2021-MPLSBOMB-016 | 126 | - |
| Homeland Security Grant Program | 97.067 | A-SHSP-2022-MPLSBOMB-011 | 6 | - |
| Homeland Security Grant Program | 97.067 | A-UASI-2020-MPLSEMER-008 | 6 | - |
| Homeland Security Grant Program | 97.067 | A-UASI-2021-MPLSEMER-010 | 593 | - |
| Homeland Security Grant Program | 97.067 | A-UASI-2022-MPLSEMER-008 | 435 | - |
| Total ALN 97.067 | | | 1,166 | - |
| Total U.S. Department of Homeland Security | | | \$ 2,014 | \$ - |
| Total Federal Awards | | | \$ 136,482 | \$ 16,699 |

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

For the Fiscal Year Ended December 31, 2023

(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 \$2,595 in federal awards expended by the Minneapolis Park and Recreation Board component unit, which is legally separate from the primary government and 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, 2023. The information in this schedule is presented in accordance with the requirements of 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 in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. 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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**MUNICIPAL BUILDING COMMISSION
BALANCE SHEET
December 31, 2023**

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 | \$ 3,076 | \$ 698 | \$ 3,774 |
| Receivables: | | | |
| Intergovernmental | 485 | 813 | 1,298 |
| Due from other funds | 500 | - | 500 |
| Total assets | <u>\$ 4,061</u> | <u>\$ 1,511</u> | <u>\$ 5,572</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Salaries payable | \$ 169 | \$ - | \$ 169 |
| Accounts payable | 82 | 868 | 950 |
| Deposits held for other | 13 | - | 13 |
| Due to other funds | - | 500 | 500 |
| Total liabilities | <u>264</u> | <u>1,368</u> | <u>1,632</u> |
| Fund balances: | | | |
| Assigned | <u>3,797</u> | <u>143</u> | <u>3,940</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 4,061</u> | <u>\$ 1,511</u> | <u>\$ 5,572</u> |

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

| | | |
|---|-----------------|------------------|
| Fund balances - total governmental funds | | \$ 3,940 |
| 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 | 48,411 | |
| Depreciable | 75,182 | |
| Accumulated depreciation | <u>(73,226)</u> | 50,367 |
| 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 | (659) | |
| Net pension liability | (3,752) | |
| Compensated absences | <u>(234)</u> | (4,645) |
| 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 | 104 | |
| Deferred outflows of resources - pensions | 598 | |
| Deferred inflows of resources - other postemployment benefits | (133) | |
| Deferred inflows of resources - pensions | <u>(795)</u> | (226) |
| Net position of governmental activities | | <u>\$ 49,436</u> |

**MUNICIPAL BUILDING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended December 31, 2023**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | General Fund | Capital Projects Fund | Total |
|--------------------------------|-----------------|-----------------------------|-----------------|
| REVENUES: | | | |
| Intergovernmental revenues | \$ 381 | \$ 771 | \$ 1,152 |
| Charges for services and sales | 8,406 | 1,792 | 10,198 |
| Miscellaneous revenues | 10 | - | 10 |
| Total revenues | <u>8,797</u> | <u>2,563</u> | <u>11,360</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| General government | 7,867 | - | 7,867 |
| Capital outlay | - | 2,968 | 2,968 |
| Total expenditures | <u>7,867</u> | <u>2,968</u> | <u>10,835</u> |
| Net change in fund balances | <u>930</u> | <u>(405)</u> | <u>525</u> |
| Fund balances - January 1 | <u>2,867</u> | <u>548</u> | <u>3,415</u> |
| Fund balances - December 31 | <u>\$ 3,797</u> | <u>\$ 143</u> | <u>\$ 3,940</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 \$ 525

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

2,642

(811)

1,831

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 and related deferred outflows and inflows

74

Change in net pension liability and related deferred outflows and inflows

30

Change in compensated absences

(5)

99

Increase (decrease) in net position of governmental activities

\$ 2,455



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STATISTICAL SECTION

This part of the City of Minneapolis Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary 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. | 162-166 |
| 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 | 167-170 |
| 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. | 171-179 |
| 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. | 180-181 |
| 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. | 182-185 |

Schedule 1
City of Minneapolis
Net Position by Component (In Thousands)
Last 10 Fiscal Years
December 31, 2023

| | Fiscal Year | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Governmental Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 890,622 | \$ 968,927 | \$ 1,057,445 | \$ 1,190,812 | \$ 1,311,190 | \$ 1,203,135 | \$ 1,365,745 | \$ 1,375,177 | \$ 1,421,756 | \$ 1,478,541 |
| Restricted | 195,322 | 168,304 | 215,143 | 254,967 | 329,487 | 390,189 | 318,948 | 332,308 | 305,614 | 344,317 |
| Unrestricted | 192,384 | (146,805) | (337,534) | (331,419) | (365,071) | (177,116) | (211,106) | (164,009) | (46,330) | (33,071) |
| Total governmental activities net position | \$ 1,278,328 | \$ 990,426 | \$ 935,054 | \$ 1,114,360 | \$ 1,275,606 | \$ 1,416,208 | \$ 1,473,587 | \$ 1,543,476 | \$ 1,681,040 | \$ 1,789,787 |
| Business-type Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 760,038 | \$ 778,150 | \$ 800,274 | \$ 876,141 | \$ 895,158 | \$ 930,589 | \$ 983,131 | \$ 997,445 | \$ 1,031,775 | \$ 1,074,632 |
| Restricted | 34,457 | 34,856 | 35,336 | 36,082 | 36,821 | 30,598 | 25,102 | 25,069 | 24,811 | 25,809 |
| Unrestricted | 101,258 | 78,959 | 80,745 | 57,000 | 50,217 | 46,641 | 9,449 | 23,008 | 31,296 | 31,084 |
| Total business-type activities net position | \$ 895,753 | \$ 891,965 | \$ 916,355 | \$ 969,223 | \$ 982,196 | \$ 1,007,828 | \$ 1,017,682 | \$ 1,045,522 | \$ 1,087,882 | \$ 1,131,525 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 1,650,660 | \$ 1,747,077 | \$ 1,857,719 | \$ 2,066,953 | \$ 2,206,348 | \$ 2,133,724 | \$ 2,348,876 | \$ 2,372,622 | \$ 2,453,531 | \$ 2,553,173 |
| Restricted | 229,779 | 203,160 | 250,479 | 291,049 | 366,308 | 420,787 | 344,050 | 357,377 | 330,425 | 370,126 |
| Unrestricted | 293,642 | (67,846) | (256,789) | (274,419) | (314,854) | (130,475) | (201,657) | (141,001) | (15,034) | (1,987) |
| Total primary government net position | \$ 2,174,081 | \$ 1,882,391 | \$ 1,851,409 | \$ 2,083,583 | \$ 2,257,802 | \$ 2,424,036 | \$ 2,491,269 | \$ 2,588,998 | \$ 2,768,922 | \$ 2,921,312 |

(UNAUDITED)

Schedule 2
City of Minneapolis
Changes in Net Position (In Thousands)
Last 10 Fiscal Years
December 31, 2023

