TAX-EXEMPT NEW ISSUE $56,330,000

RATINGS
Fitch: AA+
S&P Global Ratings: AAA
See "RATINGS" herein

In the opinion of Kennedy & Graven, Chartered, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions (which excludes any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants set forth in the resolutions approving the issuance of the Bonds, interest on the Bonds is not includable in gross income for federal income tax purposes and, to the same extent, is not includable in the taxable net income of individuals, estates, and trusts for Minnesota income purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, estates, and trusts. Such interest is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations and is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income. No opinion will be expressed by Bond Counsel regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds. See "TAX EXEMPTION OF THE BONDS" herein.

CITY OF MINNEAPOLIS, MINNESOTA

$56,330,000

General Obligation Various Purpose Bonds, Series 2017

(referred to as the "Bonds") (Book-Entry Only)

General Obligation Various Purpose Bonds, Series 2017

Dated Date: Date of Delivery
Maturity Dates:
December 1, 2018–2022

Interest Due: Each June 1 and December 1, commencing June 1, 2018

This Official Statement contains information relating to the City of Minneapolis, Minnesota (the "City") and the City's General Obligation Various Purpose Bonds, Series 2017 (the "Bonds").

The Bonds will mature on the dates and in the amounts and bear interest at the rates shown on the inside of this front cover.

The Bonds are not subject to prior optional redemption by the City.

The Bonds are being issued only as fully registered bonds, and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds and purchases of beneficial interests in the Bonds initially will be made in book-entry-only form (without certificates) in denominations of $5,000 and any integral multiple thereof. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co. See the caption "THE BONDS – Book-Entry Only System" in this Official Statement.

The City will act as the paying agent, registrar and transfer agent for the Bonds.

The Bonds are offered when, as and if issued by the City and accepted by the underwriters, subject to the legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota, as bond counsel. It is expected that delivery will be made on or about December 5, 2017.

Citigroup

The date of this Official Statement is November 16, 2017.

CITY OF MINNEAPOLIS, MINNESOTA

$56,330,000

General Obligation Various Purpose Bonds, Series 2017

Maturities, Amounts, Interest Rates, Yields and CUSIPs

December 1 Maturity	Amount*	Interest Rate	Yield	Price	CUSIP*
2018	$28,115,000	5.000%	1.190%	103.734%	60375B CT1
2019	15,365,000	5.000	1.280	107.282	60375B CU8
2020	6,890,000	5.000	1.360	110.625	60375B CV6
2021	2,950,000	5.000	1.450	113.710	60375B CW4
2022	3,010,000	5.000	1.560	116.449	60375B CX2

Citigroup, with syndicate members, has agreed to purchase the Bonds from the City for an aggregate price of $60,093,138.00 plus accrued interest, if any, to the date of delivery. It is expected that the Bonds will be available for delivery on or about December 5, 2017.

Original Issue Premium

All maturities of the Bonds have been sold with original issue premium. Bondholders should consult their tax advisors regarding the tax consequences related to Bonds sold with original issue premium.

THE UNDERWRITERS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE OR MAINTAIN THE PRICE OF THE SECURITIES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET, OR OTHERWISE AFFECT THE PRICE OF THE SECURITIES OFFERED HEREBY, INCLUDING OVER-ALLOTMENT AND STABILIZING TRANSACTIONS. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON IS AUTHORIZED BY THE CITY OR THE UNDERWRITERS IN CONNECTION WITH ANY OFFERING MADE HEREBY TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED HEREIN, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE CITY OR THE UNDERWRITERS. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE A SALE OF ANY OF THE SECURITIES OFFERED HEREBY BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH AN OFFER, SOLICITATION OR SALE.

This Official Statement contains information furnished by the City and other sources, all of which are believed to be reliable. The City has not independently verified the information contained in "TAX EXEMPTION OF THE BONDS" and cannot and does not warranty the accuracy or completeness of this information.

The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof or that the information contained herein is correct as of any date subsequent to the date hereof. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other person or relied on by any other party. See "CONTINUING DISCLOSURE COVENANTS."

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all materials in this Official Statement, including its appendices, must be considered in their entirety.

This Official Statement contains forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this Official Statement. The City disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the City's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

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CITY OF MINNEAPOLIS,
MINNESOTA

INTRODUCTORY STATEMENT

This Official Statement presents certain information relating to the City of Minneapolis, Hennepin County, and State of Minnesota (the "City," the "County," and the "State," respectively), in connection with the sale of the City's $56,330,000 General Obligation Various Purpose Bonds, Series 2017 (the "Bonds"). The Bonds will bear interest at fixed rates based on the competitive sale thereof described herein.

This Introductory Statement is only a brief description of the Bonds and certain other matters. Such description is qualified by reference to the entire Official Statement and the documents summarized or described herein. This Official Statement should be reviewed in its entirety.

The Bonds are general obligations of the City, and the City is required to levy general ad valorem taxes on all taxable property within the City without limitation as to rate or amount, if necessary, to pay principal and interest when due. Portions of the debt service on the Bonds are payable primarily from certain dedicated revenue sources. See "THE BONDS — Security for the Bonds" herein.

The Bonds will be issued pursuant to resolutions adopted by the City Council and the Board of Estimate and Taxation (the "Bond Resolutions").

The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as security depository for the Bonds. Individual purchases will be made in book-entry form only, in the denomination of $5,000 and integral multiples thereof. No certificates will be available to purchasers. For a description of the method of transfer and payment, see "THE BONDS — Book-Entry Only System" herein.

Information relating to the City, including certain financial and demographic data, is set forth in Appendix A hereto. Selected portions of the financial statements of the City for the fiscal year ended December 31, 2016, are set forth in Appendix D hereto. The City's 2016 Comprehensive Annual Financial Report and the Financial Status Report for the fiscal quarter ended June 30, 2017, can be viewed at the following links:

http://www.minneapolismn.gov/finance/reports/CAFR/index.htm
http://www.minneapolismn.gov/finance/reports/financial-reports_special-reports_index

Upon issuance of the Bonds, Kennedy & Graven, Chartered, Bond Counsel, will provide an unqualified opinion regarding the tax-exempt nature of the interest on the Bonds for federal income tax purposes and State of Minnesota income tax purposes. See "TAX EXEMPTION OF BONDS" herein. The form of the opinion of Bond Counsel is set forth in Appendix B hereto.

Ehlers & Associates, Inc., Roseville, Minnesota, is serving as municipal advisor to the City in connection with the sale of the Bonds.

This Official Statement speaks only as of its date, and the information herein is subject to change. This Official Statement contains descriptions of the Bonds and other matters. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Bonds are qualified in their entirety by reference to the Bond Resolutions setting forth the terms thereof. Until the issuance and delivery of the Bonds, copies of the Bond Resolutions and other documents referred to herein may be obtained from the City upon request.

All statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The City official able to furnish basic documents and answer questions about this Official Statement or who can direct inquiries to the appropriate responsible parties is the Finance Officer, Room 325M City Hall, Minneapolis, Minnesota 55415, Telephone (612) 673-3554, Fax (612) 673-2042.

THE BONDS

Description of the Bonds

The Bonds will be dated December 5, 2017, as the date of original issue, and will bear interest payable on June 1 and December 1 of each year, commencing June 1, 2018. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds will mature on December 1 in the years and amounts as follows:

December 1 Year	Amount
2018	$28,115,000
2019	15,365,000
2020	6,890,000
2021	2,950,000
2022	3,010,000

Redemption Provisions

The Bonds are not subject to redemption and prior payment prior to maturity.

Authorization and Purpose for Issuance of Bonds

The Bonds are issued pursuant to the Constitution and Laws of the State, including Minnesota Statutes, Chapters 429, 444, and 475, as amended, and the Minneapolis City Charter, which permit the City to authorize, sell and issue general obligation bonds for various purposes.

Proceeds of the Bonds will be used to finance various capital projects. A listing of the capital and enterprise projects to be financed with the proceeds of the Bonds is provided herein under "SOURCES AND USES OF FUNDS."

Security for the Bonds

The Bonds are general obligations of the City for which the full faith and credit of the City have been irrevocably pledged. The City is obligated to levy a tax on all taxable property in the City, if necessary, to pay principal and interest on the Bonds when due.

The Bonds are payable in part from special assessments levied by the City and net revenues of the water, sanitary sewer, and parking systems of the City. The City is obligated to levy a tax on all taxable property in the City to pay principal of and interest on the Bonds for the portion of the Bonds not payable from special assessments or the net revenues described herein.

As required by State law, an initial levy of general ad valorem taxes will be made and filed with the County, prior to the delivery of the Bonds, for each year in amounts which, together with pledged special assessments and other revenues expected to be available, will be equal to 105 percent of the amounts required to pay the principal of and interest on the Bonds in each year. Any revenue obtained from other sources and available for debt service on the Bonds may be used to offset required tax levies.

SOURCES AND USES OF FUNDS

SOURCES		
Bonds	$ 56,330,000.00	
Original Issue Premium	3,800,315.80	
Total Sources		**$ 60,130,315.80**
USES		
Capital Projects Debt Supported by Fund Revenues:		
Parking Fund	$ 2,100,000	
Sanitary Sewer Fund	6,580,000	
Water Fund	12,320,000	
Subtotal		$ 21,000,000.00
Capital Project Debt Supported by Propery Tax Dollars:		
Art in Public Places	$ 933,000	
Bike Related	500,000	
Bridges	1,420,000	
Information Technology	500,000	
Lighting	1,012,000	
MBC (Municipal Bldg. Commission)	3,910,000	
Park Board Neighborhood Parks	10,500,000	
Park Bd Diseased Trees	300,000	
Parkways	700,000	
Property Services (Public Bldgs.)	402,000	
Sidewalks	825,000	
Streets	13,875,000	
Traffic	4,123,000	
Subtotal		$ 39,000,000.00
Total Capital Projects		$ 60,000,000.00
Miscellaneous		
Total Underwriter's Discount	$37,177.80	
Cost of Issuance	93,138.00	
Miscellaneous Subtotal		$ 130,315.80
Total Uses		**$ 60,130,315.80**

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds in the principal amount of Bonds maturing on that date, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee) or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of the principal of and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this Official Statement under the caption "THE BONDS — Book-Entry Only System" concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

The City cannot and does not give any assurances that DTC, or a successor securities depository, or Participants will distribute to the Beneficial Owners of the Bonds: (i) payments of principal of or interest and premium, if any, on the Bonds; (ii) certificates representing an ownership interest or other confirmation of beneficial ownership interest in the Bonds; or (iii) redemption or other notices sent to DTC or Cede & Co., its nominee, or a successor securities depository, as the registered owner of the Bonds, or that they will do so on a timely basis, or that DTC or the Participants will serve and act in the manner described in this Official Statement.

The City will have no responsibility or obligation to any Participant, or any Beneficial Owner or any other person with respect to: (i) the Bonds; (ii) the accuracy of any records maintained by DTC, or a successor securities depository, or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (iii) the payment by DTC, or a successor securities depository, or any Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Bonds; (iv) the delivery by DTC, or a successor securities depository, or any Participant of any notice to any Beneficial Owner which is required or permitted to be given to owners of the Bonds; (v) the selection of which Beneficial Owners will receive payment in the event of any partial redemption of the Bonds; (vi) any consent given or other action taken by DTC, or a successor securities depository as a Bondholder; or, (vii) the performance by DTC, or any successor securities depository, of any other duties as securities depository.

LITIGATION

There are no legal or governmental proceedings pending or, to the best of the City's knowledge, threatened, to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting the authority for or the validity of the Bonds.

Various cases and claims are pending against the City involving claims for money damages. These pending cases and claims are not unusual in number and amount. Based on the City's past experience, resolution of these cases and claims should not have a material adverse effect on the financial position of the City.

LEGAL MATTERS

Legal matters incident to the issuance, sale and validity of the Bonds are subject to the approving opinion of Kennedy & Graven, Chartered, of Minneapolis, Minnesota, Bond Counsel. The form of the Bond Counsel opinion is shown in Appendix B. The opinion will state that the Bonds are valid and binding general obligations of the City and that the City is required to levy ad valorem taxes on all taxable property within the City without limitation as to rate or amount, if necessary, to pay the principal of and interest on the Bonds when due.

MUNICIPAL ADVISOR

The City has retained Ehlers & Associates, Inc., Roseville, Minnesota, as municipal advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. The Municipal Advisor is registered as a municipal advisor with both the Securities and Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB"). The Municipal Advisor has participated in the preparation of certain portions of this Official Statement, but is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards.

FUTURE FINANCING

The City is planning to issue two general obligation notes to be purchased by the Minnesota Public Facilities Authority in an estimated principal amount of $30,000,000 by the end of December 2017. Proceeds of the notes will be used for improvements to the City's water system. At this time the City does not anticipate issuing any other additional debt within the next 90 days.

UNDERWRITING

Citigroup Global Markets Inc., New York, NY, with syndidate members (the "Underwriters"), have agreed, subject to certain conditions, to purchase all, but not less than all, of the Bonds from the City for a purchase price of $60,093,138.00 (par amount plus a reoffering premium of $3,800,315.80 less an underwriter's discount of $37,177.80). The Underwriters will be obligated to purchase all of the Bonds if any are purchased. The initial public offering prices of the Bonds may be changed from time to time by the underwriters for the Bonds.

RATINGS

Ratings have been assigned to the Bonds by S&P Global Ratings and Fitch Ratings. Such ratings reflect only the views of such rating agencies, and an explanation of the significance of such ratings may be obtained only from the respective rating agencies. Generally, rating agencies base their ratings on the information and materials furnished to them and on investigation, studies and assumptions by the rating agencies. A securities rating is not a recommendation to buy sell or hold securities. The ratings of the Bonds represent judgments as to the likelihood of timely payment of the Bonds according to their terms, but do not address the likelihood of redemption or acceleration prior to maturity. There is no assurance that such ratings will remain in effect for any given period of time or that they may not be lowered, suspended or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Any such downward change in or suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the Bonds.

OFFICIAL STATEMENT CERTIFICATION

The City has authorized the distribution of this Official Statement for use in connection with the initial sale of the Bonds. As of the date of the settlement of the Bonds, the City will deliver to the underwriters a certificate signed by the authorized representative of the City stating that the information contained in the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

CONTINUING DISCLOSURE COVENANTS

In order to assist the underwriters in complying with SEC Rule 15c2-12 (the "Rule"), pursuant to the Bond Resolutions and Continuing Disclosure Certificate (the "Certificate") to be executed on behalf of the City, on the date of issuance of the Bonds the City has covenanted and will covenant for the benefit of holders of the Bonds to annually provide certain financial information and operating data relating to the City to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB, and to provide notices of the occurrence of certain events enumerated in the Rule to the MSRB. The specific nature of the Certificate, as well as the information to be contained in the annual report or the notices of material events is set forth in the Certificate in substantially the form attached hereto as Appendix C. A failure by the City to comply with the Certificate will not constitute an event of default on the Bonds (although holders will have an enforceable right to specific performance). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. See APPENDIX C — CONTINUING DISCLOSURE CERTIFICATE herein for additional information.

To the best of its knowledge, the City has fully complied in all material respects with its continuing disclosure undertakings with respect to its governmental obligations, including all general obligation and revenue bonds issued by the City for which the City is an obligor. The City satisfies its continuing disclosure undertakings with the assistance of Digital Assurance Certification, LLC ("DAC").

The City operates a Common Bond Fund Program (the "CBF Program"). The CBF Program was created in 1982 to provide conduit revenue bond financing for industrial, manufacturing, and commercial projects to promote economic development. The CBF Program has provided financing for companies located in Minneapolis and the greater Hennepin County area that are unable to borrow funds in the capital markets without a bond rating. The City has established reserves to secure the private activity bonds issued under the CBF Program and has pledged to levy an ad valorem tax at the rate of up to one-half of one percent of its tax capacity to fund deficiencies in the reserves established under the CBF Program for the limited, tax-supported revenue bonds issued under the CBF Program. The reserves are drawn upon if the City is notified by the trustee for the bonds that a deficiency will occur with respect to principal and interest payments on obligations issued through the CBF Program. The reserves do not need to be funded from the limited tax levy until and to the extent of such a deficiency. No property tax levies have been required in the past and none are anticipated to be required to fund the pledged reserve for bonds issued under the CBF Program. As a result of the funded reserves and the limited tax pledge by the City, the bonds issued under the CBF Program are currently rated "A+" by S&P Global Ratings. As of December 31, 2016, the total principal amount of the twelve separate series of bonds issued and outstanding under the CBF Program was $76,315,000.

The continuing disclosure agreements entered into by the City and the trustee for the CBF Program require the City to provide: (i) updates to certain information set forth in the CBF Program official statements including schedules showing Tax Rates, Tax Levies and Collections, and Tax Capacity of the City; (ii) annual financial statements of the CBF Program; and (iii) with respect to CBF Program bond issues for which the City is an obligated person in excess of ten percent (10%) of the outstanding principal amount thereof, annual audited financial statements of the City. With respect to clause (i), on occasion the City has been late in filing with EMMA the updated financial information described in clause (i). With respect to clause (ii), the City has always been timely in filing the annual financial statements of the CBF Program. With respect to clause (iii), to date, the City is required to file its annual audited financial statements for only one series of CBF Program bonds which were issued in 2005. On occasion the City has been late in filing with EMMA the information described in clause (iii). All other information required to be filed annually and all material event notices have been timely filed with EMMA.

Certain final official statements distributed by the City with respect to the bonds issued under the CBF Program did not include references to all instances, in the prior five (5) years, in which there was a failure to comply with previous continuing disclosure undertakings. Nevertheless, the City has concluded, under the circumstances, that the omission of such compliance failures was not "material" because the omitted information was otherwise available to the public in the official statements and in the annual audited financial statements filed each year by the City with EMMA in connection with the general obligation bond issues of the City.

Notwithstanding the City's conclusion as to the materiality of omissions described above, on December 1, 2014, the City self-reported under the Municipalities Continuing Disclosure Cooperation Initiative (the "MCDC") because it is not clear whether the omissions in certain official statements related to the sale of bonds under the CBF Program regarding the failures to file certain continuing disclosure information would be considered material under the MCDC. Given such uncertainty, the City self-reported while asserting that it believes such omissions were not material.

TAX EXEMPTION OF THE BONDS

In the opinion of Kennedy & Graven, Chartered, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions (which excludes any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants set forth in the Bond Resolutions, interest on the Bonds is not includable in gross income for federal income tax purposes and, to the same extent, is not includable in the taxable net income of individuals, estates, and trusts for Minnesota income purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, estates, and trusts. Such interest is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations and is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income.

Noncompliance following the issuance of the Bonds with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and covenants of the Bond Resolutions may result in the inclusion of interest on the Bonds in gross income of the owners thereof for federal income tax purposes and in net taxable income of individuals, estates, and trusts for Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds in the event that interest on the Bonds becomes subject to federal or State of Minnesota income taxation.

Certain provisions of the Code and related Minnesota tax law provisions may affect the tax treatment of interest on the Bonds for certain taxpayers. The status of interest on the Bonds under those provisions is described below:

1. *Bank Qualification.* The Bonds are not "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code and, therefore, financial institutions may not utilize the provisions of Section 265(b)(3) or Section 291(e)(1)(B) of the Code to limit the deduction of their interest expenses allocable to the interest received from the Bonds.

2. *Property and Casualty Insurance Companies.* Certain deductions for underwriting losses of property and casualty insurance companies are disallowed by an amount equal to fifteen percent (15%) of tax exempt income received or accrued on obligations such as interest on the Bonds.

3. *Branch Profits Tax and Foreign Insurance Companies.* Interest on the Bonds is subject to federal income taxation to the extent it is included in "effectively connected" U.S. earning and profits of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code and is includable in the net investment income of foreign insurance companies for purposes of Section 842(b) of the Code.

4. *Social Security.* Interest on the Bonds is includable in the calculation of modified adjusted gross income in determining whether Social Security or railroad retirement benefits are to be included in taxable income of individuals.

5. *Passive Investment Income of S Corporations*. Passive investment income, including interest on the Bonds may be subject to federal income taxation under Section 1375 of the Code for an S Corporation that has Subchapter C earnings and profits at the close of the taxable year if more than twenty-five percent (25%) of its gross receipts is passive investment income.

The above is not a comprehensive list of all federal tax consequences which may arise from the receipt of interest on the Bonds. The receipt of interest on the Bonds may otherwise affect the federal or Minnesota income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items or deductions. Bond Counsel expresses no opinion regarding any such tax consequences. Purchasers of the Bonds are encouraged to consult with their personal tax advisors regarding the impact of the foregoing on their individual tax liabilities.

The legal opinion of Kennedy & Graven, Chartered, as Bond Counsel, in substantially the form that is shown in Appendix B of this Official Statement, will be delivered on the date of issuance and delivery of the Bonds.

ORIGINAL ISSUE PREMIUM AND ORIGINAL ISSUE DISCOUNT

Original Issue Premium

The Bonds may be sold to the public at an amount in excess of their stated redemption price at maturity (the "Premium Bonds"). Such excess of the purchase price of a Bond over its stated redemption price at maturity constitutes a premium with respect to such Bonds. An owner of a Premium Bond must amortize the premium over the term of the Bond using constant yield principles, based on the owner's yield to maturity. As premium is amortized, the basis in the Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or other disposition of such Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Holders of any Premium Bonds, whether purchased at the time of initial issuance or subsequent thereto, should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning Premium Bonds.

Original Issue Discount

The Bonds may be sold at a discount from the principal amount payable on such Bonds at maturity (the "Discount Bonds"). Under Section 1272 of the Code, original issue discount on debt obligations accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Discount Bond during any accrual period generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period and will increase the owner's tax basis in such Discount Bond. Any gain realized by an owner from a sale, exchange, payment or redemption of a Discount Bond will be treated as gain from the sale or exchange of such Discount Bond. Holders of Discount Bonds should consult their tax advisors with respect to computation and accrual of original issue discount and with respect to the state and local tax consequences of owning Discount Bonds.

CHANGES IN FEDERAL AND STATE TAX LAW

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

APPENDIX A

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APPENDIX A
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THE CITY

The City is a political subdivision of the State incorporated in 1867, organized and existing under the Constitution and laws of the State and the City Charter, as amended. The corporate limits of the City encompass approximately 58.7 square miles and U.S. Census figures indicated the 2010 population of the City to be 382,578. The Metropolitan Council's estimate of the City's 2015 population is 412,517.

City Officers

The City is a municipal corporation governed by a Mayor-Council form of government. The Mayor and 13 City Council Members from individual geographic-based wards are elected for terms of four years, without limit on the number of terms which may be served. The Mayor and City Council are jointly responsible for the adoption of an annual budget and a five-year capital improvement program. As required by the City Charter, the Mayor is responsible for preparing an annual operating and capital budget recommendation to the City Council for its consideration.

The present Mayor and members of the City Council, whose terms expire on January 1, 2018, are as follows:

Mayor: Betsy Hodges

Council Members:

Ward 1 — Kevin Reich
Ward 2 — Cam Gordon
Ward 3 — Jacob Frey
Ward 4 — Barbara Johnson, Council President
Ward 5 — Blong Yang
Ward 6 — Abdi Warsame
Ward 7 — Lisa R. Goodman
Ward 8 — Elizabeth Glidden, Council Vice President
Ward 9 — Alondra Cano
Ward 10 — Lisa Bender
Ward 11 — John Quincy
Ward 12 — Andrew Johnson
Ward 13 — Linea Palmisano

The City Council operates through committees which typically meet during the two weeks preceding the Council's meeting. Committees include Audit; Claims; Committee of the Whole; Community Development & Regulatory Services; Elections & Rules; Health, Environment & Community Engagement; Executive; Intergovernmental Relations; Public Safety; Civil Rights & Emergency Management; Taxes; Transportation & Public Works; Ways & Means; and Zoning & Planning.

City Departments

Under the City Charter, the operating departments of the City include Public Works, Police, Fire, Health and Family Support, Community Planning and Economic Development, Civil Rights, City Attorney, City Assessor, City Clerk, Regulatory Services and City Coordinator. The City Coordinator is the principal administrative officer for the City and is responsible for providing support in the areas of finance, technology, human resources, communications, intergovernmental relations and neighborhood and community relations. The City Coordinator also oversees the operating activities of the Minneapolis Convention Center, as well as the City's 311, 911 and Emergency Management activities.

Independent Boards

The Minneapolis Park and Recreation Board is a nine-member board elected by the voters of the City and is responsible for developing and maintaining parklands, park facilities and parkways.

The Board of Estimate and Taxation (the "Board") is comprised of six members, two of whom are elected by the voters of the City. The Mayor, the President of the City Council and the Chair of the City's Ways and Means Committee are ex-officio members of the Board and the Minneapolis Park and Recreation Board selects one member from its board to serve on the Board. The Board authorizes certain City indebtedness, and establishes the maximum property tax levy each year.

The Municipal Building Commission (MBC) is comprised of the Chair of the Hennepin County Board of Commissioners, the Mayor of the City, one appointee of the Hennepin County Board of Commissioners and an appointee of the City Council. The MBC operates and maintains the Minneapolis City Hall/Hennepin County Court House building.

CITY PROPERTY VALUES AND TAXES

Tax Capacity and Estimated Market Valuations

The City Assessor, pursuant to State law and the City Charter, is responsible for the assessment of all taxable property located within the City. State law provides, with certain exceptions, that all taxable property is to be valued at its market value at maximum intervals of five years. Personal property subject to taxation must also be listed and assessed annually as of January 2.

Property is appraised at Estimated Market Value, defined as the usual selling price of the property. The estimated market value of property is the monetary price the assessor believes that property is fairly worth.

Taxable Market Value is the estimated market value of a property less any credits or exclusions available for that property. The amount of value upon which taxes are levied, extended and collected, is calculated as a percentage of the Taxable Market Value. This percentage is referred to as Net Tax Capacity. The mechanics of the computation are Net Tax Capacity equals Taxable Market Value multiplied by a given percentage for that particular classification of property. The following table shows selected Net Tax Capacity formulas that are in place for collection years 2015, 2016 and 2017.

TAXABLE VALUATION AS PERCENTAGE OF TAXABLE MARKET VALUE

Type of Property		Payable Net Tax Capacity
Residential Homestead and Residential Non-Homestead single unit:		
	First $500,000	1.00%
	Over $500,000	1.25%
Residential Non-Homestead:		
	Two or more units	1.25%
Seasonal Recreational Residential:		
	First $500,000	1.00%
	Over $500,000	1.25%
Apartment 1.25% Commercial and Industrial:		
	First $150,000	1.50%
	Over $150,000	2.00%

The estimated market value of utility property is determined by the Minnesota Department of Revenue.

Statewide Property Tax: A State general property tax is levied on commercial and industrial property, public utility property, unmined iron ore property, and seasonal recreational property, including cabins. The tax is levied at a uniform rate across the State. The levy amount is adjusted annually for the increase, if any, in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the U.S. Bureau of Economic Analysis.

Neither the tax capacity nor the estimated market value may accurately represent what a property's actual market value would be in the market place. By dividing the estimated market value used for tax purposes by the State Equalization Aid Review Committee's (EARC) "Sales Ratio" for any particular year, an Economic Market Value can be calculated which approximates actual market value. Sales ratios represent the relationship between the market value used for tax purposes and actual selling prices which were obtained in real estate transactions within a governmental unit in any particular year.

Set forth in the table below are the Assessor's Estimated Market Value and the Economic Market Value for property located in the City for the collection years 2008 through 2017 with the current estimate for 2018.