| | Fiscal Year | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General government | \$ 109,005 | \$ 97,652 | \$ 128,137 | \$ 102,171 | \$ 103,781 | \$ 31,300 | \$ 25,088 | \$ 85,640 | \$ 117,462 | \$ 139,362 |
| Public safety | 244,482 | 275,495 | 390,053 | 323,498 | 294,822 | 295,247 | 341,681 | 258,226 | 305,773 | 361,983 |
| Public works | 126,689 | 122,472 | 106,705 | 58,174 | 96,934 | 154,329 | 208,981 | 139,454 | 122,374 | 142,916 |
| Culture and recreation | 8,836 | 4,570 | 7,544 | 11,252 | 9,103 | 9,531 | 11,901 | 6,027 | 9,487 | 14,532 |
| Health and welfare | 20,098 | 23,462 | 25,494 | 25,483 | 24,983 | 26,592 | 32,211 | 35,518 | 43,037 | 36,191 |
| Community planning & economic development | 140,604 | 192,957 | 181,537 | 149,145 | 173,362 | 196,477 | 186,579 | 194,183 | 228,526 | 198,412 |
| Interest on long-term debt | 17,581 | 16,329 | 13,611 | 15,121 | 18,054 | 18,958 | 20,555 | 17,497 | 19,042 | 19,054 |
| Total governmental activities expenses | \$ 667,295 | \$ 732,937 | \$ 853,081 | \$ 684,844 | \$ 721,039 | \$ 732,434 | \$ 826,996 | \$ 736,545 | \$ 845,701 | \$ 912,450 |
| Business-type Activities: | | | | | | | | | | |
| Sanitary sewer | \$ 47,710 | \$ 53,185 | \$ 54,030 | \$ 58,250 | \$ 65,209 | \$ 63,066 | \$ 67,919 | \$ 62,993 | \$ 68,932 | \$ 62,338 |
| Stormwater | 27,305 | 32,331 | 36,009 | 34,518 | 34,182 | 34,524 | 36,138 | 31,249 | 34,453 | 39,020 |
| Water treatment and distribution services | 57,899 | 64,973 | 67,826 | 59,536 | 58,068 | 68,792 | 67,124 | 68,657 | 70,112 | 76,673 |
| Municipal parking | 43,418 | 49,086 | 50,020 | 48,758 | 64,727 | 50,532 | 41,976 | 38,056 | 46,072 | 50,466 |
| Solid waste and recycling | 30,013 | 34,166 | 33,312 | 36,087 | 36,528 | 33,295 | 36,152 | 36,206 | 34,363 | 37,947 |
| Community planning & economic development | 7,759 | 6,684 | 6,330 | 5,921 | 5,437 | 4,716 | 3,887 | 2,906 | 16,988 | 1,372 |
| Total business-type activities expenses | \$ 214,104 | \$ 240,425 | \$ 247,527 | \$ 243,070 | \$ 264,151 | \$ 254,925 | \$ 253,196 | \$ 240,067 | \$ 270,920 | \$ 267,816 |
| Total primary government expenses | \$ 881,399 | \$ 973,362 | \$ 1,100,608 | \$ 927,914 | \$ 985,190 | \$ 987,359 | \$ 1,080,192 | \$ 976,612 | \$ 1,116,621 | \$ 1,180,266 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 20,831 | \$ 21,577 | \$ 5,886 | \$ 1,215 | \$ 14,051 | \$ 22,147 | \$ 13,731 | \$ 12,765 | \$ 21,717 | \$ 8,549 |
| Public safety | 17,604 | 16,357 | 17,051 | 17,681 | 19,764 | 21,300 | 15,902 | 18,707 | 16,346 | 17,332 |
| Public works | 14,522 | 26,976 | 43,236 | 60,640 | 25,397 | 51,362 | 32,971 | 28,416 | 42,462 | 41,348 |
| Health and welfare | 2,436 | 2,506 | 2,498 | 2,830 | 2,809 | 3,119 | 2,541 | 2,703 | 2,863 | 2,719 |
| Community planning & economic development | 72,896 | 71,117 | 71,370 | 69,946 | 87,235 | 86,790 | 56,580 | 59,577 | 77,531 | 60,531 |
| Operating grants and contributions | 103,219 | 127,515 | 132,535 | 137,377 | 130,724 | 122,641 | 124,193 | 139,521 | 256,696 | 230,554 |
| Capital grants and contributions | 3,885 | 5,228 | 14,255 | 11,356 | 9,054 | 15,529 | 37,366 | 5,526 | 812 | 7,433 |
| Total governmental activities program revenues | \$ 235,393 | \$ 271,276 | \$ 286,831 | \$ 301,045 | \$ 289,034 | \$ 322,888 | \$ 283,284 | \$ 267,215 | \$ 418,427 | \$ 368,466 |
| Business-type Activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Sanitary sewer | \$ 59,310 | \$ 60,151 | \$ 64,289 | \$ 67,978 | \$ 73,387 | \$ 81,944 | \$ 82,955 | \$ 86,481 | \$ 95,014 | \$ 91,463 |
| Stormwater | 39,983 | 37,704 | 37,432 | 39,974 | 39,385 | 42,287 | 43,464 | 43,576 | 45,498 | 46,372 |
| Water treatment and distribution services | 71,881 | 72,624 | 78,963 | 81,070 | 82,500 | 81,940 | 84,753 | 85,963 | 88,399 | 94,578 |
| Municipal parking | 57,749 | 61,052 | 62,837 | 68,472 | 71,112 | 71,755 | 43,524 | 43,247 | 53,963 | 62,563 |
| Solid waste and recycling | 30,473 | 35,494 | 36,988 | 38,103 | 38,541 | 39,497 | 40,167 | 42,393 | 43,610 | 44,457 |
| Community planning & economic development | 1,842 | 6,494 | 6,101 | 5,735 | 4,792 | 4,703 | 3,890 | 2,907 | 16,453 | 824 |
| Operating grants and contributions | 4,696 | 5,468 | 5,089 | 6,988 | 5,771 | 3,996 | 4,573 | 3,561 | 4,323 | 4,407 |
| Capital grants and contributions | 157 | - | - | - | - | - | 1,664 | - | - | - |
| Total business-type activities program revenues | \$ 266,091 | \$ 278,987 | \$ 291,699 | \$ 308,320 | \$ 315,488 | \$ 326,122 | \$ 304,990 | \$ 308,128 | \$ 347,260 | \$ 344,664 |
| Total primary government program revenues | \$ 501,484 | \$ 550,263 | \$ 578,530 | \$ 609,365 | \$ 604,522 | \$ 649,010 | \$ 588,274 | \$ 575,343 | \$ 765,687 | \$ 713,130 |
| Net (Expenses) Revenue | | | | | | | | | | |
| Governmental Activities | \$ (431,902) | \$ (461,661) | \$ (566,250) | \$ (383,799) | \$ (432,005) | \$ (409,546) | \$ (543,712) | \$ (469,330) | \$ (427,274) | \$ (543,984) |
| Business-type Activities | 51,987 | 38,562 | 44,172 | 65,250 | 51,337 | 71,197 | 51,794 | 68,061 | 76,340 | 76,848 |
| Total primary government net expense | \$ (379,915) | \$ (423,099) | \$ (522,078) | \$ (318,549) | \$ (380,668) | \$ (338,349) | \$ (491,918) | \$ (401,269) | \$ (350,934) | \$ (467,136) |

Schedule 2
 City of Minneapolis
 Changes in Net Position (In Thousands)
 Last 10 Fiscal Years
 December 31, 2023

| | Fiscal Year | | | | | | | | | |
|---|-------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| General property tax and fiscal disparities | \$ 228,620 | \$ 238,745 | \$ 247,708 | \$ 278,088 | \$ 271,192 | \$ 287,049 | \$ 308,146 | \$ 329,021 | \$ 369,767 | \$ 383,051 |
| Property tax increment | 48,568 | 45,205 | 49,616 | 55,666 | 62,129 | 66,303 | 69,418 | 27,435 | 1,108 | 491 |
| Franchise taxes | 33,531 | 30,118 | 29,515 | 32,143 | 34,772 | 32,370 | 31,181 | 33,635 | 40,758 | 40,122 |
| Local taxes | 76,292 | 78,293 | 80,851 | 83,266 | 89,794 | 89,182 | 49,290 | 33,133 | 66,666 | 77,608 |
| Other taxes | 180 | 313 | 212 | 267 | 298 | 329 | 262 | 10 | - | - |
| Local government aid - unrestricted | 66,860 | 68,022 | 68,391 | 68,543 | 69,683 | 69,754 | 71,821 | 68,815 | 68,845 | 65,518 |
| Grants and contributions not restricted to programs | - | - | 3,371 | 1,879 | 3,291 | 2,728 | 3,436 | 5,087 | 10,322 | 692 |
| Unrestricted interest and investment earnings | 4,213 | 3,399 | 7,754 | 6,651 | 14,764 | 30,539 | 23,478 | 846 | (27,083) | 47,900 |
| Other | 1,141 | 11,401 | 181 | 2,003 | 989 | 6,422 | - | - | - | - |
| Gain on sale of capital assets | 214 | 268 | 526 | 291 | 1,100 | 1,102 | 910 | 758 | - | - |
| Transfers | 16,704 | 14,604 | 22,753 | 31,102 | 36,002 | 46,850 | 43,149 | 40,479 | 34,455 | 34,788 |
| Total governmental activities | \$ 476,323 | \$ 490,368 | \$ 510,878 | \$ 559,899 | \$ 584,014 | \$ 632,628 | \$ 601,091 | \$ 539,219 | \$ 564,838 | \$ 650,170 |
| Business-type Activities: | | | | | | | | | | |
| Franchise taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 339 | \$ 356 |
| Local government aid - unrestricted | - | - | - | - | - | - | - | - | - | 3 |
| Grants and contributions not restricted to programs | 6,064 | 306 | 205 | 364 | 425 | 151 | 168 | 108 | 326 | 3 |
| Unrestricted interest and investment earnings | 119 | 21 | 910 | 20 | 155 | 981 | 887 | (88) | (348) | 1,108 |
| Other | 249 | - | 1,856 | 20,660 | 212 | - | 154 | 238 | 158 | 113 |
| Gain on sale of capital assets | (16,704) | (14,604) | (22,753) | (31,102) | (36,002) | (46,850) | (43,149) | (40,479) | (34,455) | (34,788) |
| Transfers | - | - | - | - | (4,000) | - | - | - | - | - |
| Transfer of capital asset | (10,272) | (14,277) | (19,782) | (10,042) | (38,574) | (45,565) | (41,940) | (40,221) | (33,980) | (33,205) |
| Total business-type activities | \$ 466,051 | \$ 476,091 | \$ 491,096 | \$ 549,857 | \$ 545,440 | \$ 587,063 | \$ 559,151 | \$ 498,998 | \$ 530,858 | \$ 616,965 |
| Total primary government | \$ 44,421 | \$ 28,707 | \$ (55,372) | \$ 176,100 | \$ 156,009 | \$ 223,082 | \$ 57,379 | \$ 69,889 | \$ 137,564 | \$ 106,186 |
| Changes in Net Position | | | | | | | | | | |
| Governmental Activities | 41,715 | 24,285 | 24,390 | 55,208 | 12,763 | 25,632 | 9,854 | 27,840 | 42,360 | 43,643 |
| Business-type Activities | 86,136 | 52,992 | (30,982) | 231,308 | 168,772 | 248,714 | 67,233 | 97,729 | 179,924 | 149,829 |
| Total primary government | \$ 127,851 | \$ 77,277 | \$ (6,592) | \$ 287,516 | \$ 281,535 | \$ 274,346 | \$ 77,113 | \$ 125,569 | \$ 222,284 | \$ 193,472 |