VALUATIONS OF TAXABLE PROPERTY LOCATED IN THE CITY

Year of Value	Year of Tax Collection	Economic[1,2] Market Value	Assessor's Estimated Market Value Total	Unadjusted Net Tax Capacity Total	Value Capture & Tax Increment[3]	Fiscal Disparity Contribution	Fiscal Disparity Distribution	Net Tax Capacity
2017 est.	2018	NA	$48,139,224,300	$604,862,381	$(53,170,804)	$(70,076,963)	$54,851,682	$536,465,296
2016	2017	$47,235,357,618	44,067,523,400	549,921,260	(46,716,798)	(62,272,973)	52,548,027	493,479,516
2015	2016	43,273,456,995	40,296,679,900	498,459,518	(40,508,195)	(54,435,694)	51,125,630	454,641,259
2014	2015	39,219,439,185	36,544,531,600	447,314,106	(34,876,078)	(51,741,779)	49,817,942	410,514,191
2013	2014	35,630,314,950	33,236,865,300	405,819,753	(31,184,406)	(49,148,074)	48,686,974	374,174,247
2012	2013	33,383,021,233	32,569,114,445	395,982,655	(26,241,688)	(47,101,081)	51,075,667	373,715,553
2011	2012	33,851,161,508	33,599,252,600	406,976,849	(36,037,843)	(52,179,586)	52,856,334	371,615,754
2010	2011	35,516,441,416	34,955,675,900	439,869,867	(44,078,216)	(58,331,426)	57,452,116	394,912,341
2009	2010	39,252,902,318	37,057,503,700	469,492,521	(35,671,594)	(55,162,961)	60,483,575	439,141,541
2008	2009	41,386,667,127	38,111,782,650	482,224,534	(73,308,233)	(51,148,718)	56,767,749	413,935,332
2007	2008	43,099,734,689	38,641,276,800	476,003,270	(70,210,276)	(45,264,934)	50,007,587	410,535,647

(1) In 2011, the State Legislature eliminated the Homestead Market Value Credit for homestead residential property and replaced it with "Homestead Market Value Exclusion." Beginning with taxes payable in 2012, this results in a reduction in the Taxable Market Value of residential homestead property.
(2) The Economic Market Values are from the Minnesota Department of Revenue.
(3) Value Capture district first year for tax collection was 2014.

Year of Value	Year of Tax Collection	Tax Increment	Value Capture	Value Capture & Tax Increment
2017 est.	2018	$47,425,913	$5,744,891	$53,170,804
2016	2017	41,292,027	5,424,771	46,716,798
2015	2016	36,869,936	3,638,259	40,508,195
2014	2015	32,975,507	1,900,571	34,876,078
2013	2014	31,177,354	7,052	31,184,406

TAXABLE MARKET VALUES

Year of Collection	Personal Property	Real Estate	Total	$ Change	% Change
2018 est.	$520,854,555	$46,463,225,588	$46,984,080,143	$4,171,492,100	9.74%
2017	475,142,935	42,337,445,108	42,812,588,043	3,859,866,882	9.91%
2016	414,683,134	38,538,038,027	38,952,721,161	3,816,473,513	10.86%
2015	409,105,104	34,727,142,544	35,136,247,648	3,429,949,076	10.82%
2014	411,052,551	31,295,246,021	31,706,298,572	686,602,752	2.21%
2013	406,585,079	30,613,110,741	31,019,695,820	(1,045,053,761)	-3.26%
2012	383,349,718	31,681,399,863	32,064,749,581	(2,795,950,699)	-8.02%
2011	379,463,600	34,481,236,680	34,860,700,280	(2,092,574,350)	-5.66%
2010	368,909,800	36,584,364,830	36,953,274,630	(977,141,210)	-2.58%
2009	378,717,950	37,551,697,890	37,930,415,840	78,902,035	0.21%
2008	387,027,200	37,464,486,605	37,851,513,805	3,136,882,400	9.04%

Set forth in the table below is a schedule of the assessed valuation/tax capacity of categories of real and personal property located within the City for the taxes payable years 2014 through 2017 with the current estimate for 2018.

TOTAL TAX CAPACITY OF REAL AND PERSONAL PROPERTY
(In Thousands)

Valuation Year	2017	2016	2015	2014	2013
Collection Year	2018	2017	2016	2015	2014
Commercial & Industrial*	$196,604	$182,713	$170,090	$152,748	$146,319
Residential	285,321	262,809	244,599	228,630	207,299
Apartment	97,427	85,311	72,226	55,968	43,628
Other	312	288	269	253	2351
Total Real Property	579,664	531,121	487,184	437,599	397,481
Personal Property	9,973	9,075	7,965	7,792	7,877
Total Real and Personal Property	589,637	540,196	495,149	445,391	405,358
Less Tax Increment	(47,427)	(41,292)	(36,870)	(32,976)	(31,177)
Less Value Capture	(5,745)	(3,638)	(1,901)	(7)	
Net Tax Capacity	$536,465	$493,479	$454,641	$410,514	$374,174

*includes net effect of Fiscal Disparities

Limitation on City Tax Levy

From time to time the City has been subject to levy limits by state law. **Historically these limitations have not applied to taxes levied to pay debt service.** The potential exists for future legislation to limit the ability of local governments to levy property taxes.

Metropolitan Fiscal Disparities Act

The Metropolitan Fiscal Disparities Act (Minnesota Statutes, Chapter 473F) was adopted by the State Legislature in 1971 and was implemented in 1974 following a ruling by the State Supreme Court that the Metropolitan Fixed Disparities Act was constitutional. Generally, the objective of the Metropolitan Fiscal Disparities Act is to prevent competition among the various municipalities in the seven-county metropolitan area in which the City is located for industrial and commercial development to improve their respective tax bases. The following discussion summarizes the operation of the Metropolitan Fiscal Disparities Act.

Contribution to Metropolitan Pool. Pursuant to the provisions of the Metropolitan Fiscal Disparities Act, each municipality in the seven-county area is to “pool” (i.e., contribute to an areawide tax base) 40 percent of the amount by which the net tax capacity of commercial-industrial property subject to taxation therein exceeds the 1971 net tax capacity of commercial-industrial property subject to taxation therein. The total areawide tax base (the “Metropolitan Pool”) is determined by aggregating the contribution of each municipality within the seven-county area.

Distribution of Metropolitan Pool. The Metropolitan Pool is then reallocated among all municipalities in the seven-county area basically in direct proportion to population and in inverse proportion to fiscal capacity, where fiscal capacity is measured by the market value of real property within the municipality divided by its population. Municipalities with large populations and low fiscal capacity are thus favored in the reallocation over those municipalities with small populations and large fiscal capacity.

Net Tax Capacities, Tax Levies and Tax Rates. Each municipality’s official net tax capacity for purposes of levying taxes is determined by adding (1) all residential net tax capacity and all commercial-industrial net tax capacity therein, exclusive of the contribution to the Metropolitan Pool (collectively, the “local net tax capacity”), and (2) the municipality’s share of the Metropolitan Pool. The tax levy of the municipality is similarly divided by the Hennepin County (County) Auditor into two components: (a) that portion which will be raised on the local net tax capacity; and (b) that portion which will be raised on the Metropolitan Pool. The tax levy of the municipality is basically divided in the same proportion as the municipality’s share of the Metropolitan Pool bears to the local net tax capacity. The municipality’s local tax rate is determined by dividing the local levy by the local net tax capacity.

The other portion of the municipality's tax levy (i.e., the levy which will be raised on the Metropolitan Pool) is added with the comparative levies for every other municipality in the seven-county area to arrive at the total dollar levy on the Metropolitan Pool. The areawide tax rate is then determined by dividing the total levy on the Metropolitan Pool by the total net tax capacity of the Metropolitan Pool.

The tax rates determined above are applied to all taxable property in the municipality. All residential property and the "local" portion of commercial-industrial property are subject to the local rate. The portion of the commercial-industrial property in the municipality contributed to the Metropolitan Pool is subject to the areawide tax rate. When the areawide tax levies have been collected, they are channeled through each county to the State Treasurer and distributed to the municipalities.

Tax Levies, Rates and Collections

In December of each year the City Council and the other City tax-levying authorities are required to certify their levies to the County Director of Property Taxation on all taxable property in the City which, if collected in the ensuing year, will be sufficient, in addition to other revenues of the City available therefor, to defray the expenses of the City for the next fiscal year. Taxes on real property and personal property become due on the first Monday in January. If in any year a taxpayer elects, as is his right, to pay his annual taxes in two installments, the first real property installment becomes due on May 15 and delinquent on May 16 and the second real property installment becomes due on October 15 and delinquent on October 16. Personal property taxes become delinquent after February 28 for the first half and on July 1 for the second half.

Applicable tax rates are calculated by dividing each taxing district's levy by its corresponding net tax capacity (taxable value). The tax rates are called net tax capacity rates and are expressed in the form of a percentage.

The tax rates shown are those levied against the tax capacities of residential property in the City and the major portion (65.20% for 2012, 68.60% for 2013, 68.16% for 2014, 68.09% for 2015, 69.95% for 2016 and 69.05% for 2017) of the tax capacities of commercial-industrial property in the City. Areawide tax rates of 141.945% for 2012, 153.491% for 2013, 163.121% for 2014, 161.625% for 2015, 150.262% for 2016 and 150.049% for 2017 were levied against the remainder of the assessed valuation or tax capacities of commercial-industrial property in the City.

TAX RATES IN TAX CAPACITY

	Tax Collection Year					
Governmental Unit	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
City	61.129%	62.437%	66.333%	71.804%	72.717%	72.510%
Special School District No. 1	20.410	21.165	22.176	25,621	27.161	24.171
County	43.925	45.203	46.112	49.400	48.884	47.533
Other	6.416	6.430	6.796	7.270	6.992	6.253
Totals	131.880%	135.235%	141.417%	154.059%	155.754%	150.467%

TAX RATES FOR MARKET VALUE LEVIES

	Tax Collection Year					
Governmental Unit	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**
City	0.02127%	0.02325%	0.02563%	0.02817%	0.02875%	0.02786%
Special School District No. 1	0.18045	0.19399	0.20704	0.19798	0.18913	0.19677
Totals	0.20172%	0.21724%	0.23267%	0.22615%	0.21788%	0.22463%

Set forth in the table below are the City's ad valorem tax levies and collections for the years 2006 through 2017.

TAX LEVIES AND COLLECTIONS
(In Thousands)

Collection Year	Certified Tax Levy	Current Year $$ Collections	Current Year Collections % of Levy	Delinquent Collections	Total Collections	Total Collections % of Levy
2017	$313,941			In Process		
2016	297,580	$297,329	99.916%	$2,116	$299,445	100.627%
2015	287,630	287,787	100.055	3,164	290,951	101.155
2014	281,874	282,180	100.109	3,020	285,200	101.180
2013	284,409	284,038	99.870	3,557	287,595	101.120
2012	279,607	277,424	99.219	2,982	280,406	100.286
2011	277,357	267,097	96.301	1,967	269,064	97.010
2010	264,805	252,586	95.386	4,973	257,559	97.264
2009	245,003	249,365	101.780	5,088	254,453	103.857
2008	240,554	234,707	97.569	3,548	238,255	99.044
2007	222,523	217,841	97.896	3,212	221,053	99.339
2006	205,830	201,794	98.039	1,562	203,356	98.798

Largest Taxpayers in the City

The table below sets forth the net tax capacities of the largest taxpayers located within the City for the year 2016 applicable to taxes payable in 2017.

LARGEST TAXPAYERS WITHIN THE CITY*

Rank	Taxpayer	Assessor's Estimated Market Value	Net Tax Capacity	Percentage of Total Net Tax Capacity
1	Northern States Power Co	$ 398,946,900	$ 7,972,051	1.62%
2	Target Corporation	256,148,500	5,119,220	1.04%
3	Bri 1855 IDS Center LLC	251,670,000	5,032,650	1.02%
4	NWC Limited Partnership	240,630,000	4,811,850	0.98%
5	Minneapolis 225 Holdings LLC	237,870,000	4,756,650	0.96%
6	33 City Center Holding LLC	196,300,000	3,925,250	0.80%
7	Wells Fargo Bank & Home Mortgage	245,689,400	4,910,038	0.99%
8	US Bank	181,700,000	3,633,250	0.74%
9	Wells Operating Partnershp LP	163,140,000	3,262,050	0.66%
10	Diamond Rock Minneapolis LLC	146,200,000	2,923,250	0.59%
	Subtotal Top Ten Taxpayers	$2,318,294,800	$ 46,346,259	9.39%
	City Total Adjusted Net Tax Capacity		$493,479,516	

*Source: City Assessor

INDEBTEDNESS OF THE CITY

Debt Management Policy

The objective of the debt management policies is to maintain the City's ability to incur present and future debt at minimal interest rates without putting at risk essential City services.

General Obligation Bonds, Property Tax Supported. The City utilizes general obligation, property tax supported bonding to finance only those capital improvements and long term assets that have been determined to be essential to the maintenance or development of the City.

Tax Increment Bonds. The City uses tax increment bonds only where projects can be shown to be self-liquidating from tax increments arising in sufficient amounts, or where secured guarantees are provided for potential shortfalls, and with appropriate timing to avoid, to the maximum extent possible, the use of city-wide property tax revenues and where maximum allowable guarantees are obtained.

Special Obligation Revenue Bonds. Special obligation revenue bonds, those bonds for which the City incurs no financial or moral obligation, are issued only if the associated development projects can be shown to be financially feasible and contributing substantially to the welfare and/or economic development of the City and its inhabitants.

Variable Rate Debt. The City may elect to issue bonds as variable rate instruments to provide flexibility and/or attempt to achieve interest savings.

Debt Management. City Financial Management Policies shall be designed to maintain a balanced relationship between debt service requirements and current operating costs, encourage growth of the tax base, actively seek alternative funding sources, minimize interest costs and maximize investment returns. The City limits the issuance of new bonded debt so as to maintain or make improvements in key financial trend lines over time.

Bond Term. The City shall issue bonds with terms no longer than the economic useful life of the project. For self-supporting bonds, maturities and associated debt service shall not exceed projected revenue streams.

General Obligation Indebtedness

The following tables set forth the general obligation indebtedness of the City estimated to be outstanding as of various dates including the amount of such bonds considered to be self-supporting from revenue sources other than general property taxes. Bonds have not been classified as self-supporting unless it could be reasonably assumed that under existing and anticipated conditions they would not require any general property tax for debt service. The City has chosen to issue general obligation bonds for its enterprise funds to obtain a lower interest rate on the bonds. These bonds have historically not required general property tax support and are not projected to require it in the future.

To indicate the City's intent as to future debt service payments on water works and parking facility bonds, the City Council adopted a resolution on April 6, 1979 which states that (1) the City intends to raise water rates as necessary to provide sufficient revenue to meet all water works debt service requirements and operating expenses; and (2) the City intends to raise parking meter and ramp rates as necessary to meet all parking facilities debt service requirements and operating requirements. The City has consistently complied with this resolution.

CITY OF MINNEAPOLIS
Historical Outstanding Debt for Years Ending December 31, By Source of Repayment

Classification/Business Line	Source of Repayment	2016	2015	2014	2013	2012
				(Dollar Amounts Expressed in Thousands)		
General Obligation (GO) Debt:						
Enterprise Fund GO Debt:						
Stormwater Sewer	User Fees		$ 2,500	$ 4,736	$ 7,971	$ 14,783
Sanitary Sewer Fund	User Fees	$ 24,550	5,800	9,300	14,450	11,550
Water Fund Bonds	User Fees	27,690	21,475	25,769	22,070	24,271
Water Fund Notes – MN PFA*	User Fees	71,520	75,870	80,230	84,075	87,856
Parking Fund	User Fees	95,679	106,032	111,472	122,356	134,330
Total Enterprise Fund GO Debt		**219,439**	**211,677**	**231,507**	**250,922**	**272,790**
Self-Supporting GO Debt:						
Sales Tax Supported (A)	Local Sales Tax	122,882	116,050	136,300	150,500	163,000
Tax Increment Supported	Tax Increment	65,890	80,005	88,240	101,995	111,920
Development Supported	Ryan Cos/Stadium Authority	61,905	61,905	61,905		
Assessment Supported	Special Assessments	43,676	39,293	49,213	53,774	49,140
Park Board	User Fees	12,050	12,820	13,565	14,120	4,830
Total Self-Supporting GO Debt		**306,403**	**310,073**	**349,223**	**320,389**	**328,890**
Internal Service Fund GO Debt:						
Equipment Fund	Internal User Fees	11,330	13,545	15,645	17,635	21,290
Property Services Fund	Internal User Fees	1,640	2,460	3,280	4,045	4,775
Total Internal Service Fund GO Debt		**12,970**	**16,005**	**18,925**	**21,680**	**26,065**
Property Tax Supported GO Debt:						
Property Tax Supported	Property Tax	115,315	105,165	131,235	138,655	140,590
Total Property Tax Supported GO Debt		**115,315**	**105,165**	**131,235**	**138,655**	**140,590**
Total GO Debt Outstanding		**$654,127**	**$642,920**	**$730,890**	**$731,646**	**$768,335**
Non-General Obligation Debt:						
Economic & Business Development Debt:						
Economic Development Revenue Bonds	Tax Increment	21,625	22,710	23,500	24,385	25,210
Economic Development Revenue Notes	Tax Increment	4,115	13,695	14,055	14,426	14,852
Community Dev – General Agency Reserve Fund	Business Leases	76,315	84,790	90,100	94,100	85,255
Total Non-GO Debt Outstanding		**$102,055**	**$121,195**	**$127,655**	**$132,911**	**$125,317**
Grand Total GO and Non-GO Debt Outstanding		**$756,182**	**$764,115**	**$858,545**	**$864,557**	**$893,652**

Notes:

(A) Amounts include all bonds/notes outstanding historically for the Minneapolis Convention Center and for the Target Center Renovation project

* PFA Public Facilities Authority

HISTORY OF DEBT

Total General Obligation Debt

As of 12/31	Fixed Rate	Variable Rate	Total	Variable Rate as % of Total
2017 est.	$586,230,000	$ 77,630,000	$ 663,860,000	11.69%
2016	570,265,000	83,861,985	654,126,985	12.82
2015	580,725,000	62,195,000	642,920,000	9.67
2014	688,180,474	42,710,000	730,890,474	5.84
2013	688,546,012	43,100,000	731,646,012	5.89
2012	724,865,035	43,470,000	768,335,035	5.66
2011	837,657,771	45,700,000	883,357,771	5.17
2010	835,698,690	146,610,000	982,308,690	14.93
2009	931,152,751	152,390,000	1,083,542,751	14.06
2008	895,461,619	198,670,000	1,094,131,619	18.16
2007	925,680,409	220,040,000	1,145,720,409	19.21

Property Tax Supported General Obligation Debt

As of 12/31	Fixed Rate	Variable Rate	Total	Variable Rate as % of Total
2017 est.	$110,920,000	$ 0	$110,920,000	0.00%
2016	114,615,000	700,000	115,315,000	0.61
2015	90,165,000	15,000,000	105,165,000	14.26
2014	131,235,000	0	131,235,000	0.00
2013	138,655,000	0	138,655,000	0.00
2012	140,590,000	0	140,590,000	0.00
2011	188,340,000	0	191,160,000	0.00
2010	196,195,000	44,475,000	240,670,000	18.48
2009	196,455,000	47,600,000	244,055,000	19.50
2008	206,040,000	53,000,000	259,040,000	20.46
2007	196,725,000	64,360,000	261,085,000	24.65

Non Property Tax Supported General Obligation Debt

As of 12/31	Fixed Rate	Variable Rate	Total	Variable Rate as % of Total
2017 est.	$475,310,000	$ 77,630,000	$552,940,000	14.04%
2016	455,650,000	83,161,985	538,811,985	15.43
2015	490,560,000	47,195,000	537,755,000	8.78
2014	556,945,474	42,710,000	599,655,474	7.12
2013	549,891,012	43,100,000	592,991,012	7.26
2012	584,275,035	43,470,000	627,745,035	6.92
2011	646,497,771	45,700,000	692,197,771	6.60
2010	639,503,690	102,135,000	741,638,690	13.77
2009	734,697,751	104,790,000	839,487,751	12.48
2008	689,421,619	145,670,000	835,091,619	17.44
2007	728,955,409	155,680,000	884,635,409	17.60

General Obligation Notes

General Obligation Minnesota Public Facilities Authority (PFA) Notes (All are fixed rate)

The City has issued six general obligation notes purchased by the Minnesota Public Facilities Authority (PFA) to finance the City's drinking water ultra-filtration project and new filter presses project. The notes are part of a federally sponsored below market financing program related to the Drinking Water Act and the City saves interest initially by participating in the program. The interest rates on the six notes range from 1.00 to 2.83% and the final maturity dates range from August of 2019 to August of 2027. The City received proceeds totaling $104,187,215 over the years and on December 5, 2017, the outstanding debt balance of the six general obligation notes in this program will be $64,990,000. The City is in the process of issuing two additional notes to be purchased by the PFA for an estimated total of $30,000,000. The details of these two additional notes are not known at this time. The amount of debt outstanding on these notes at year end will be determined by drawdown performed by the end of December. It is estimated that the City will draw approximately $13,000,000 on these notes by year end, but this estimate is not reflected in the totals of all debt tables in this document at this time due to uncertainty regarding closing on the loans by year end.

$$ Issued	Issue Date	Final Maturity	Estimated December 5, 2017 Outstanding	Interest Rate
$ 27,400,000	17-Dec-02	20-Aug-22	$13,000,000	2.82%
$ 25,000,000	21-Feb-04	20-Aug-23	$18,650,000	2.80%
$ 12,500,000	23-Mar-05	20-Aug-19	$ 3,825,000	2.53%
$ 13,500,000	23-Aug-06	20-Aug-26	$ 8,205,000	2.60%
$ 19,557,660	9-Dec-09	20-Aug-27	$18,235,000	2.69%
$ 6,229,555	2-Mar-10	20-Aug-21	$ 3,075,000	1.00%
$104,187,215			$64,990,000	

Minnesota Public Facilities Authority Notes (estimated as of December 5, 2017)

	Principal	Interest	Debt Service
2018	$ 7,875,000	$1,719,679	$ 9,594,679
2019	8,075,000	1,519,813	9,594,813
2020	8,270,000	1,314,438	9,584,438
2021	8,295,000	1,100,601	9,395,601
2022	6,675,000	884,850	7,559,850
2023	6,800,000	698,576	7,498,576
2024	3,200,000	509,400	3,709,400
2025	3,400,000	423,824	3,823,824
2026	7,000,000	332,872	7,332,872
2027	5,400,000	145,152	5,545,152
	$64,990,000	$8,649,205	$73,639,205
% due 5+ years (thru 12/31/22)	60.30%	75.61%	62.10%
% due 10+ years (thru 12/31/27)	100.00%	100.00%	100.00%
Approximate average life	4.67 years		

General Obligation Bank Term Notes (all are variable rate)

On January 3, 2012, the City issued $15,840,000 General Obligation Term Loan Note, Series 2011A and $27,980,000 General Obligation Term Loan Note, Series 2011B (the "Term Loan Notes") and both were purchased by U.S. Bank National Association. The proceeds of the Term Loan Notes were used to refund and redeem all of the remaining principal amounts of five general obligation variable rate bond issues of the City. Each of the Term Loan Notes accrues interest at a variable rate which is reset monthly and is equal to the sum of 70% of the one-month LIBOR rate, plus a spread based on the current rating of the City's long-term general obligation debt. Both of the Term Loan Notes had a mandatory prepayment date of July 1, 2016 and in December of 2015 were amended and restated to extend the mandatory prepayment date to December 18, 2018. The tax-exempt Term Loan Notes are in a variable rate mode and accrue interest based on the weekly SIFMA index plus a bank spread.

In December 2015, the City issued a $25,000,000 General Obligation Note, Series 2015A (the "Series 2015A Note"), which was purchased by U.S. Bank National Association ("U.S. Bank") to finance a portion of the costs of a complete renovation of the Nicollet Mall roadway and streetscape in downtown Minneapolis. The Series 2015A Note was issued on December 18, 2015 and provides up to 24 months of drawdown flexibility for the project to reimburse expenses on a monthly basis during construction. In May of 2017, the balance of funds drawn totalling $17,000,000 was refunded with a general obligation fixed rate bond financing leaving a balance of $0 and $8,000,000 of remaining capacity. The City has since drawn the full $8,000,000 and has prepaid $3,200,000 with special assessments collected in advance from property owners, leaving a $4,800,000 balance at year end 2017. The fixed rate bonds will be paid for with special assessments levied against properties benefitted by the improvement project financed with the Series 2015A Note. The City began collecting special assessments in 2017. The balance of the tax-exempt Series 2015A Note is in a variable rate mode and accrues interest based on the weekly SIFMA index plus a bank spread.

In December 2015, the City also issued a $6,300,000 General Obligation Note, Series 2015C (the "Series 2015C Note"), which was purchased by U.S. Bank. The proceeds of the Series 2015C Note were received on January 19, 2016 and were used to refund the 2018 – 2021 callable maturities of the City's General Obligation Various Purpose Refunding Bonds, Series 2005B. A portion of the proceeds was used to pay the accrued interest on the callable maturities from December 1, 2015 to January 19, 2016 and to pay costs of issuing the Series 2015C Note. The tax-exempt Series 2015C Note is in a variable rate mode and accrues interest based on the weekly SIFMA index plus a bank spread. This Series 2015C Note has a three-year term expiring on December 18, 2018 and may be extended.

In March 2016, the City issued a $74,000,000 Taxable General Obligation Sales Tax Note (Target Center Project), Series 2016 (the "Series 2016 Note") which was purchased by Wells Fargo Bank, National Association to finance the City's share of the reconstruction and upgrade of the Target Center Arena in downtown Minneapolis. The reconstruction project is also being funded with $49,000,000 from the Minnesota Timberwolves Basketball Limited Partnership and $5,900,000 from AEG Management TWN, LLC, the manager of the facility. The Series 2016 Note was issued on March 23, 2016 and initially provided up to 364 days of drawdown flexibility for the project to reimburse a proportionate share of expenses on a monthly basis during construction. The mandatory prepayment date of the Series 2016 Note was extended to March 21, 2018. The City and the bank may agree to further extend the drawdown facility. In May of 2017, $40,000,000 of the Series 2016 Note was refunded with a general obligation fixed rate bond financing. The general obligation Series 2016 Note and general obligation fixed rate bonds will be paid for with local sales tax revenue. The taxable Series 2016 Note is in variable rate mode and accrues interest based on the weekly LIBOR index rate plus a bank spread.

All of the City's General Obligation Bank Notes have been filed with the Electronic Municipal Market Access (EMMA) system.

Summary of Bank Notes

Note	Bank Note Amount	Amount Drawn	Amount Retired	Amount Outstanding as of December 5, 2017
2011A	$ 15,840,000	$ 15,840,000	$ 5,185,000	$10,655,000
2011B	27,980,000	27,980,000	190,000	27,790,000
2015A	25,000,000	25,000,000	20,200,000	4,800,000
2015C	6,300,000	6,300,000		6,300,000
2016	74,000,000	68,085,000	40,000,000	28,085,000
	$149,120,000	$143,205,000	$65,575,000	$77,630,000

Note	Amount Available on Note but Not yet drawn	Mandatory Prepayment Date	Maturity Date	
2011A	$ 0	18-Dec-2018	1-Dec-2032	Adopted Amortization Schedule
2011B	0	18-Dec-2018	1-Dec-2033	Adopted Amortization Schedule
2015A*	0	18-June-2021	18-June-2022	
2015C	0	18-Dec-2018	1-Dec-2021	Adopted Amortization Schedule
2016	5,915,000	21-Mar-2018	23-Mar-2019	
	$5,915,000			

*The current mandatory prepayment date is December 18, 2017, with a maturity date of December 18, 2018. The City is in the process of extending both of these dates three and a half years. The extended dates above are used in the debt tables.