(UNAUDITED)

Schedule 3
City of Minneapolis
Fund Balance, Governmental Funds (In Thousands)
Last 10 Fiscal Years
December 31, 2023

| | Fiscal Year | | | | | | | | | |
|------------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| General Fund | | | | | | | | | | |
| Nonspendable | \$ - | \$ 1,251 | \$ 1,261 | \$ 1,263 | \$ 1,250 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Assigned | - | - | 10,000 | 10,000 | - | - | - | - | 1,500 | 19,000 |
| Unassigned | 102,439 | 104,740 | 96,236 | 105,835 | 102,946 | 128,040 | 167,654 | 142,828 | 172,217 | 52,051 |
| Total general fund | \$ 102,439 | \$ 105,991 | \$ 107,497 | \$ 117,098 | \$ 104,196 | \$ 128,040 | \$ 167,654 | \$ 142,828 | \$ 173,717 | \$ 210,370 |
| All Other Government Funds | | | | | | | | | | |
| Nonspendable | \$ 45,706 | \$ 41,931 | \$ 33,754 | \$ - | \$ 263 | \$ - | \$ - | \$ - | \$ 31 | \$ - |
| Restricted | 195,322 | 168,304 | 215,143 | 254,967 | 329,487 | 390,189 | 318,948 | 332,308 | 305,614 | 325,317 |
| Assigned | 143,134 | 152,874 | 149,360 | 146,671 | 168,577 | 181,841 | 186,706 | 171,941 | 194,951 | 215,111 |
| Unassigned | (145) | - | (25,195) | (2,039) | (1,818) | (13,822) | (8,479) | (5,158) | - | - |
| Total all other governmental funds | \$ 384,017 | \$ 363,109 | \$ 373,062 | \$ 399,599 | \$ 496,509 | \$ 558,208 | \$ 497,175 | \$ 499,091 | \$ 500,596 | \$ 540,428 |

(UNAUDITED)

Schedule 4
City of Minneapolis
Changes in Fund Balance, Governmental Funds (In Thousands)
Last 10 Fiscal Years
December 31, 2023

| | Fiscal Year | | | | | | | | | |
|---|-------------|-------------|------------|------------|------------|------------|-------------|-------------|------------|------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 387,322 | \$ 393,015 | \$ 408,195 | \$ 428,271 | \$ 458,711 | \$ 475,364 | \$ 458,154 | \$ 423,217 | \$ 477,737 | \$ 501,596 |
| Licenses and permits | 50,996 | 45,878 | 48,267 | 46,398 | 48,658 | 56,547 | 46,403 | 41,353 | 54,885 | 45,801 |
| Intergovernmental revenues | 136,432 | 160,953 | 181,477 | 183,797 | 165,366 | 187,273 | 233,867 | 198,872 | 306,192 | 289,506 |
| Charges for services and sales | 62,863 | 71,609 | 90,626 | 110,799 | 80,785 | 92,324 | 70,614 | 80,135 | 78,309 | 78,386 |
| Fines and forfeits | 7,519 | 6,853 | 6,705 | 7,783 | 7,417 | 7,573 | 4,701 | 5,055 | 5,096 | 5,852 |
| Special assessments | 25,529 | 25,780 | 28,220 | 29,516 | 28,279 | 30,853 | 29,744 | 30,004 | 31,784 | 31,193 |
| Investment earnings | 4,067 | 3,903 | 7,916 | 6,679 | 14,776 | 30,287 | 24,715 | 1,192 | (28,637) | 48,015 |
| Miscellaneous revenues | 35,923 | 35,467 | 36,054 | 33,609 | 54,092 | 36,131 | 35,104 | 37,460 | 37,112 | 32,243 |
| Total revenues | 710,651 | 743,458 | 807,460 | 846,852 | 858,084 | 916,352 | 903,302 | 817,288 | 962,478 | 1,032,592 |
| Expenditures | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 99,330 | 102,556 | 106,212 | 100,772 | 107,988 | 108,097 | 112,397 | 109,505 | 132,220 | 170,260 |
| Public safety | 245,341 | 256,981 | 269,020 | 284,155 | 298,052 | 296,996 | 299,229 | 290,387 | 306,856 | 332,834 |
| Public works | 56,173 | 54,084 | 56,978 | 59,804 | 65,648 | 68,567 | 71,092 | 81,183 | 63,927 | 70,925 |
| Culture and recreation | 3,238 | 2,363 | 1,560 | 780 | - | - | - | - | - | - |
| Health and welfare | 20,029 | 21,235 | 21,705 | 23,797 | 24,104 | 26,106 | 31,689 | 34,238 | 41,979 | 36,210 |
| Community planning & economic development | 142,326 | 161,868 | 174,858 | 155,783 | 172,556 | 198,316 | 182,016 | 179,694 | 219,076 | 184,352 |
| Capital outlay | 102,422 | 76,361 | 151,681 | 193,489 | 107,091 | 174,674 | 191,240 | 127,867 | 115,520 | 131,698 |
| Intergovernmental: | | | | | | | | | | |
| General government | 297 | 647 | 616 | 968 | 1,000 | 2,229 | 4,182 | 6,144 | 1,069 | 771 |
| Public safety | 176 | 168 | 154 | 111 | 132 | 126 | 48 | 26 | - | 332 |
| Community planning & economic development | - | - | - | - | - | - | 400 | - | - | - |
| Culture and recreation | 5,598 | 2,207 | 5,984 | 10,472 | 9,103 | 9,531 | 11,901 | 6,027 | 9,487 | 13,174 |
| Debt Service: | | | | | | | | | | |
| Principal retirement | 77,391 | 83,871 | 84,027 | 154,711 | 153,750 | 140,725 | 106,410 | 46,515 | 76,491 | 73,925 |
| Interest and fiscal charges | 17,065 | 16,194 | 13,711 | 15,104 | 17,882 | 20,437 | 19,542 | 17,639 | 19,140 | 18,987 |
| Bond issuance costs | - | 482 | 4 | - | - | - | - | - | - | - |
| Payments to refunded bond escrow agents | - | 22,753 | 4,440 | - | - | - | - | - | - | - |
| Total expenditures | 769,386 | 801,770 | 890,950 | 999,946 | 957,306 | 1,045,804 | 1,030,146 | 899,225 | 985,765 | 1,033,468 |
| Excess (deficiency) of revenues over (under) expenditures | (58,735) | (58,312) | (83,490) | (153,094) | (99,222) | (129,452) | (126,844) | (81,937) | (23,287) | (876) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers from other funds | 105,459 | 114,054 | 110,883 | 131,389 | 166,304 | 264,881 | 97,918 | 128,568 | 176,259 | 162,263 |
| Transfers to other funds | (126,862) | (115,943) | (110,336) | (120,300) | (149,809) | (246,105) | (80,781) | (149,039) | (196,339) | (162,575) |
| Premium (discount) | 451 | 135 | 920 | 5,780 | 7,210 | 7,294 | 3,678 | 6,368 | 3,489 | 4,066 |
| Leases issued | - | - | - | - | - | - | - | - | 2,167 | 502 |
| Bonds issued | 97,010 | 22,710 | 53,860 | 58,835 | 107,250 | 188,930 | 84,610 | 73,130 | 70,105 | 73,105 |
| Refunding bonds issued | - | - | 4,440 | 56,010 | 47,275 | - | - | - | - | - |
| Refunding notes issued | - | - | - | 2,449 | - | - | - | - | - | - |
| Loans and notes issued | - | - | 35,182 | 55,069 | 5,000 | - | - | - | - | - |
| Total other financing sources (uses) | 76,058 | 40,956 | 94,949 | 189,232 | 183,230 | 215,000 | 105,425 | 59,027 | 55,681 | 77,361 |
| Net change in fund balance | \$ 17,323 | \$ (17,356) | \$ 11,459 | \$ 36,138 | \$ 84,008 | \$ 85,548 | \$ (21,419) | \$ (22,910) | \$ 32,394 | \$ 76,485 |
| Debt service as a percentage of noncapital expenditures | 13.6% | 16.4% | 13.8% | 21.1% | 20.4% | 18.5% | 15.0% | 8.3% | 11.0% | 10.3% |