Note Amortization Schedules

Dec 1st of	Note 2011A	Note 2011B	Note 2015C	Dec 1st of
2018	$1,970,000	$195,000	$1,500,000	2018
2019	2,095,000	195,000	1,455,000	2019
2020	2,325,000	195,000	1,600,000	2020
2021	750,000	290,000	1,745,000	2021
2022	795,000	290,000		2022
2023	195,000	290,000		2023
2024	210,000	290,000		2024
2025	225,000	2,825,000		2025
2026	245,000	3,115,000		2026
2027	260,000	3,445,000		2027
2028	280,000	3,785,000		2028
2029	295,000	2,180,000		2029
2030	315,000	2,370,000		2030
2031	335,000	2,565,000		2031
2032	360,000	2,760,000		2032
2033		3,000,000		2033
	$10,655,000	$27,790,000	$6,300,000	

GENERAL OBLIGATION DEBT

General Obligation Debt (see schedules following)	See Page	GO Bonds	GO Notes	Total GO Debt	This Sale GO Bonds	Total GO Debt
Total G.O. debt being paid from						
Equipment Fund revenues	A-14	$ 8,990,000		$ 8,990,000		$ 8,990,000
Property Service Fund revenues	A-14	820,000		820,000		820,000
Park Board revenues	A-14	11,190,000		11,190,000		11,190,000
Developer revenues	A-15	61,825,000		61,825,000		61,825,000
Sales Tax revenues	A-16	113,165,000	$28,085,000	141,250,000		141,250,000
Tax Increment revenues	A-17	57,765,000	2,750,000	60,515,000		60,515,000
Property Tax revenues*	A-18	74,165,000		74,165,000	$36,755,000	110,920,000
Parking Fund revenues*	A-19 & A-20	43,445,000	41,995,000	85,440,000	1,995,000	87,435,000
Sanitary Sewer Fund revenues*	A-21	21,850,000		21,850,000	5,960,000	27,810,000
Special Assessments*	A-22 & A-23	50,240,000	4,800,000	55,040,000	300,000	55,340,000
Water Fund revenues*	A-24 & A-25	21,455,000	64,990,000	86,445,000	11,320,000	97,765,000
Total General Obligation Debt*	A-26 & A-27	$464,910,000	$142,620,000	$607,530,000	$56,330,000	$663,860,000

*Outstanding debt is as of the dated date of the Bonds.

GENERAL OBLIGATION DEBT

Equipment Fund Supported

	Current Principal	Interest	Debt Service
2018	$8,990,000	$269,700	$9,259,700
2019			
	$8,990,000	$269,700	$9,259,700
% due 5+ years (thru 12/31/22)	$8,990,000 100.00%	$269,700 100.00%	$9,259,700 100.00%
Approx Avg Life	0.99 Years		

GENERAL OBLIGATION DEBT

Property Services Fund Supported

	Current Principal	Interest	Debt Service
2018	$820,000	$24,600	$844,600
2019			
	$820,000	$24,600	$844,600
% due 5+ years (thru 12/31/22)	$820,000 100.00%	$24,600 100.00%	$844,600 100.00%
Approx Avg Life	0.99 Years		

GENERAL OBLIGATION DEBT

Park Board Supported

	Current Principal	Interest	Debt Service
2018	$ 840,000	$ 326,488	$ 1,166,488
2019	850,000	303,788	1,153,788
2020	3,675,000	278,288	3,953,288
2021	900,000	196,038	1,096,038
2022	925,000	169,038	1,094,038
2023	950,000	140,825	1,090,825
2024	975,000	109,950	1,084,950
2025	1,025,000	76,800	1,101,800
2026	1,050,000	39,900	1,089,900
	$11,190,000	$1,641,113	$12,831,113
% due 5+ years (thru 12/31/22)	$ 7,190,000 64.25%	$1,273,638 77.61%	$ 8,463,638 65.96%
% due 10+ years (thru 12/31/27)	$11,190,000 100.00%	$1,641,113 100.00%	$12,831,113 100.00%
Approx Avg Life	4.63 Years		

GENERAL OBLIGATION DEBT

Development Supported

	Bond Current Principal	Bond Interest	Bond Debt Service
2018	$ 310,000	$ 2,662,301	$ 2,972,301
2019	575,000	2,654,735	3,229,735
2020	785,000	2,640,781	3,425,781
2021	915,000	2,620,251	3,535,251
2022	1,025,000	2,593,493	3,618,493
2023	1,065,000	2,561,857	3,626,857
2024	1,175,000	2,525,990	3,700,990
2025	1,290,000	2,484,256	3,774,256
2026	1,395,000	2,435,740	3,830,740
2027	1,425,000	2,382,716	3,807,716
2028	1,550,000	2,324,461	3,874,461
2029	1,690,000	2,258,590	3,948,590
2030	1,830,000	2,183,758	4,013,758
2031	1,990,000	2,100,120	4,090,120
2032	2,155,000	2,009,365	4,164,365
2033	2,325,000	1,911,275	4,236,275
2034	2,510,000	1,805,413	4,315,413
2035	2,700,000	1,687,965	4,387,965
2036	2,910,000	1,558,121	4,468,121
2037	3,130,000	1,418,326	4,548,326
2038	3,360,000	1,268,115	4,628,115
2039	3,600,000	1,107,025	4,707,025
2040	3,855,000	934,479	4,789,479
2041	4,125,000	749,782	4,874,782
2042	4,410,000	552,240	4,962,240
2043	4,705,000	341,273	5,046,273
2044	5,020,000	116,188	5,136,188
	$61,825,000	$49,888,615	$111,713,615
% due 5+ years (thru 12/31/22)	$ 3,610,000 5.84%	$13,171,561 26.40%	$ 16,781,561 15.02%
% due 10+ years (thru 12/31/27)	$9,960,000 16.11%	$25,562,119 51.24%	$35,522,119 31.80%
Approx Avg Life	18.39 Years		

GENERAL OBLIGATION DEBT

Sales Tax Supported

	Current Bond Principal	Bond Interest	Bond Debt Service
2018	$23,825,000	$4,015,748	$ 27,840,748
2019	26,640,000	3,250,685	29,890,685
2020	27,710,000	2,305,985	30,015,985
2021	1,785,000	1,245,310	3,030,310
2022	1,860,000	1,169,448	3,029,448
2023	1,940,000	1,090,398	3,030,398
2024	2,020,000	1,007,948	3,027,948
2025	2,105,000	922,098	3,027,098
2026	2,175,000	853,685	3,028,685
2027	2,245,000	782,998	3,027,998
2028	2,320,000	710,035	3,030,035
2029	2,395,000	634,635	3,029,635
2030	2,475,000	556,798	3,031,798
2031	2,555,000	476,360	3,031,360
2032	2,635,000	392,045	3,027,045
2033	2,730,000	301,138	3,031,138
2034	2,825,000	205,588	3,030,588
2035	2,925,000	105,300	3,030,300
	$113,165,000	$20,026,198	$133,191,198
% due 5+ years (thru 12/31/22)	$ 81,820,000 72.30%	$11,987,175 59.86%	$ 93,807,175 70.43%
% due 10+ years (thru 12/31/27)	$92,305,000 81.57%	$16,644,300 83.11%	$108,949,300 81.80%
Approx Avg Life	5.00 Years		

Sales Tax Supported

	Current Notes Principal	Notes Interest	Notes Debt Service
2018	$28,085,000	$257,446	$28,342,446
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
	$28,085,000	$257,446	$28,342,446
% due 5+ years (thru 12/31/22)	$28,085,000 100.00%	$257,446 100.00%	$28,342,446 100.00%
Approx Avg Life	0.30 Years		

Sales Tax Supported

	Current Total Principal	Total Interest	Total Debt Service	
2018	$ 51,910,000	$ 4,273,194	$56,183,194	2018
2019	26,640,000	3,250,685	29,890,685	2019
2020	27,710,000	2,305,985	30,015,985	2020
2021	1,785,000	1,245,310	3,030,310	2021
2022	1,860,000	1,169,448	3,029,448	2022
2023	1,940,000	1,090,398	3,030,398	2023
2024	2,020,000	1,007,948	3,027,948	2024
2025	2,105,000	922,098	3,027,098	2025
2026	2,175,000	853,685	3,028,685	2026
2027	2,245,000	782,998	3,027,998	2027
2028	2,320,000	710,035	3,030,035	2028
2029	2,395,000	634,635	3,029,635	2029
2030	2,475,000	556,798	3,031,798	2030
2031	2,555,000	476,360	3,031,360	2031
2032	2,635,000	392,045	3,027,045	2032
2033	2,730,000	301,138	3,031,138	2033
2034	2,825,000	205,588	3,030,588	2034
2035	2,925,000	105,300	3,030,300	2035
	$141,250,000	$20,283,644	$161,533,644	
% due 5+ years (thru 12/31/22)	$109,905,000 77.81%	$12,244,621 60.37%	$122,149,621 75.62%	
% due 10+ years (thru 12/31/27)	$120,390,000 85.23%	$16,901,746 83.33%	$137,291,746 84.99%	
Approx Avg Life	4.07 Years			

GENERAL OBLIGATION DEBT

	Tax Increment Supported				Tax Increment Supported				Tax Increment Supported			
	Current Bond Principal	Bond Interest	Bond Debt Service		Current Notes Principal	Notes Interest	Notes Debt Service		Current Total Principal	Total Interest	Total Debt Service	
2018	$ 5,385,000	$ 2,351,815	$ 7,736,815	2018	$ 490,000	$ 82,500	$ 572,500	2018	$ 5,875,000	$ 2,434,315	$ 8,309,315	2018
2019	5,865,000	2,137,600	8,002,600	2019	520,000	67,800	587,800	2019	6,385,000	2,205,400	8,590,400	2019
2020	6,360,000	1,894,300	8,254,300	2020	550,000	52,200	602,200	2020	6,910,000	1,946,500	8,856,500	2020
2021	6,885,000	1,620,549	8,505,549	2021	580,000	35,700	615,700	2021	7,465,000	1,656,249	9,121,249	2021
2022	7,460,000	1,313,263	8,773,263	2022	610,000	18,300	628,300	2022	8,070,000	1,331,563	9,401,563	2022
2023	8,090,000	970,409	9,060,409	2023				2023	8,090,000	970,409	9,060,409	2023
2024	7,015,000	629,256	7,644,256	2024				2024	7,015,000	629,256	7,644,256	2024
2025	7,625,000	289,349	7,914,349	2025				2025	7,625,000	289,349	7,914,349	2025
2026	955,000	94,350	1,049,350	2026				2026	955,000	94,350	1,049,350	2026
2027	715,000	65,988	780,988	2027				2027	715,000	65,988	780,988	2027
2028	740,000	40,138	780,138	2028				2028	740,000	40,138	780,138	2028
2029	325,000	20,300	345,300	2029				2029	325,000	20,300	345,300	2029
2030	345,000	6,900	351,900	2030				2030	345,000	6,900	351,900	2030
	$57,765,000	$11,434,216	$69,199,216		$2,750,000	$256,500	$3,006,500		$60,515,000	$11,690,716	$72,205,716	
% due 5+ years (thru 12/31/22)	$31,955,000 55.32%	$ 9,317,526 81.49%	$41,272,526 59.64%	% due 5+ years (thru 12/31/22)	$2,750,000 100.00%	$256,500 100.00%	$3,006,500 100.00%	% due 5+ years (thru 12/31/22)	$34,705,000 57.35%	$9,574,026 81.89%	$44,279,026 61.32%	
% due 10+ years (thru 12/31/27)	$56,355,000 97.56%	$11,366,879 99.41%	$67,721,879 97.87%	Approx Avg Life	3.10 Years			% due 10+ years thru 12/31/27)	$59,105,000 97.67%	$11,623,379 99.42%	$70,728,379 97.95%	
Approx Avg Life	4.29 Years							Approx Avg Life	4.24 Years			

GENERAL OBLIGATION DEBT

Property Tax Supported

	Current Bond Principal	Bond Interest	Bond Debt Service
2018	$26,245,000	$1,757,200	$28,002,200
2019	30,160,000	1,107,200	31,267,200
2020	2,700,000	378,800	3,078,800
2021	2,800,000	324,800	3,124,800
2022	2,800,000	268,800	3,068,800
2023	3,100,000	212,800	3,312,800
2024	3,300,000	146,925	3,446,925
2025	3,060,000	72,675	3,132,675
	$74,165,000	$4,269,200	$78,434,200
% due 5+ years (thru 12/31/22)	$64,705,000 87.24%	$3,836,800 89.87%	$68,541,800 87.39%
% due 10+ years (thru 12/31/27)	$74,165,000 100.00%	$4,269,200 100.00%	$78,434,200 100.00%
Approx Avg Life	2.50 Years		

Property Tax Supported

	This Sale Bond Principal	This Sale Bond Interest	This Sale Bond Debt Service
2018	$22,845,000	$1,817,331	$24,662,331
2019	9,970,000	695,500	10,665,500
2020	3,940,000	197,000	4,137,000
2021			
2022			
2023			
2024			
2025			
	$36,755,000	$2,709,831	$39,464,831
% due 5+ years (thru 12/31/22)	$36,755,000 100.00%	$2,709,831 100.00%	$39,464,831 100.00%
Approx Avg Life	1.47 Years		

Property Tax Supported

	After This Sale Bond Principal	After This Sale Bond Interest	After This Sale Bond Debt Service	
2018	$49,090,000	$3,574,531	$52,664,531	2018
2019	40,130,000	1,802,700	41,932,700	2019
2020	6,640,000	575,800	7,215,800	2020
2021	2,800,000	324,800	3,124,800	2021
2022	2,800,000	268,800	3,068,800	2022
2023	3,100,000	212,800	3,312,800	2023
2024	3,300,000	146,925	3,446,925	2024
2025	3,060,000	72,675	3,132,675	2025
	$110,920,000	$6,979,031	$117,899,031	
% due 5+ years (thru 12/31/22)	$101,460,000 91.47%	$6,546,631 93.80%	$108,006,631 91.61%	
% due 10+ years (thru 12/31/27)	$110,920,000 100.00%	$6,979,031 100.0%	$117,899,031 100.0%	
Approx Avg Life	2.16 Years			

GENERAL OBLIGATION DEBT

Parking Fund Supported

	Current Bond Principal	Bond Interest	Bond Debt Service
2018	$ 2,245,000	$ 993,663	$ 3,238,663
2019	3,820,000	942,513	4,762,513
2020	3,925,000	859,113	4,784,113
2021	4,425,000	773,863	5,198,863
2022	5,685,000	674,113	6,359,113
2023	6,065,000	547,913	6,612,913
2024	6,405,000	412,863	6,817,863
2025	5,550,000	263,750	5,813,750
2026	5,325,000	131,125	5,456,125
2027			
2028			
2029			
2030			
2031			
2032			
2033			
	$43,445,000	$5,598,913	$49,043,913
% due 5+ years (thru 12/31/22)	$20,100,000 46.27%	$4,243,263 75.79%	$24,343,263 49.64%
% due 10+ years (thru 12/31/27)	$43,445,000 100.00%	$5,598,913 100.00%	$49,043,913 100.00%
Approx Avg Life	5.54 Years		