(UNAUDITED)

Schedule 5
City of Minneapolis
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2023

| Fiscal Year Ended December 31, | Personal & Other Property | | | | | Tax-Exempt Property | Total Taxable Assessed Value ¹ | Total Direct Tax Rate (a) | Estimated Actual Taxable Value ² | Taxable Assessed Value as a % of Actual Taxable Value |
|--------------------------------------|---------------------------------|-----------------------|-------------------------|------------------------|---------------------------------|------------------------|---|------------------------------------|--|--|
| | Commercial Property | Apartment Property | Residential Property | Industrial Property | Personal & Other Property | | | | | |
| 2014 | \$ 6,166,615 | \$ 3,690,983 | \$ 21,634,886 | \$ 1,313,800 | \$ 430,582 | \$ 10,482,230 | \$ 33,236,866 | 8.53 | \$ 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 | 8.06 | 43,879,415 | 83% |
| 2016 | 7,596,673 | 6,090,411 | 24,958,025 | 1,215,531 | 436,040 | 12,726,043 | 40,296,680 | 7.89 | 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 | 7.72 | 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 | 7.44 | 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 | 7.40 | 59,242,028 | 89% |
| 2020 | 10,368,096 | 10,387,637 | 33,385,795 | 1,618,603 | 569,749 | 18,401,743 | 56,329,880 | 7.37 | 60,589,378 | 93% |
| 2021 | 11,156,098 | 11,635,121 | 34,287,581 | 1,688,725 | 585,511 | 15,498,136 | 59,353,036 | 7.44 | 64,274,169 | 92% |
| 2022 | 10,533,396 | 12,321,392 | 35,747,876 | 1,744,541 | 267,927 | 17,469,944 | 60,615,132 | 7.62 | 65,576,351 | 92% |
| 2023 | 10,573,416 | 13,253,257 | 38,368,578 | 2,101,965 | 280,108 | 16,123,061 | 64,577,324 | 7.42 | 69,057,703 | 94% |

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.

(a) 2014 - 2022 Total Direct Tax Rates have been updated

(UNAUDITED)

Schedule 6
City of Minneapolis
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
December 31, 2023

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| City Direct Rates | | | | | | | | | | |
| <i>Tax Capacity Based Rates</i> | | | | | | | | | | |
| General | 4.76 | 4.48 | 4.59 | 4.55 | 4.40 | 4.61 | 4.61 | 4.69 | 4.79 | 4.79 |
| Estimate and Taxation | 0.01 | - | - | - | - | - | - | - | - | - |
| Building Commission | 0.14 | 0.13 | 0.13 | 0.12 | 0.11 | 0.11 | 0.11 | 0.07 | 0.10 | 0.08 |
| Permanent Improvement | 0.03 | 0.03 | 0.01 | - | - | - | - | - | 0.14 | 0.13 |
| Bond Redemption | 1.11 | 1.06 | 0.98 | 0.95 | 0.91 | 0.91 | 0.88 | 0.92 | 0.92 | 0.88 |
| Firefighter's Relief Association | 0.08 | 0.08 | 0.04 | 0.04 | 0.05 | 0.04 | 0.04 | 0.04 | 0.04 | - |
| Police Relief Association | 0.20 | 0.18 | 0.24 | 0.19 | 0.28 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 |
| Minneapolis Employees Retirement Fund | 0.56 | 0.51 | 0.29 | 0.31 | 0.19 | 0.23 | 0.23 | 0.22 | 0.21 | 0.18 |
| Parks | 1.56 | 1.52 | 1.55 | 1.50 | 1.44 | 1.43 | 1.43 | 1.44 | 1.36 | 1.31 |
| Teacher's Retirement Association | 0.08 | 0.07 | 0.06 | 0.06 | 0.06 | 0.05 | 0.05 | 0.04 | 0.04 | 0.03 |
| <i>Market Value Based Rates</i> | | | | | | | | | | |
| Total City Direct Rates | 8.53 | 8.06 | 7.89 | 7.72 | 7.44 | 7.40 | 7.37 | 7.44 | 7.62 | 7.42 |
| Overlapping Rates | | | | | | | | | | |
| <i>Tax Capacity Based Rates</i> | | | | | | | | | | |
| Watershed Districts | 0.23 | 0.22 | 0.22 | 0.22 | 0.22 | 0.20 | 0.19 | 0.18 | 0.17 | 0.16 |
| Hennepin County | 6.34 | 5.90 | 5.81 | 5.66 | 5.50 | 5.36 | 5.26 | 4.92 | 4.91 | 4.39 |
| Minneapolis Public Schools | 3.30 | 2.84 | 2.73 | 2.64 | 2.88 | 2.86 | 2.72 | 2.42 | 2.62 | 2.43 |
| Other Special Taxing Districts | 0.74 | 0.71 | 0.67 | 0.69 | 0.68 | 0.64 | 0.61 | 0.58 | 0.58 | 0.50 |
| <i>Market Value Based Rates</i> | | | | | | | | | | |
| Minneapolis Public Schools Referendum | 0.01 | 0.02 | 0.02 | 0.02 | 0.01 | 0.02 | 0.01 | 0.01 | 0.01 | 0.01 |
| Total Overlapping Rates | 10.62 | 9.69 | 9.45 | 9.23 | 9.29 | 9.08 | 8.79 | 8.11 | 8.29 | 7.49 |
| Grand Total | 19.15 | 17.75 | 17.34 | 16.95 | 16.73 | 16.48 | 16.16 | 15.55 | 15.91 | 14.91 |

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

Data updated from 2014 to 2022 using the correct Tax Capacity Rate Card

(UNAUDITED)

Schedule 7
City of Minneapolis
Principal Property Tax Payers
Current Year and Nine Years Ago
(in thousands of dollars)
December 31, 2023

| Taxpayer | 2023 | | | 2014 | | |
|--------------------------------------|------------------------|------|---|------------------------|------|---|
| | 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 | \$ 270,040 | 1 | 0.68% | \$ 193,000 | 3 | 1.03% |
| SRI Eleven Minneapolis 225 L | 250,970 | 2 | 0.63% | - | - | - |
| WFM Office Owner LLC | 237,000 | 3 | 0.60% | - | - | - |
| 33 City Center 33 South Property LLC | 219,610 | 4 | 0.55% | - | - | - |
| US Bank Corp RE Tax Department | 194,940 | 5 | 0.49% | - | - | - |
| Wells REIT-800 Nicolett | 183,000 | 6 | 0.46% | - | - | - |
| South Sixth Office LLC | 156,580 | 7 | 0.39% | - | - | - |
| Eleven Minneapolis LLC | 151,124 | 8 | 0.24% | - | - | - |
| BAM 701 LLC | 150,440 | 9 | 0.38% | - | - | - |
| 365 Nicollet Residences LLC | 132,140 | 10 | 0.21% | - | - | - |
| Northern States Power | - | - | - | 342,359 | 1 | 1.83% |
| Target Corporation | - | - | - | 223,933 | 2 | 1.20% |
| NWC Limited Partnership | - | - | - | 178,900 | 4 | 0.96% |
| Minneapolis 225 Holdings LLC | - | - | - | 176,700 | 5 | 0.94% |
| SRI Ten Center LLC | - | - | - | 166,100 | 6 | 0.89% |
| Wells Operating Partnership LP | - | - | - | 145,600 | 7 | 0.78% |
| First Minneapolis-Hines Co. | - | - | - | 138,100 | 8 | 0.74% |
| CSDV MN LLP | - | - | - | 131,734 | 9 | 0.70% |
| Diamondrock Minneapolis LLC | - | - | - | 126,500 | 10 | 0.68% |
| Total | \$ 1,945,844 | | 4.63% | \$ 1,822,926 | | 9.75% |

Source: Bond Official Statement 09/20/23 and 11/24/14

(UNAUDITED)