Parking Fund Supported

	Current Notes Principal	Notes Interest	Notes Debt Service
2018	$ 3,175,000	$ 1,259,850	$ 4,434,850
2019	3,225,000	1,164,600	4,389,600
2020	3,570,000	1,067,850	4,637,850
2021	2,205,000	960,750	3,165,750
2022	475,000	894,600	1,369,600
2023	485,000	880,350	1,365,350
2024	500,000	865,800	1,365,800
2025	3,050,000	850,800	3,900,800
2026	3,360,000	759,300	4,119,300
2027	3,705,000	658,500	4,363,500
2028	4,065,000	547,350	4,612,350
2029	2,475,000	425,400	2,900,400
2030	2,685,000	351,150	3,036,150
2031	2,900,000	270,600	3,170,600
2032	3,120,000	183,600	3,303,600
2033	3,000,000	90,000	3,090,000
	$41,995,000	$11,230,500	$53,225,500
% due 5+ years (thru 12/31/22)	$12,650,000 30.12%	$ 5,347,650 47.62%	$17,997,650 33.81%
% due 10+ years (thru 12/31/27)	$23,750,000 56.55%	$ 9,362,400 83.37%	$33,112,400 62.21%
Approx Avg Life	8.90 Years		

Parking Fund Supported

	Current Total Principal	Total Interest	Total Debt Service	
2018	$ 5,420,000	$ 2,253,513	$ 7,673,513	2018
2019	7,045,000	2,107,113	9,152,113	2019
2020	7,495,000	1,926,963	9,421,963	2020
2021	6,630,000	1,734,613	8,364,613	2021
2022	6,160,000	1,568,713	7,728,713	2022
2023	6,550,000	1,428,263	7,978,263	2023
2024	6,905,000	1,278,663	8,183,663	2024
2025	8,600,000	1,114,550	9,714,550	2025
2026	8,685,000	890,425	9,575,425	2026
2027	3,705,000	658,500	4,363,500	2027
2028	4,065,000	547,350	4,612,350	2028
2029	2,475,000	425,400	2,900,400	2029
2030	2,685,000	351,150	3,036,150	2030
2031	2,900,000	270,600	3,170,600	2031
2032	3,120,000	183,600	3,303,600	2032
2033	3,000,000	90,000	3,090,000	2033
	$85,440,000	$16,829,413	$102,269,413	
% due 5+ years (thru 12/31/22)	$32,750,000 38.33%	$ 9,590,913 56.99%	$ 42,340,913 41.40%	
% due 10+ years (thru 12/31/27)	$67,195,000 78.65%	$14,961,313 88.90%	$ 82,156,313 80.33%	
Approx Avg Life	7.20 Years			

GENERAL OBLIGATION DEBT

Parking Fund Supported

	This Sale Bond Principal	Bond Interest	Bond Debt Service
2018	$ 995,000	$ 98,642	$1,093,642
2019	1,000,000	50,000	1,050,000
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
	$1,995,000	$148,642	$2,143,642
% due 5+ years (thru 12/31/22)	$1,995,000 100.00%	$148,642 100.00%	$2,143,642 100.00%
Approx Avg Life	1.49 Years		

Parking Fund Supported

	After This Sale Bond Principal	Notes Interest	Notes Debt Service
2018	$3,240,000	$1,092,305	$ 4,332,305
2019	4,820,000	992,513	5,812,513
2020	3,925,000	859,113	4,784,113
2021	4,425,000	773,863	5,198,863
2022	5,685,000	674,113	6,359,113
2023	6,065,000	547,913	6,612,913
2024	6,405,000	412,863	6,817,863
2025	5,550,000	263,750	5,813,750
2026	5,325,000	131,125	5,456,125
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
	$45,440,000	$5,747,555	$51,187,555
% due 5+ years (thru 12/31/22)	$22,095,000 48.62%	$4,391,905 76.41%	$26,486,905 51.74%
% due 10+ years (thru 12/31/27)	$45,440,000 100.00%	$5,747,555 100.00%	$51,187,555 100.00%
Approx Avg Life	5.37 Years		

Parking Fund Supported

	Total After This Sale Bonds & Notes Principal	Total Interest	Total Debt Service	
2018	$6,415,000	$ 2,352,155	$ 8,767,155	2018
2019	8,045,000	2,157,113	10,202,113	2019
2020	7,495,000	1,926,963	9,421,963	2019
2021	6,630,000	1,734,613	8,364,613	2021
2022	6,160,000	1,568,713	7,728,713	2022
2023	6,550,000	1,428,263	7,978,263	2023
2024	6,905,000	1,278,663	8,183,663	2024
2025	8,600,000	1,114,550	9,714,550	2025
2026	8,685,000	890,425	9,575,425	2026
2027	3,705,000	658,500	4,363,500	2027
2028	4,065,000	547,350	4,612,350	2028
2029	2,475,000	425,400	2,900,400	2029
2030	2,685,000	351,150	3,036,150	2030
2031	2,900,000	270,600	3,170,600	2031
2032	3,120,000	183,600	3,303,600	2032
2033	3,000,000	90,000	3,090,000	2033
2034				2034
	$87,435,000	$16,978,055	$104,413,055	
% due 5+ years (thru 12/31/22)	$34,745,000 39.74%	$ 9,739,555 57.37%	$ 44,484,555 42.60%	
% due 10+ years (thru 12/31/27)	$69,190,000 79.13%	$15,109,955 89.00%	$ 84,299,955 80.74%	
Approx Avg Life	7.06 Years			

GENERAL OBLIGATION DEBT

Sanitary Sewer Fund Supported

	Current Bond Principal	Bond Interest	Bond Debt Service
2018	$ 3,400,000	437,000	3,837,000
2019	3,450,000	369,000	3,819,000
2020	3,600,000	300,000	3,900,000
2021	3,700,000	228,000	3,928,000
2022	3,800,000	154,000	3,954,000
2023	3,900,000	78,000	3,978,000
2024			
	$21,850,000	$1,566,000	$23,416,000
% due 5+ years (thru 12/31/22)	$17,950,000 82.15%	$1,488,000 95.02%	$19,438,000 83.01%
% due 10+ years (thru 12/31/27)	$21,850,000 100.00%	$1,566,000 100.00%	$23,416,000 100.00%
Approx Avg Life	3.57 Years		

Sanitary Sewer Fund Supported

	This Sale Bond Principal	Bonds Interest	Bonds Debt Service
2018	$1,080,000	$294,689	$1,374,689
2019	1,130,000	244,000	1,374,000
2020	1,190,000	187,500	1,377,500
2021	1,250,000	128,000	1,378,000
2022	1,310,000	65,500	1,375,500
2023			
2024			
	$5,960,000	$919,689	$6,879,689
% due 5+ years (thru 12/31/22)	$5,960,000 100.00%	$919,689 100.00%	$6,879,689 100.00%
Approx Avg Life	3.09 Years		

Sanitary Sewer Fund Supported

	After This Sale Bond Principal	Bonds Interest	Bonds Debt Service	
2018	$4,480,000	$ 731,689	$ 5,211,689	2018
2019	4,580,000	613,000	5,193,000	2019
2020	4,790,000	487,500	5,277,500	2020
2021	4,950,000	356,000	5,306,000	2021
2022	5,110,000	219,500	5,329,500	2022
2023	3,900,000	78,000	3,978,000	2023
2024				2024
	$27,810,000	$2,485,689	$30,295,689	
% due 5+ years (thru 12/31/22)	$23,910,000 85.98%	$2,407,689 96.86%	$26,317,689 86.87%	
% due 10+ years (thru 12/31/27)	$27,810,000 100.00%	$2,485,689 100.00%	$30,295,689 100.00%	
Approx Avg Life	3.47 Years			

GENERAL OBLIGATION DEBT

Assessment Supported

	Current Bond Principal	Bond Interest	Bond Debt Service
2018	$10,635,000	$1,455,520	$12,090,520
2019	5,845,000	1,166,470	7,011,470
2020	4,590,000	1,007,970	5,597,970
2021	3,415,000	874,570	4,289,570
2022	2,430,000	762,145	3,192,145
2023	2,430,000	697,595	3,127,595
2024	2,380,000	621,083	3,001,083
2025	2,275,000	556,120	2,831,120
2026	3,175,000	492,158	3,667,158
2027	10,120,000	411,330	10,531,330
2028	525,000	106,561	631,561
2029	530,000	89,224	619,224
2030	535,000	70,899	605,899
2031	535,000	51,746	586,746
2032	515,000	31,981	546,981
2033	275,000	11,900	286,900
2034	30,000	1,050	31,050
	$50,240,000	$8,408,322	$58,648,322
% due 5+ years (thru 12/31/22)	$26,915,000 53.57%	$5,266,675 62.64%	$32,181,675 54.87%
% due 10+ years (thru 12/31/27)	$47,295,000 94.14%	$8,044,960 95.68%	$55,339,960 94.36%
Approx Avg Life	5.57 Years		

Assessment Supported

	Current Notes Principal	Notes Interest	Notes Debt Service
2018	$0	$144,000	$144,000
2019	0	144,000	144,000
2020	0	144,000	144,000
2021	4,800,000	78,800	4,878,800
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
	$4,800,000	$510,800	$5,310,800
% due 5+ years (thru 12/31/22)	$4,800,000 100.00%	$510,800 100.00%	$5,310,800 100.00%
Approx Avg Life	3.54 Years		

Assessment Supported

	Current Total Principal	Total Interest	Total Debt Service	
2018	$10,635,000	$1,599,520	$12,234,520	2018
2019	5,845,000	1,310,470	7,155,470	2019
2020	4,590,000	1,151,970	5,741,970	2020
2021	8,215,000	953,370	9,168,370	2021
2022	2,430,000	762,145	3,192,145	2022
2023	2,430,000	697,595	3,127,595	2023
2024	2,380,000	621,083	3,001,083	2024
2025	2,275,000	556,120	2,831,120	2025
2026	3,175,000	492,158	3,667,158	2026
2027	10,120,000	411,330	10,531,330	2027
2028	525,000	106,561	631,561	2028
2029	530,000	89,224	619,224	2029
2030	535,000	70,899	605,899	2030
2031	535,000	51,746	586,746	2031
2032	515,000	31,981	546,981	2032
2033	275,000	11,900	286,900	2033
2034	30,000	1,050	31,050	2034
	$55,040,000	$8,919,122	$63,959,122	
% due 5+ years (thru 12/31/22)	$31,715,000 57.62%	$5,777,475 64.78%	$37,492,475 58.62%	
% due 10+ years (thru 12/31/27)	$52,095,000 94.65%	$8,555,760 95.93%	$60,650,760 94.83%	
Approx Avg Life	5.39 Years			

GENERAL OBLIGATION DEBT (Assessment Supported continued)

	Assessment Supported				Assessment Supported			
	This Sale Bond Principal	Bond Interest	Bond Debt Service		Total After This Sale Bonds & Notes Principal	Total Interest	Sales Total Debt Service	
2018	$60,000	$14,833	$74,833	2018	$10,695,000	$1,614,353	$12,309,353	2018
2019	60,000	12,000	72,000	2019	5,905,000	1,322,470	7,227,470	2019
2020	60,000	9,000	69,000	2020	4,650,000	1,160,970	5,810,970	2020
2021	60,000	6,000	66,000	2021	8,275,000	959,370	9,234,370	2021
2022	60,000	3,000	63,000	2022	2,490,000	765,145	3,255,145	2022
2023				2023	2,430,000	697,595	3,127,595	2023
2024				2024	2,380,000	621,083	3,001,083	2024
2025				2025	2,275,000	556,120	2,831,120	2025
2026				2026	3,175,000	492,158	3,667,158	2026
2027				2027	10,120,000	411,330	10,531,330	2027
2028				2028	525,000	106,561	631,561	2028
2029				2029	530,000	89,224	619,224	2029
2030				2030	535,000	70,899	605,899	2030
2031				2031	535,000	51,746	586,746	2031
2032				2032	515,000	31,981	546,981	2032
2033				2033	275,000	11,900	286,900	2033
2034				2034	30,000	1,050	31,050	2034
2035				2035				2035
	$300,000	$44,833	$344,833		$55,340,000	$8,963,955	$64,303,955	
% due 5+ years (thru 12/31/22)	$300,000 100.00%	$44,833 100.00%	$344,833 100.00%	% due 5+ years (thru 12/31/22)	$32,015,000 57.85%	$5,822,308 64.95%	$37,837,308 58.84%	
Approx Avg Life	2.99 Years			% due 10+ years (thru 12/31/27)	$52,395,000 94.68%	$8,600,594 95.95%	$60,995,594 94.86%	
				Approx Avg Life	5.38 Years			

GENERAL OBLIGATION DEBT

Water Fund Supported

	Current Bond Principal	Bond Interest	Bond Debt Service
2018	$ 3,680,000	421,700	$ 4,101,700
2019	3,480,000	355,500	3,835,500
2020	3,000,000	285,900	3,285,900
2021	3,000,000	225,900	3,225,900
2022	3,500,000	165,900	3,665,900
2023	3,245,000	95,900	3,340,900
2024	1,550,000	31,000	1,581,000
2025			
2026			
2027			
	$21,455,000	$1,581,800	$23,036,800
% due 5+ years (thru 12/31/22)	$19,905,000 92.78%	$1,550,800 98.04%	$21,455,800 93.14%
% due 10+ years (thru 12/31/27)	$21,455,000 100.00%	$1,581,800 100.00%	$23,036,800 100.00%
Approx Avg Life	3.69 Years		

Water Fund Supported

	Current Notes Principal	Notes Interest	Notes Debt Service
2018	$ 7,875,000	$ 1,719,679	$ 9,594,679
2019	8,075,000	1,519,813	9,594,813
2020	8,270,000	1,314,438	9,584,438
2021	8,295,000	1,100,601	9,395,601
2022	6,675,000	884,850	7,559,850
2023	6,800,000	698,576	7,498,576
2024	3,200,000	509,400	3,709,400
2025	3,400,000	423,824	3,823,824
2026	7,000,000	332,872	7,332,872
2027	5,400,000	145,152	5,545,152
	$64,990,000	$8,649,205	$73,639,205
% due 5+ years (thru 12/31/22)	$39,190,000 60.30%	$6,539,381 75.61%	$45,729,381 62.10%
% due 10+ years (thru 12/31/27)	$64,990,000 100.00%	$8,649,205 100.00%	$73,639,205 100.00%
Approx Avg Life	4.67 Years		

Water Fund Supported

	Current Total Principal	Total Interest	Total Debt Service	
2018	$11,555,000	$ 2,141,379	$13,696,379	2018
2019	11,555,000	1,875,313	13,430,313	2019
2020	11,270,000	1,600,338	12,870,338	2020
2021	11,295,000	1,326,501	12,621,501	2021
2022	10,175,000	1,050,750	11,225,750	2022
2023	10,045,000	794,476	10,839,476	2023
2024	4,750,000	540,400	5,290,400	2024
2025	3,400,000	423,824	3,823,824	2025
2026	7,000,000	332,872	7,332,872	2026
2027	5,400,000	145,152	5,545,152	2027
	$86,445,000	$10,231,005	$96,676,005	
% due 5+ years (thru 12/31/22)	$65,895,000 76.23%	$ 7,994,281 78.14%	$63,844,281 66.04%	
% due 10+ years (thru 12/31/27)	$86,445,000 100.00%	$10,231,005 100.00%	$96,676,005 100.00%	
Approx Avg Life	4.42 Years			

GENERAL OBLIGATION DEBT

Water Fund Supported

	This Sale Bond Principal	Bond Interest	Bond Debt Service
2018	$ 3,135,000	$ 559,711	$ 3,694,711
2019	3,205,000	409,250	3,614,250
2020	1,700,000	249,000	1,949,000
2021	1,640,000	164,000	1,804,000
2022	1,640,000	82,000	1,722,000
2023			
2024			
2025			
2026			
2027			
2028			
	$11,320,000	$1,463,961	$12,783,961
% due 5+ years (thru 12/31/22)	$11,320,000 100.00%	$1,463,961 100.00%	$12,783,961 100.00%
Approx Avg Life	2.59 Years		

Water Fund Supported

	After This Sale Bond Principal	Bond Interest	Bond Debt Service
2018	$6,815,000	$ 981,411	$ 7,796,411
2019	6,685,000	764,750	7,449,750
2020	4,700,000	534,900	5,234,900
2021	4,640,000	389,900	5,029,900
2022	5,140,000	247,900	5,387,900
2023	3,245,000	95,900	3,340,900
2024	1,550,000	31,000	1,581,000
2025			
2026			
2027			
2028			
	$32,775,000	$3,045,761	$35,820,761
% due 5+ years (thru 12/31/22)	$27,980,000 85.37%	$2,918,861 95.83%	$30,898,861 86.26%
% due 10+ years (thru 12/31/27)	$32,775,000 100.00%	$3,045,761 100.00%	$35,820,761 100.00%
Approx Avg Life	3.31 Years		

Water Fund Supported

	Total After This Sale Bonds & Notes Principal	Total Interest	Total Debt Service	
2018	$14,690,000	$ 2,701,090	$ 17,391,090	2018
2019	14,760,000	2,284,563	17,044,563	2019
2020	12,970,000	1,849,338	14,819,338	2020
2021	12,935,000	1,490,501	14,425,501	2021
2022	11,815,000	1,132,750	12,947,750	2022
2023	10,045,000	794,476	10,839,476	2023
2024	4,750,000	540,400	5,290,400	2024
2025	3,400,000	423,824	3,823,824	2025
2026	7,000,000	332,872	7,332,872	2026
2027	5,400,000	145,152	5,545,152	2027
2028				2028
	$97,765,000	$11,694,966	$109,459,966	
% due 5+ years (thru 12/31/22)	$67,170,000 68.71%	$9,458,242 80.87%	$ 76,628,242 70.01%	
% due 10+ years (thru 12/31/27)	$97,765,000 100.00%	$11,694,966 100.00%	$109,459,966 100.00%	
Approx Avg Life	4.21 Years			

GENERAL OBLIGATION DEBT

Total General Obligation Debt

	Current Bond Principal	Current Bond Interest	Current Bond Debt Service
2018	$86,375,000	$14,715,733	$101,090,733
2019	80,685,000	12,287,490	92,972,490
2020	56,345,000	9,951,136	66,296,136
2021	27,825,000	8,109,280	35,934,280
2022	29,485,000	7,270,198	36,755,198
2023	30,785,000	6,395,697	37,180,697
2024	24,820,000	5,485,013	30,305,013
2025	22,930,000	4,665,048	27,595,048
2026	14,075,000	4,046,957	18,121,957
2027	14,505,000	3,643,031	18,148,031
2028	5,135,000	3,181,195	8,316,195
2029	4,940,000	3,002,748	7,942,748
2030	5,185,000	2,818,355	8,003,355
2031	5,080,000	2,628,226	7,708,226
2032	5,305,000	2,433,391	7,738,391
2033	5,330,000	2,224,313	7,554,313
2034	5,365,000	2,012,050	7,377,050
2035	5,625,000	1,793,265	7,418,265
2036	2,910,000	1,558,121	4,468,121
2037	3,130,000	1,418,326	4,548,326
2038	3,360,000	1,268,115	4,628,115
2039	3,600,000	1,107,025	4,707,025
2040	3,855,000	934,479	4,789,479
2041	4,125,000	749,782	4,874,782
2042	4,410,000	552,240	4,962,240
2043	4,705,000	341,273	5,046,273
2044	5,020,000	116,188	5,136,188
2045	0	0	0
	$464,910,000	$104,708,676	$569,618,676
% due 5+ years (thru 12/31/22)	$280,715,000 60.38%	$52,333,837 49.98%	$333,048,837 58.47%
% due 10+ years (thru 12/31/26)	$387,830,000 83.42%	$76,569,583 73.13%	$464,399,583 81.53%
Approx Avg Life	4.99 Years		

Total General Obligation Debt

	Current Notes Principal	Current Notes Interest	Current Notes Debt Service
2018	$39,625,000	$3,463,475	$43,088,475
2019	11,820,000	2,896,213	14,716,213
2020	12,390,000	2,578,488	14,968,488
2021	15,880,000	2,175,851	18,055,851
2022	7,760,000	1,797,750	9,557,750
2023	7,285,000	1,578,926	8,863,926
2024	3,700,000	1,375,200	5,075,200
2025	6,450,000	1,274,624	7,724,624
2026	10,360,000	1,092,172	11,452,172
2027	9,105,000	803,652	9,908,652
2028	4,065,000	547,350	4,612,350
2029	2,475,000	425,400	2,900,400
2030	2,685,000	351,150	3,036,150
2031	2,900,000	270,600	3,170,600
2032	3,120,000	183,600	3,303,600
2033	3,000,000	90,000	3,090,000
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
	$142,620,000	$20,904,451	$163,524,451
% due 5+ years (thru (12/31/22)	87,475,000 61.33%	$12,911,777 61.77%	$100,386,777 61.39%
% due 10+ years (thru (12/31/27)	$124,375,000 87.21%	$19,036,351 91.06%	$143,411,351 87.70%
Approx Avg Life	4.99 Years		

Total General Obligation Debt

	Current Total Principal	Current Total Interest	Current Total Debt Service	
2018	$126,000,000	$18,179,208	$144,179,208	2018
2019	92,505,000	15,183,703	107,688,703	2019
2020	68,735,000	12,529,624	81,264,624	2020
2021	43,705,000	10,285,131	53,990,131	2021
2022	37,245,000	9,067,948	46,312,948	2022
2023	38,070,000	7,974,623	46,044,623	2023
2024	28,520,000	6,860,213	35,380,213	2024
2025	29,380,000	5,939,672	35,319,672	2025
2026	24,435,000	5,139,129	29,574,129	2026
2027	23,610,000	4,446,683	28,056,683	2027
2028	9,200,000	3,728,545	12,928,545	2028
2029	7,415,000	3,428,148	10,843,148	2029
2030	7,870,000	3,169,505	11,039,505	2030
2031	7,980,000	2,898,826	10,878,826	2031
2032	8,425,000	2,616,991	11,041,991	2032
2033	8,330,000	2,314,313	10,644,313	2033
2034	5,365,000	2,012,050	7,377,050	2034
2035	5,625,000	1,793,265	7,418,265	2035
2036	2,910,000	1,558,121	4,468,121	2036
2037	3,130,000	1,418,326	4,548,326	2037
2038	3,360,000	1,268,115	4,628,115	2038
2039	3,600,000	1,107,025	4,707,025	2039
2040	3,855,000	934,479	4,789,479	2040
2041	4,125,000	749,782	4,874,782	2041
2042	4,410,000	552,240	4,962,240	2042
2043	4,705,000	341,273	5,046,273	2043
2044	5,020,000	116,188	5,136,188	2044
2045	0	0	0	2045
	$607,530,000	$125,613,127	$733,143,127	
% due 5+ years (thru 12/31/22)	$368,190,000 60.60%	$65,245,614 51.94%	$433,435,614 59.12%	
% due 10+ years (thru 12/31/27)	$512,205,000 84.31%	$95,605,934 76.11%	$607,810,934 82.90%	
Approx Avg Life	4.99 Years			

GENERAL OBLIGATION DEBT

Total General Obligation Debt

	This Sale Bond Principal	This Sale Bond Interest	This Sale Bond Debt Service
2018	$28,115,000	$2,785,206	$30,900,206
2019	15,365,000	1,410,750	16,775,750
2020	6,890,000	642,500	7,532,500
2021	2,950,000	298,000	3,248,000
2022	3,010,000	150,500	3,160,500
2023			
2024			
2025			
2026			
2027			
2028			
2029			
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2043			
2044			
2045			
	$56,330,000	$5,286,956	$61,616,956
% due 5+ years (thru 12/31/22)	$56,330,000 100.00%	$5,286,956 100.00%	$61,616,956 100.00%
Approx Avg Life	1.88 Years		

Total General Obligation Debt

	After This Sale Bond Principal	After This Sale Bond Interest	After This Sale Bond Debt Service
2018	$114,490,000	$17,500,939	$131,990,939
2019	96,050,000	13,698,240	109,748,240
2020	63,235,000	10,593,636	73,828,636
2021	30,775,000	8,407,280	39,182,280
2022	32,495,000	7,420,698	39,915,698
2023	30,785,000	6,395,697	37,180,697
2024	24,820,000	5,485,013	30,305,013
2025	22,930,000	4,665,048	27,595,048
2026	14,075,000	4,046,957	18,121,957
2027	14,505,000	3,643,031	18,148,031
2028	5,135,000	3,181,195	8,316,195
2029	4,940,000	3,002,748	7,942,748
2030	5,185,000	2,818,355	8,003,355
2031	5,080,000	2,628,226	7,708,226
2032	5,305,000	2,433,391	7,738,391
2033	5,330,000	2,224,313	7,554,313
2034	5,365,000	2,012,050	7,377,050
2035	5,625,000	1,793,265	7,418,265
2036	2,910,000	1,558,121	4,468,121
2037	3,130,000	1,418,326	4,548,326
2038	3,360,000	1,268,115	4,628,115
2039	3,600,000	1,107,025	4,707,025
2040	3,855,000	934,479	4,789,479
2041	4,125,000	749,782	4,874,782
2042	4,410,000	552,240	4,962,240
2043	4,705,000	341,273	5,046,273
2044	5,020,000	116,188	5,136,188
2045	0	0	0
	$521,240,000	$109,995,631	$631,235,631
% due 5+ years (thru (12/31/22)	$337,045,000 64.66%	$57,620,792 52.38%	$394,665,792 62.52%
% due 10+ years (thru (12/31/27)	$444,160,000 85.21%	$81,856,539 74.42%	$526,016,539 83.33%
Approx Avg Life	4.65 Years		

Total General Obligation Debt

	Total After This Sale Bonds & Notes Principal	After This Sale Total Interest	After This Sale Total Debt Service	
2018	$154,115,000	$20,964,414	$175,079,414	2018
2019	107,870,000	16,594,453	124,464,453	2019
2020	75,625,000	13,172,124	88,797,124	2020
2021	46,655,000	10,583,131	57,238,131	2021
2022	40,255,000	9,218,448	49,473,448	2022
2023	38,070,000	7,974,623	46,044,623	2023
2024	28,520,000	6,860,213	35,380,213	2024
2025	29,380,000	5,939,672	35,319,672	2025
2026	24,435,000	5,139,129	29,574,129	2026
2027	23,610,000	4,446,683	28,056,683	2027
2028	9,200,000	3,728,545	12,928,545	2028
2029	7,415,000	3,428,148	10,843,148	2029
2030	7,870,000	3,169,505	11,039,505	2030
2031	7,980,000	2,898,826	10,878,826	2031
2032	8,425,000	2,616,991	11,041,991	2032
2033	8,330,000	2,314,313	10,644,313	2033
2034	5,365,000	2,012,050	7,377,050	2034
2035	5,625,000	1,793,265	7,418,265	2035
2036	2,910,000	1,558,121	4,468,121	2036
2037	3,130,000	1,418,326	4,548,326	2037
2038	3,360,000	1,268,115	4,628,115	2038
2039	3,600,000	1,107,025	4,707,025	2039
2040	3,855,000	934,479	4,789,479	2040
2041	4,125,000	749,782	4,874,782	2041
2042	4,410,000	552,240	4,962,240	2042
2043	4,705,000	341,273	5,046,273	2043
2044	5,020,000	116,188	5,136,188	2044
2045	0	0	0	2045
	$663,860,000	$130,900,082	$794,760,082	
% due 5+ years (thru 12/31/22)	$424,520,000 63.95%	$70,532,569 53.88%	$495,052,569 62.29%%	
% due 10+ years (thru 12/31/27)	$568,535,000 85.64%	$100,892,890 77.08%	$669,427,890 84.23%	
Approx Avg Life	4.72 Years			

CERTAIN OTHER INDEBTEDNESS

Common Bond Fund (CBF) Obligations

The City has pledged to levy an ad valorem tax at the rate of up to one-half of one percent of the tax capacity of the City as a reserve for limited tax supported revenue bonds issued through its Common Bond Fund program. The reserve is drawn on if the City is notified by the trustee for the bonds that a deficiency will occur with respect to principal and interest payments on obligations issued through the Common Bond Fund program. The reserve does not need to be funded until and to the extent of such a deficiency. As of December 5, 2017, the Common Bond Fund program had $64,300,000 of bonds outstanding. No property tax levies have been required in the past to fund the pledged reserve for Common Bond Fund obligations.