Schedule 8
City of Minneapolis
Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2023

| 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 |
| 2014 | \$ 281,874 | \$ 278,320 | 98.74% | \$ 2,229 | \$ 280,549 | 99.53% |
| 2015 | 287,630 | 285,190 | 99.15% | 1,618 | 286,808 | 99.71% |
| 2016 | 297,580 | 294,605 | 99.00% | 1,334 | 295,939 | 99.45% |
| 2017 | 313,941 | 310,480 | 98.90% | 774 | 311,254 | 99.14% |
| 2018 | 331,208 | 327,272 | 98.81% | 1,757 | 329,029 | 99.34% |
| 2019 | 349,971 | 345,887 | 98.83% | 1,834 | 347,721 | 99.36% |
| 2020 | 374,309 | 368,655 | 98.49% | 3,084 | 371,739 | 99.31% |
| 2021 | 395,827 | 390,211 | 98.58% | 869 | 391,080 | 98.80% |
| 2022 | 417,419 | 413,005 | 98.94% | (757) ** | 412,248 | 98.76% |
| 2023 | 444,387 | 433,670 | 97.59% | - | 433,670 | 97.59% |

Source: Minneapolis Finance and Property Services Department

* Includes special levies

** This negative amount is the result of adjustments, refunds and/or tax court orders exceeding the collection amount

(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, 2023

| Fiscal Year | Governmental Activities | | | | | Business-type Activities | | | | | Total Primary Government | Per Capita (1) |
|-------------|----------------------------------|---------------|---------------|-----------------|----------------------------------|----------------------------------|---------------|-----------------|--------------------------|-------|--------------------------|----------------|
| | General Obligation Bonds & Notes | Revenue Bonds | Notes Payable | Lease Liability | Software Subscriptions Liability | General Obligation Bonds & Notes | Revenue Bonds | Lease Liability | Total Primary Government | | | |
| 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 | - | - | 255,579 | 58,835 | - | 851,974 | 2,003 | | |
| 2020 | 498,174 | 16,040 | 2,310 | - | - | 272,914 | 40,550 | - | 829,988 | 1,904 | | |
| 2021 | 530,631 | 14,500 | 1,785 | - | - | 307,508 | 24,640 | - | 879,064 | 2,045 | | |
| 2022 | 527,825 | 12,880 | 1,225 | 3,883 | 22,051 | 324,403 | - | 5,136 | 897,403 | 2,066 | | |
| 2023 | 532,799 | 11,190 | 630 | 4,499 | 19,953 | 330,725 | - | 4,664 | 904,460 | 2,070 | | |

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, 2023

| 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 | | |
| 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 | 255,579 | 35,579 | 737,235 | 1.40% | 1,733 |
| 2020 | 498,174 | 272,914 | 38,060 | 733,028 | 1.30% | 1,682 |
| 2021 | 530,631 | 307,508 | 63,127 | 775,012 | 1.31% | 1,803 |
| 2022 | 527,825 | 324,403 | 43,561 | 808,667 | 1.33% | 1,862 |
| 2023 | 532,799 | 330,725 | 40,680 | 822,844 | 1.27% | 1,883 |

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, 2023

| Governmental Unit | Governmental Debt Outstanding (1) | Estimated Percentage Applicable (2) | Estimated Share of Direct and Overlapping Debt |
|---|-----------------------------------|-------------------------------------|--|
| City of Minneapolis - Direct Debt | \$ 569,071 | 100.00% | \$ 569,071 |
| <u>Overlapping Debt:</u> | | | |
| Special School District No. 1 | 536,528 | 100.00% | 536,528 |
| Hennepin County | 1,056,335 | 27.48% | 290,281 |
| Hennepin County Regional Railroad Authority | 80,622 | 27.48% | 22,155 |
| Metropolitan Council | 89,723 | 13.62% | 12,220 |
| Subtotal, Overlapping Debt | | | \$ 861,184 |
| Total Direct and Overlapping Debt | | | \$ 1,430,255 |

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.

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, 2023

| | Fiscal Year | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Debt Limit | \$ 1,117,046 | \$ 1,226,826 | \$ 1,350,986 | \$ 1,472,354 | \$ 1,598,184 | \$ 1,754,691 | \$ 1,871,515 | \$ 2,169,516 | \$ 2,215,147 | \$ 2,365,416 |
| Total net debt applicable to limit | 146,506 | 114,260 | 109,926 | 106,843 | 141,957 | 261,336 | 241,735 | 241,475 | 265,267 | 271,567 |
| Legal debt margin | \$ 970,540 | \$ 1,112,566 | \$ 1,241,060 | \$ 1,365,511 | \$ 1,456,227 | \$ 1,493,355 | \$ 1,629,780 | \$ 1,928,041 | \$ 1,949,880 | \$ 2,093,849 |
| Total net debt applicable to limit as a percentage of debt limit | 13.12% | 9.31% | 8.14% | 7.26% | 8.88% | 14.89% | 12.92% | 11.13% | 11.98% | 11.74% |

Legal Debt Margin Calculation for Fiscal Year 2023

| | |
|---|---------------|
| Real Property (2023 Assessed Market Value) | \$ 64,325,199 |
| Personal Property (2023 Assessed Market Value) | 252,125 |
| Adjustment for Exempt Personal Property (1966 Market Value) | 298,030 |
| Adjustment for Net Fiscal Disparities (Contribution)/Distribution | (364,002) |
| Total 2023 Assessed Market Value (as adjusted) | 64,511,352 |
| Debt Limit (3-2/3% of Market Value Applicable to Debt Limit) | 2,365,416 |
| Debt applicable to limit: | |
| General Obligation Bonds Subject to Debt Limit | 297,640 |
| Less: Amount set aside to pay general obligation debt | (19,994) |
| Total Net Debt Applicable to Limit | 277,646 |
| Legal Debt Margin | \$ 2,057,770 |

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

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2023

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 | |
| 2014 | \$ 73,097 | \$ 50,428 | \$ 22,669 | \$ 6,146 | \$ 4,314 | 2.17 |
| 2015 | 73,099 | 55,271 | 17,828 | 8,654 | 3,121 | 1.51 |
| 2016 | 80,454 | 57,544 | 22,910 | 9,635 | 2,212 | 1.93 |
| 2017 | 82,247 | 52,586 | 29,661 | 12,765 | 2,512 | 1.94 |
| 2018 | 83,913 | 53,838 | 30,075 | 14,790 | 2,751 | 1.71 |
| 2019 | 81,432 | 57,921 | 23,511 | 16,360 | 2,957 | 1.22 |
| 2020 | 84,002 | 51,254 | 32,748 | 16,175 | 2,938 | 1.71 |
| 2021 | 86,074 | 53,940 | 32,134 | 16,570 | 3,153 | 1.63 |
| 2022 | 88,312 | 56,362 | 31,950 | 17,315 | 3,433 | 1.54 |
| 2023 | 94,652 | 61,860 | 32,792 | 17,160 | 3,849 | 1.56 |

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 - Banking, Investments, and Debt

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2023

(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 | |
| 2014 | \$ 57,866 | \$ 37,652 | \$ 373 | \$ 20,587 | \$ 10,884 | \$ 3,628 | 1.42 |
| 2015 | 61,226 | 40,601 | 525 | 21,150 | 5,440 | 3,463 | 2.38 |
| 2016 | 65,916 | 43,608 | 690 | 22,998 | 16,285 | 2,361 | 1.23 |
| 2017 | 68,489 | 45,385 | 814 | 23,918 | 10,129 | 1,771 | 2.01 |
| 2018 | 71,184 | 47,365 | 749 | 24,568 | 17,640 | 1,650 | 1.27 |
| 2019 | 71,757 | 47,036 | 880 | 25,601 | 11,190 | 1,526 | 2.01 |
| 2020 | 43,522 | 37,446 | 216 | 6,292 | 3,445 | 988 | 1.42 |
| 2021 | 43,306 | 34,319 | 879 | 9,866 | 2,060 | 967 | 3.26 |
| 2022 | 54,324 | 42,937 | 1,175 | 12,562 | 5,335 | 1,519 | 1.83 |
| 2023 | 63,011 | 46,399 | 4,579 | 21,191 | 7,415 | 1,889 | 2.28 |

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 - Banking, Investments, and Debt

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2023

(continued)

| Fiscal Year | Operating Revenue (1) | Operating Expenses (2) | Net Revenue Available for Debt Service | SANITARY SEWER BONDS | | | Coverage Ratio |
|-------------|-----------------------|------------------------|--|----------------------|----------|----------|----------------|
| | | | | Principal | Interest | Total | |
| 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 |
| 2020 | 85,218 | 70,630 | 14,588 | 5,700 | 1,015 | 6,715 | 2.17 |
| 2021 | 86,709 | 73,549 | 13,160 | 6,355 | 1,242 | 7,597 | 1.73 |
| 2022 | 95,855 | 76,732 | 19,123 | 9,505 | 1,684 | 11,189 | 1.71 |
| 2023 | 91,641 | 72,062 | 19,579 | 9,515 | 1,800 | 11,315 | 1.73 |

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 - Banking, Investment, and Debt

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2023

(continued)

| Fiscal Year | STORMWATER BONDS | | | | | | | | | |
|-------------|-----------------------|------------------------|--|---------------------------|----------|----------------|-------|--|--|--|
| | Operating Revenue (1) | Operating Expenses (2) | Net Revenue Available for Debt Service | Debt Service Requirements | | Coverage Ratio | | | | |
| | | | | Principal | Interest | | Total | | | |
| 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 | | | |
| 2020 | 44,686 | 30,923 | 13,763 | 600 | 186 | 786 | 17.51 | | | |
| 2021 | 44,132 | 26,229 | 17,903 | 1,725 | 206 | 1,931 | 9.27 | | | |
| 2022 | 47,004 | 28,763 | 18,241 | 3,670 | 779 | 4,449 | 4.10 | | | |
| 2023 | 47,366 | 32,687 | 14,679 | 4,980 | 1,541 | 6,521 | 2.25 | | | |

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 - Banking, Investments, and Debt

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2023

(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 | |
| 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 | 0.88 |
| 2020 | 40,262 | 40,166 | 4,795 | 4,891 | 3,835 | 1,162 | 0.98 |
| 2021 | 42,424 | 41,021 | 4,607 | 6,010 | 3,860 | 989 | 1.24 |
| 2022 | 43,630 | 40,778 | 4,424 | 7,276 | 4,310 | 997 | 1.37 |
| 2023 | 44,493 | 44,710 | 471 | 254 | 570 | 778 | 0.19 |

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 - Bnaking, Investments, and Debt

(UNAUDITED)

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

| Year | Population (1) | Per Capita Income (2) | Personal Income (4) | Median Age (3) | Households (2) | Jobs (5) | Annual Average Unemployment Rate (6) | Median | |
|------|----------------|--------------------------|------------------------|-------------------|----------------|----------|--|-------------------------|--------------------------|
| | | | | | | | | Household Income (2) | School Enrollment (7) |
| 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 | 435,885 | 38,808 | 16,915,825,080 | 32.2 | 176,974 | 339,242 | 2.6% | 62,583 | 33,593 |
| 2020 | 429,954 | 38,881 | 16,717,041,474 | 32.3 | 178,886 | 309,636 | 4.8% | 66,068 | 32,023 |
| 2021 | 435,105 | 43,925 | 19,111,987,125 | 33.5 | 182,419 | 314,809 | 2.5% | 70,099 | 29,580 |
| 2022 | 429,292 | 48,373 | 20,766,141,916 | 33.3 | 185,674 | 316,728 | 2.8% | 76,332 | 28,437 |
| 2023 | 432,388 | NA | NA | NA | NA | 322,933 | 2.3% | NA | 28,580 |

Sources:

- (1) Population - 2020 US Census. 2012 - 2019 Metropolitan Council.
- (2) Per Capita Income - U.S. Census Bureau - American Community Survey Table DP03 - 1 Year Estimate
- (3) Median Age - U.S. Census Bureau - American Community Survey Table DP05 - 1 Year Estimate
- (4) Personal Income = Population x Per Capita Income
- (5) Jobs data from MN DEED/QCEW tables; 2023 number reflects 3rd quarter, latest available data
- (6) Annual Average Unemployment Rate - from MN DEED/LAUS tables
- (7) School Enrollment - Minneapolis Public Schools/Student Accounting Office

NA - 2023 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> | 2023 | | | 2014 (d) | | |
|-------------------------------|---------------------------------|------|--------------------------------------|---------------------------------|------|-------------------------------------|
| | Approximate Number of Employees | Rank | Percentage of Total Metro Employment | Approximate Number of Employees | Rank | Percentage of Total City Employment |
| University of Minnesota | 25,180 | 1 | 7.8% | 14,100 | 1 | 4.5% |
| Allina Health | 10,857 | 2 | 3.4% | 8,700 | 5 | 2.8% |
| Hennepin Healthcare | 7,208 | 3 | 2.2% | 6,300 | 7 | 2.0% |
| Target Corporation | 7,100 | 4 | 2.2% | 12,300 | 2 | 1.5% |
| Hennepin County | 5,654 | 5 | 1.8% | 6,100 | 8 | 2.0% |
| Wells Fargo Bank | 5,500 | 6 | 1.7% | 11,000 | 3 | 3.5% |
| Ameriprise Financial Services | 4,481 | 7 | 1.4% | 4,900 | 9 | 1.6% |
| US Bancorp | 4,256 | 8 | 1.3% | 4,100 | 10 | 1.3% |
| Xcel Energy | 3,319 | 9 | 1.0% | (e) | (e) | (e) |
| City of Minneapolis | 2,145 | 10 | 0.7% | 4,900 | 9 | 1.6% |
| Fairview Health Services | - | - | - | 9,900 | 4 | 3.2% |
| Minneapolis Public Schools | - | - | - | 7,000 | 6 | 2.2% |
| Total | 75,700 | | 23.4% | 89,300 | | 26.2% |

Notes:

- a) Employment numbers are Twin Cities wide rounded to the nearest 100. Sources for City jobs: UMN Human Resources
- b) Employment numbers are Minneapolis wide rounded to the nearest 100. Sources for City jobs: Allina Public Relations Department
- c) Employment numbers are downtown Minneapolis only rounded to the nearest 100. Sources for City jobs: Mpls Downtown Council
- d) Source was from previously published 2014 City Annual Report
- e) Employer not part of top ten city-wide employers in 2014 City Annual Report.

(UNAUDITED)

Schedule 16
City of Minneapolis
Full-time Equivalent City Government Employees by Function
Last 10 Fiscal Years
December 31, 2023

| Function Program | Full-time Equivalent Employees as of December 31 | | | | | | | | | |
|---|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| General Government: | | | | | | | | | | |
| Assessing | 36.00 | 36.00 | 37.00 | 38.00 | 38.00 | 38.00 | 38.00 | 38.00 | 37.00 | 38.00 |
| City Attorney | 108.00 | 110.00 | 112.00 | 112.00 | 113.30 | 114.30 | 114.30 | 113.30 | 107.30 | 112.30 |
| City Clerk/Council/Elections | 66.00 | 70.00 | 71.00 | 71.00 | 71.00 | 71.00 | 72.00 | 75.00 | 83.00 | - |
| City Auditor | 3.00 | 3.00 | 3.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 5.00 | - |
| Legislative department* | | | | | | | | | | 98.00 |
| City Coordinator | 702.60 | 747.60 | 754.10 | 764.10 | 771.30 | 780.30 | 795.30 | 806.50 | 810.80 | |
| Office of Public Service** | | | | | | | | | | 718.14 |
| Civil Rights | 22.00 | 23.00 | 25.00 | 29.00 | 30.00 | 32.00 | 35.00 | 35.00 | 39.00 | 42.50 |
| Mayor | 11.00 | 12.00 | 13.00 | 13.00 | 13.00 | 14.00 | 14.00 | 14.00 | 14.00 | 16.00 |
| Public Safety: | | | | | | | | | | |
| Fire Department | 413.00 | 413.00 | 413.00 | 418.00 | 421.00 | 426.00 | 428.00 | 428.00 | 427.00 | 442.00 |
| Office of Community Safety*** | | | | | | | | | | 125.15 |
| Police Department | 985.50 | 1,020.50 | 1,029.50 | 1,060.50 | 1,080.50 | 1,080.50 | 1,082.90 | 1,077.00 | 926.00 | 900.00 |
| Regulatory Services | 149.00 | 156.50 | 173.00 | 177.00 | 177.00 | 181.00 | 179.40 | 178.40 | 177.40 | 189.90 |
| Public Works | 946.98 | 1,004.50 | 1,005.90 | 1,097.90 | 1,134.60 | 1,151.85 | 1,161.65 | 1,143.40 | 1,124.10 | 1,148.67 |
| Minneapolis Health Department | 94.30 | 99.30 | 100.05 | 103.05 | 107.00 | 107.85 | 110.85 | 112.50 | 119.20 | 109.34 |
| Community Planning and Economic Development | 228.00 | 230.00 | 239.00 | 240.00 | 243.00 | 251.00 | 252.00 | 251.00 | 236.00 | 234.00 |
| | <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> | <u>4,287.40</u> | <u>4,276.10</u> | <u>4,105.80</u> | <u>4,174.00</u> |
| Independent Boards: | | | | | | | | | | |
| Board of Estimate & Taxation*** | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 0.50 | - |
| Park & Recreation Board | 819.24 | 832.00 | 859.26 | 924.36 | 956.91 | 957.52 | 972.85 | 973.00 | 1,009.00 | 991.00 |
| Municipal Building Commission | 55.00 | 55.00 | 55.00 | 55.00 | 59.00 | 59.00 | 59.00 | 44.00 | 43.00 | 44.00 |
| Youth Coordinating Board | 9.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 7.00 | 8.00 | 7.00 | 7.00 |
| | <u>884.24</u> | <u>896.00</u> | <u>923.26</u> | <u>988.36</u> | <u>1,024.91</u> | <u>1,025.52</u> | <u>1,039.85</u> | <u>1,026.00</u> | <u>1,059.50</u> | <u>1,042.00</u> |
| Total | <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>5,277.32</u> | <u>5,327.25</u> | <u>5,302.10</u> | <u>5,165.30</u> | <u>5,216.00</u> |

Source: City Management and Budget

*The Legislative department includes City Clerk, City Council, Elections & City Auditor.
**In 2022, City Council adopted a plan to reorganize city departments. The plan created the Office of Community Safety, and the Office of Public Service.
*** In 2023, there were no budgeted FTEs in BET; They had 2 Board members working part-time.

(UNAUDITED)

Schedule 17
City of Minneapolis
Operating Indicators by Function/Program - Last 10 Fiscal Years
December 31, 2023

| Function/Description | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---------|-------------|---------|-----------|---------|-------------|---------|-----------|---------|-----------|
| General Government | | | | | | | | | | |
| Assessing | | | | | | | | | | |
| Sales ratio, all classes aggregated (a) | 99% | 95% | 95% | 96% | 95% | 95% | 95% | 95% | 96% | 96% |
| Number of parcels' valuations petitioned in tax court (a) | 591 | 580 | 643 | 642 | 967 | 1,165 | 1,145 | 1,129 | 1,189 | 1,164 |
| Attorney - City litigation | | | | | | | | | | |
| Liability payouts, millions \$ | 2 | 2 | 1 | 1 | 1 | 23 | 3 | 28 | 13 | 12 |
| Civil litigation caseload | 978 | 629 | 255 | 233 | 246 | 546 | 137 | 525 | 582 | 563 |
| City Clerk - Elections | | | | | | | | | | |
| Number of registered voters | 227,660 | 225,027 | 246,185 | 239,750 | 249,298 | 250,529 | 272,617 | 254,380 | 243,789 | 244,028 |
| Number of votes cast in election | 137,362 | no election | 219,832 | 105,928 | 207,114 | no election | 238,104 | 145,337 | 178,848 | 78,960 |
| Voter turnout, percentage of registered voters | 56.0% | no election | 78.9% | 42.5% | 76.0% | no election | 81.3% | 54.0% | 68.5% | 31.7% |
| Type of election, highest level of government | state | no election | Federal | Municipal | State | no election | Federal | Municipal | State | Municipal |
| Number of new voters registered at the polls | 19,622 | no election | 32,406 | 9,762 | 24,218 | no election | 20,328 | 14,549 | 17,353 | 4,934 |
| Number of spoiled ballots | 2,971 | no election | 3,843 | 4,295 | 3,100 | no election | 3,126 | 5,689 | 2,514 | 1,448 |
| Number of absentee ballots | 12,279 | no election | 60,538 | 11,975 | 52,313 | no election | 170,631 | 29,572 | 45,871 | 13,531 |
| Office of Public Service - Finance (b) | | | | | | | | | | |
| Bond rating - Fitch | AAA | AAA | AAA | AA+ | AA+ | AA+ | AA+ | AA+ | AA+ | AAA |
| Bond rating - Moody's | Aa1 | Aa1 | Aa1 | Aa1 | Aa1 | Aa1 | Aa1 | Aa1 | Aa1 | Aa1 |
| Bond rating - Standard & Poor's | AAA | AAA | AAA | AAA | AAA | AAA | AAA | AAA | AAA | AAA |
| Collections effectiveness indicator, utility revenues (c) | 88.54% | 89.26% | 84.33% | 84.96% | 89.85% | 91.01% | 74.97% | 76.98% | 84.62% | 70.00% |
| Civil Rights | | | | | | | | | | |
| Number of new civil rights complaints | 39 | 101 | 97 | 109 | 124 | 109 | 65 | 134 | 239 | 251 |
| Number of new complaints of police misconduct | 398 | 344 | 370 | 402 | 569 | 598 | 1,198 | 381 | 381 | 268 |
| Community Planning and Economic Development | | | | | | | | | | |
| Number of jobs added by City loan assisted businesses (projected) | 414 | 484 | 464 | NA | 437 | NA | NA | NA | NA | NA |
| Multifamily housing investment: City funds, millions \$ | 18 | 12 | 20 | 11 | 2 | 15 | 20 | 29 | 36 | 27 |
| Multifamily housing investment: Other public funds, millions \$ | 22 | 22 | 25 | 7 | 47 | 47 | 80 | 15 | 62 | 39 |
| Multifamily housing investment: Private funds, millions \$ | 205 | 157 | 202 | 340 | 19 | 346 | 1,115 | 284 | 293 | 239 |
| Business finance loans: City funds, millions \$ | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Number of foreclosure sales | 640 | 502 | 343 | 243 | NA | NA | NA | NA | NA | NA |
| Convention Center | | | | | | | | | | |
| Occupancy rate | 60.0% | 56.8% | 56.9% | 60.0% | 61.9% | 56.9% | 15.7% | 17.2% | 38.0% | 44.5% |
| Total attendance | 963,364 | 786,790 | 749,760 | 819,052 | 839,794 | 863,877 | 316,243 | 356,305 | 478,871 | 711,941 |
| Health | | | | | | | | | | |
| Number of three-year old screenings conducted by the schools | 1,483 | 1,483 | 1,490 | 1,707 | 1,638 | 1,552 | 575 | 802 | 1,069 | 1,092 |
| Number of homicide deaths in Minneapolis, ages 0-24 (d) | 7 | 24 | NAP | 10 | 15 | 10 | 20 | 16 | 15 | NA |
| Percent of one and two year olds tested for lead | 72.0% | 63.0% | 66.0% | 68.0% | 63.0% | 0.0% | 53.0% | 56.1% | 57.0% | 65.0% |
| Number of children under age 6 with elevated lead levels | 253 | 218 | 192 | 159 | 106 | 89 | 66 | 106 | 156 | 82 |
| Public Safety | | | | | | | | | | |
| Office of Public Safety - 911 (b) | | | | | | | | | | |
| 911 answer time, seconds | 6.76 | NAP | NAP | NAP | NAP | NAP | NAP | NAP | NAP | NAP |
| 911 calls answered within 15 seconds | NA | NA | 96% | 95% | 92% | 92% | 90% | 100% | 86% | 84% |
| 911 calls answered within 40 seconds | NA | NA | 99% | 99% | 98% | 98% | 96% | 100% | 96% | 95% |
| 911 pending time to dispatch, high priority calls, minutes | 2.05 | NAP | 0.11 | 0.12 | 3.03 | 2.48 | 3.56 | 4.37 | 5.13 | 5.15 |
| Office of Public Service - 311 (b) | | | | | | | | | | |
| Percent of 311 calls answered in 20 seconds or less | 64.0% | 78.9% | 78.6% | 71.5% | 54.2% | 5.2% | 42.0% | 42.0% | 22.4% | 46.5% |
| Percent of 311 calls resolved at first call | 83.0% | 79.6% | 82.5% | 81.8% | 81.7% | 81.4% | 84.1% | 84.1% | 87.8% | 88.8% |
| Attorney - Criminal Prosecution | | | | | | | | | | |
| Number of chronic offenders convicted | 130 | 99 | 155 | 156 | 90 | NA | NA | NA | NA | NA |
| Domestic violence conviction rate | 69.0% | 68.0% | 68.0% | 68.0% | 62.0% | 66.0% | 52.0% | NA | NA | NA |
| Prosecution caseload | 20,391 | 18,505 | 17,289 | 18,857 | 14,863 | 13,849 | 10,587 | 8,894 | 9,029 | 9,664 |

Schedule 17
City of Minneapolis
Operating Indicators by Function/Program - Last 10 Fiscal Years
December 31, 2023

(continued)

| Function/Description | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Public Safety - (continued) | | | | | | | | | | |
| Fire | | | | | | | | | | |
| Number of emergency responses | 40,662 | 41,343 | 49,898 | 47,190 | 45,962 | 49,017 | 45,835 | 51,233 | 55,383 | 58,108 |
| Number of fires extinguished (all non EMS runs prior to 2002) | 1,154 | 1,272 | 1,277 | 1,243 | 1,176 | 1,235 | 1,363 | 1,694 | 1,652 | 1,677 |
| Number of hazmat, false alarms, and other non EMS/ fire runs | 27,619 | 11,432 | 13,810 | 13,440 | 14,116 | 15,563 | 14,888 | 15,323 | 17,082 | 18,211 |
| Number of inspections | 921 | 3,529 | 3,762 | 3,751 | 3,708 | NAP | NAP | NAP | NAP | NAP |
| Number of familiarizations | NA | NA | NA | NA | NA | 3,322 | 1,393 | 460 | 1,106 | 1,189 |
| Percent of time response is five minutes or less | 92.0% | 79.8% | 76.6% | 79.0% | 73.5% | 76.7% | 71.0% | 71.0% | 65.0% | 61.5% |
| Lives lost due to fires | 10 | 8 | 2 | 10 | 2 | 6 | 2 | 10 | 3 | 5 |
| Civilian injuries due to fire | 33 | 24 | 16 | 18 | 19 | 22 | 12 | 23 | 14 | 14 |
| Police | | | | | | | | | | |
| Total Part I Crimes - (Violent Crime + Property Crime) | 23,496 | 22,000 | 22,369 | 23,845 | 20,883 | 24,010 | 25,500 | 24,111 | NAP | NAP |
| Total Part II Crimes | 28,587 | 33,127 | 25,992 | 19,288 | 19,614 | 18,585 | 18,786 | 18,166 | NAP | NAP |
| Total Violent Crimes - (subset of Part I Crimes) | 4,142 | 4,458 | 4,639 | 4,557 | 3,851 | 4,324 | 5,426 | 5,945 | NAP | NAP |
| Number of guns seized | 692 | 685 | 630 | 942 | 664 | 943 | 1,095 | 1,027 | 1,101 | 1,094 |
| Homicides | NA | NA | NA | NA | NA | 48 | 85 | 93 | 79 | 72 |
| Assaults | NA | NA | NA | NA | NA | 8,964 | 8,919 | 8,524 | 9,410 | 9,680 |
| Robberies | NA | NA | NA | NA | NA | 1,325 | 1,833 | 2,226 | 1,804 | 1,450 |
| Sex Offenses | NA | NA | NA | NA | NA | 981 | 826 | 817 | 791 | 839 |
| Gun Shot Victims | NA | NA | NA | NA | NA | 269 | 550 | 657 | 544 | 415 |
| Burglary | NA | NA | NA | NA | NA | 3,360 | 3,971 | 2,546 | 2,611 | 2,617 |
| Auto Theft | NA | NA | NA | NA | NA | 2,990 | 4,099 | 4,262 | 6,282 | 7,868 |
| Theft | NA | NA | NA | NA | NA | 13,367 | 12,180 | 11,806 | 13,894 | 12,188 |
| Community Planning and Economic Development - Building permits | | | | | | | | | | |
| Permits issued | 11,796 | 15,127 | 12,651 | 11,455 | 11,870 | 12,523 | 11,474 | 12,790 | 11,641 | 17,483 |
| Estimated value, in millions \$ | 2,001 | 1,389 | 1,758 | 1,495 | 1,811 | 2,164 | 1,737 | 1,622 | 2,177 | 1,547 |
| Public Works | | | | | | | | | | |
| Refuse Collection | | | | | | | | | | |
| Refuse collected, tons | 114,964 | 115,522 | 113,190 | 111,431 | 108,991 | 108,560 | 118,261 | 114,706 | 104,771 | 104,244 |
| Compostable material collected, tons | 17,577 | 20,160 | 21,015 | 22,235 | 23,263 | 24,962 | 26,942 | 22,884 | 20,887 | 22,344 |
| Non-recyclable construction material collected, tons | 5,213 | 5,112 | 5,089 | 5,723 | 4,965 | 5,294 | 5,004 | 4,629 | 4,022 | 3,815 |
| Recyclables, tons | 28,583 | 28,065 | 29,560 | 29,191 | 28,401 | 27,518 | 30,054 | 27,208 | 24,270 | 23,260 |
| Percent of solid waste stream recycled, by weight | 25.0% | 25.3% | 26.3% | 26.3% | 26.2% | 25.4% | 25.0% | 23.7% | 25.4% | 22.3% |
| Water | | | | | | | | | | |
| Average daily production, thousands of gallons | 53,881 | 52,546 | 54,383 | 55,620 | 55,852 | 52,737 | 52,343 | 53,875 | 53,917 | 57,445 |
| Sewer | | | | | | | | | | |
| Number of sanitary sewer backups | 11 | 15 | 4 | 15 | 10 | 11 | 14 | 19 | 12 | 12 |
| Streets | | | | | | | | | | |
| Safety and ride-ability pavement condition index (PCI), average of all city streets | 69 | 69 | 69 | 72 | 71 | NA | NA | NA | 66 | 62 |
| Number of traffic crashes | 7,706 | 7,991 | 7,476 | 7,784 | 8,028 | 7,772 | 5,365 | 4,959 | 5,033 | 5,195 |
| Number of injuries in traffic crashes (a) | 2,243 | 2,444 | 2,213 | 2,143 | 2,036 | 2,014 | 1,570 | 1,669 | 1,676 | 1,722 |

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.
- (a) Prior year numbers were restated based on data from a more accurate source.
- (b) In 2022, City Council adopted a plan to reorganize city departments. The plan created the Office of Community Safety, and the Office of Public Service formally known as the City Coordinator Office.
- (c) City stopped the delinquent water shut off process in 2020 resulting in lower CEI (Collection Effectiveness Indicator).
- (d) Not available yet

Source: Minneapolis Finance and Property Services Department using City Department reports/personnel.
(UNAUDITED)

Schedule 18
City of Minneapolis
Capital Assets Statistics by Function/Program
Last 10 Fiscal Years
December 31, 2023

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <u>Primary Government</u> | | | | | | | | | | |
| <u>Public Safety:</u> | | | | | | | | | | |
| Police stations | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 4 |
| Patrol units | 176 | 195 | 201 | 199 | 206 | 201 | 206 | 207 | 197 | 245 |
| Unmarked, trucks, trailers, scooters, motorcycles | 244 | 221 | 203 | 222 | 229 | 226 | 232 | 230 | 238 | 221 |
| Fire Stations | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 |
| Fire Trucks/Pumpers/Ladders/Engines/Cars | 114 | 110 | 76 | 77 | 80 | 82 | 109 | 94 | 101 | 97 |
| Regulatory Services Fleet | 97 | 101 | 114 | 110 | 107 | 109 | 117 | 119 | 117 | 124 |
| <u>Public Works:</u> | | | | | | | | | | |
| Refuse collection trucks, heavy equipment, dumpsters | 124 | 156 | 140 | 128 | 129 | 122 | 131 | 126 | 126 | 133 |
| Streets (miles) | 896 | 903 | 903 | 903 | 903 | 903 | 903 | 903 | 903 | 960 |
| Alleys (miles) | 380 | 380 | 380 | 378 | 378 | 378 | 378 | 378 | 378 | 378 |
| Sidewalks (miles) | 1,715 | 1,715 | 1,715 | 1,910 | 1,910 | 1,910 | 1,910 | 1,910 | 1,910 | 1,911 |
| Streetlights | 19,000 | 19,000 | 19,000 | 19,199 | 19,199 | 19,351 | 19,451 | 20,835 | 20,835 | 21,000 |
| Traffic signals | 916 | 916 | 916 | 809 | 809 | 810 | 820 | 820 | 820 | 820 |
| Buildings/Plants/Garages | 33 | 33 | 33 | 34 | 34 | 34 | 34 | 36 | 36 | 36 |
| Equipment, cars, trucks, tractors, vans | 1,137 | 1,395 | 1,260 | 1,252 | 1,219 | 1,214 | 1,269 | 1,257 | 1,253 | 1,269 |
| <u>Community and Economic Development:</u> | | | | | | | | | | |
| 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> | | | | | | | | | | |
| <u>Water Treatment and Distribution Services:</u> | | | | | | | | | | |
| Water mains (miles) | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,019 |
| Fire hydrants | 8,084 | 8,084 | 8,084 | 8,084 | 8,084 | 8,084 | 8,084 | 8,084 | 8,084 | 7,982 |
| Storage capacity (thousands of gallons) | 180,000 | 147,000 | 147,000 | 147,000 | 147,000 | 147,000 | 147,000 | 147,000 | 147,000 | 147,000 |
| Buildings | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| Reservoirs | 3 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| <u>Sanitary Sewer:</u> | | | | | | | | | | |
| Sanitary sewers (miles) | 830 | 830 | 830 | 830 | 830 | 830 | 830 | 830 | 830 | 830 |
| Sanitary Lift Stations | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 11 | 11 |
| <u>Stormwater:</u> | | | | | | | | | | |
| Storm sewers (miles) | 581 | 581 | 581 | 581 | 581 | 581 | 581 | 581 | 581 | 581 |
| Stormwater Pump Stations | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 |
| Stormwater Ponds and Treatment Sites | 27 | 27 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 |
| Number of parking ramps | 14 | 14 | 14 | 14 | 13 | 13 | 13 | 13 | 13 | 13 |

Source: Minneapolis Finance and Property Services Department and Department of Public Works

(UNAUDITED)



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