The Common Bond Fund was created in 1982 to provide revenue bond financing for industrial, manufacturing and commercial projects in the City to promote economic development. In 2004 the program was expanded to all of Hennepin County. The Common Bond Fund has typically provided financing for companies with businesses located in Minneapolis and the greater Hennepin County area that are unable to borrow funds in the capital markets without a bond rating.

The City and the County have executed a joint powers agreement for Common Bond Fund projects that occur outside the borders of the City and within the borders of the County. The joint powers agreement authorizes a process for a County reimbursement to the Common Bond Fund reserves for shortfalls related to those financings that occur outside of the City. The County is subject to an annual appropriation consideration by the County Board.

The following table shows the Common Bond Fund bond issues outstanding as of December 5, 2017:

Issues Outstanding as of December 31, 2017	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding
					(In Thousands)	
Cord Sets	4.10% to 5.50%	07/01/98	06/01/18	1,500	1,410	90
Discount Steel –A	5.00% to 5.25%	12/01/99	06/01/19	1,900	1,495	405
Kristol Properties	2.45% to 5.12%	11/20/03	12/01/23	3,300	2,405	895
Hennepin Theatres Trust	5.23% to 6.30%	12/20/05	12/01/35	21,055	4,470	16,585
Open Systems International, Inc.*	2.29% to 6.60%	06/01/10	06/01/40	18,000	1,790	16,210
Open Access Technology Intl., Inc.	3.25% to 6.25%	12/29/10	12/01/40	25,000	6,690	18,310
Life Source Project	3.00% to 4.00%	10/17/13	06/01/39	12,595	790	11,805
Total CBF				$83,350	$20,050	$64,300

* This project has been executed under the joint powers agreement referenced above.

Conduit Debt

The City has outstanding in excess of $2.3 billion of conduit revenue bonds for commercial, industrial, housing, education and health care purposes which are payable solely from payments required to be made by borrowers. The bonds are payable solely from revenues of the respective borrowers and do not constitute a charge against the City's general credit or taxing power. All such indebtedness has been excluded from the descriptions of indebtedness herein.

LEGAL DEBT CONSIDERATIONS

Statutory Considerations and Limitations

Certificates of Indebtedness and Promissory Notes. In addition to being authorized by State law and the City Charter to issue bonds, the City is authorized by the City Charter to borrow money using promissory notes or certificates of indebtedness in anticipation of the collection of taxes levied for any fund, department or board of the City for the purpose of raising money for such fund, department or board. Such certificates or notes may be issued upon the written recommendation of the Finance Officer specifying the funds, departments or boards of the City for whom and the purposes for which the moneys are desired, and the amount of each, and by the affirmative vote of at least five of the six members of the Board of Estimate and Taxation. The aggregate principal amount of such notes and certificates remaining unpaid at any time may not exceed 50 percent of the amount of taxes previously levied for such fund, department or board remaining uncollected and as to which no penalty for nonpayment or delinquency has attached and such certificates and notes shall mature no later than the anticipated date of receipt by the City of the taxes so anticipated. Such certificates and notes constitute general obligations of the City. The City has managed its financial affairs so that it has had no need to issue any such certificates or notes since 1959.

Debt Limit. The City has the power to contract indebtedness for purposes specified by statute and the City Charter so long as the net debt of the City does not exceed 3-1/3 percent of the market value of taxable property located therein.

Statutory Debt Limit

The "net debt" of the City may not exceed 3-1/3 percent of the market value of taxable property located therein. The "net debt" of the City is defined by state law to mean the gross debt less the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and less the aggregate of the principal of certain obligations, including: (1) obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including general obligations of the City, if the City is entitled to reimbursement in whole or in part from the proceeds of the special assessments; (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from the income from revenue producing conveniences; (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) obligations issued for the acquisition and betterment of public water works systems and public lighting, heating or power systems and any combination thereof or for any other public convenience from which a revenue is or may be derived; (6) certain debt service loans and capital loans made to a school district; (7) obligations issued to pay pension fund obligations; (8) obligations to pay judgments against the City; (9) the amount of all money and the face value of all securities held as a sinking fund for the extinguishment of obligations other than those listed in this paragraph; and (10) all other obligations which, under the provisions of law authorizing their issuance, are not to be included in computing the "net debt" of the City.

Shown below is the calculation of the City's debt capacity and unused debt margin.

	December 31, 2016 Actual
Total Market Value of Taxable Property Located within the City Applicable to Debt Limit Computation	$40,529,577,000
Legal Debt Percentage Allowed	3-1/3%
Legal Debt Limit	$ 1,350,985,900
General Obligation Bonds Outstanding Subject to Debt Limit ("Net Debt")*	$ 110,715,000
Unused Margin of Indebtedness	$ 1,240,270,900
Percent of Legal Debt Incurred	8.20%

* From the aggregate principal amount of general obligation bonds subject to the debt limit outstanding as of December 31, there has been subtracted the estimated moneys in the sinking fund for such bonds.

Future Issuances 2017

At this time the City does not anticipate issuing additional debt within the next 90 days with the exception of the two general obligation notes to be purchased by the Minnesota Public Facilities Authority in the approximate amount of $30,000,000.

Overlapping Indebtedness of the City

Set forth in the table that follows is information relating to the outstanding overlapping general obligation indebtedness of the City as of December 31, 2016.

	Net General Obligation Bonded Debt Outstanding	Percent of Debt Applicable*	Amount of Debt Applicable
Special School District No. 1	$362,225,000	100.00%	$362,225,000
Hennepin County(1)	811,375,883	28.03%	227,428,660
Hennepin County Regional Railroad Authority	32,848,204	28.03%	9,207,352
Metropolitan Council	38,874,706	14.21%	5,524,096
Total	$1,245,323,793		$604,385,107

(1) Excludes Hennepin County Suburban Library Bonds for which the taxpayers in the City are not obligated.
* Source Hennepin County

Set forth below is the outstanding overlapping general obligation indebtedness of the City on December 31, 2012 through 2015.

	2015	2014	2013	2012
Special School District No. 1	$289,107,000	$270,415,000	$197,989,000	$225,449,000
Hennepin County	205,406,816	200,595,002	190,797,307	175,990,190
Hennepin County Regional Railroad Authority	10,244,483	9,373,760	9,852,930	10,158,472
Metropolitan Council	14,851,484	17,656,445	19,134,999	23,108,671
Total	$519,609,783	$498,040,207	$417,774,236	$434,706,333

Statistical Summary Relating to Indebtedness of the City

Set forth in the table below is a summary relating to indebtedness of the City as of December 31 for the years 2013 through 2016.

STATISTICAL SUMMARY RELATING TO GENERAL OBLIGATION INDEBTEDNESS OF THE CITY

	Actual 2016	Actual 2015	Actual 2014	Actual 2013
Assessor's Estimated Market Value of[1] Taxable Property in the City	$40,296,679,900	$36,544,531,600	$33,236,865,300	$32,569,114,445
Direct Indebtedness[2]	614,159,895	618,485,131	703,624,580	702,703,051
Adjusted Direct Indebtedness[3]	86,364,729	85,794,552	114,114,552	119,530,140
Direct Indebtedness and Direct Overlapping Indebtedness Chargeable to the City	1,221,460,987	1,138,094,914	1,201,664,787	1,120,477,287
Adjusted Direct Indebtedness and Adjusted Overlapping Indebtedness Chargeable to the City	690,749,836	605,404,335	612,154,759	537,304,376
Direct Indebtedness as a Percentage of Estimated Full Market Value of Taxable Property	1.52%	1.69%	2.12%	2.16%
Adjusted Direct Indebtedness as a Percentage of Estimated Full Market Value of Taxable Property[3]	0.21%	0.23%	0.34%	0.37%
Direct Indebtedness and Direct Overlapping Indebtedness as a Percentage of Estimated Full Market Value	3.03%	3.11%	3.62%	3.44%
Adjusted Direct Indebtedness and Direct Overlapping Indebtedness as a Percentage of Estimated Full Market Value	1.71%	1.66%	1.84%	1.65%
Estimated Population of the City	419,952	412,517	407,207	400,938
Direct Indebtedness Per Capita	$1,462.45	$1,499.30	$1,727.93	$1,752.65
Adjusted Direct Indebtedness Per Capita	$205.65	$207.98	$280.24	$298.13
Direct Indebtedness and Overlapping Indebtedness Per Capita	$2,908.57	$2,758.90	$2,950.99	$2,794.64
Adjusted Direct Indebtedness and Adjusted Overlapping Indebtedness Per Capita	$1,644.83	$1,467.59	$1,503.30	$1,340.12

(1) Net tax capacity values do not include (i) valuation increases allocated to tax increment project financing, or (ii) net contributions to or distributions from an area tax base pursuant to the Metropolitan Fiscal Disparities Act (see the caption "CITY PROPERTY VALUES AND TAXES — Metropolitan Fiscal Disparities Act").

(2) Direct indebtedness is total General Obligation debt less related sinking funds. Includes the Bonds and all expected principal payments and redemptions.

(3) The Adjusted Direct Indebtedness represents the total general obligation indebtedness of the City less that indebtedness supported by revenues other than general property taxes less revenue present in the sinking fund as of December 31.

INVESTMENT POLICY

It is the policy of the City that the administration of its funds and the investment of those funds shall be regarded as its highest public trust. The Investment Policy of the City defines the parameters within which funds are invested. The policy establishes the framework for the City's investment program to ensure effective and judicious investment of the City's funds. The policy is intended to be broad enough to allow investment officer(s) to function properly within the parameters of responsibility and authority, flexible enough to address changing market conditions, and specific enough to safeguard investment assets. The receipt of a market rate of return will be secondary to the requirements for safety and liquidity. The earnings from investments will be used in a manner that best serves the interests of the City and its various specialized funds. The City Finance Officer is charged with oversight of the investment function and establishment of internal controls and procedures for effective cash management. The internal controls and procedures are to be reviewed by the internal auditor and state auditor for their ability to prevent potential losses from fraud, error, misrepresentation by third parties, or imprudent actions. The City's current Investment Policy was adopted by the Mayor and City Council in 2016.

It is the policy of the City to diversify its investment portfolio. The portfolio shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in any specific maturity, specific issuer, or specific market sector. Diversification strategies shall be determined and revised periodically in accordance with varying market conditions.

The City pools the cash balances from its various funds into the investment portfolio. A summary of the portfolio's holdings by sector as of September 30, 2017, is as shown in the table below.

Portfolio Holdings By Sector
(Amounts in Millions)

Market Value in millions	September 30, 2017	% of Portfolio
Cash and equivalents[1]	$ 63.5	8%
Commercial Paper	19.6	2%
Federal Agency	232.8	29%
Mortgage Backed	147.2	18%
Municipals	94.3	12%
US Treasuries	238.8	30%
Total Cash & Investments[2]	$796.2	100%

(1) Net of checks outstanding

(2) Total cash and investments include $40.5 million of debt service reserve held by a trustee for the General Agency Reserve Fund debt associated with the Common Bond Fund.

FINANCIAL INFORMATION

Accounting Information

In accordance with the City Charter, the various accounts of the City are maintained on a fund basis representing a series of independent fiscal and accounting entities with self-balancing sets of accounts into which funds are appropriated, revenues collected, or taxes levied and collected from which related expenditures are made.

The City maintains its financial records on a calendar year basis. Copies of the City's complete financial statements for the year ended December 31, 2016 are available upon request from the office of the Finance Officer, 325M City Hall, Minneapolis, Minnesota. The report can be requested by phone 612-673-2079 or email "*finance@minneapolismn.gov*".

The complete report is available for viewing on the following web site:
http://www.minneapolismn.gov/finance/reports/CAFR/index.htm

Appendix D contains certain information from the Comprehensive Annual Financial Report for the fiscal year ended December 31, 2016.

A financial status report for the interim period ending June 30, 2017 can be viewed at:
http://www.minneapolismn.gov/finance/reports/financial-reports_special-reports_index

Schedule of Cash, Cash Equivalents and Fund Investments

A comparison of combined cash and cash equivalents as of December 31 for the years 2014, 2015 and 2016 follows:

Schedule of Cash and Cash Equivalents by Fund Type
(Amounts in Thousands)

Fund Type	2014	2015	2016
Governmental Funds:			
General	$ 99,989	$ 117,626	$121,693
Community Planning and Economic Development Special Revenue Fund	164,100	165,674	166,270
Permanent Improvement Capital Projects	36,028	16,116	27,927
Special Assessment Debt Service	10,136	5,055	8,095
Non-Major Governmental	130,836	140,978	149,405
Proprietary Funds:			
Enterprise Funds	151,436	155,269	140,143
Internal Service Funds	149,353	144,239	149,161
Fiduciary Funds	5,933	1,267	1,271
Discrete Component Units			
Park and Recreation Board	25,572	22,063	31,975
Municipal Building Commission	2,079	1,977	2,496
Meet Minneapolis	1,270	1,951	2,557
Minneapolis Telecommunications Network	—	127	104
Total	**$776,732**	**$772,342**	**$801,097**

Note: Minneapolis Telecommunications Network was first considered a component unit in 2015.

PENSION PLANS

Overview

The City of Minneapolis annually contributes to three pension plans. They are:

- Minnesota Teachers Retirement Association (TRA).
- Minneapolis Community Development Agency plan at The Union Life Insurance Company.
- Public Employee Retirement Association (PERA) which administers:
  The General Employees Retirement Fund Coordinated (GERF).
  Public Employees Police & Fire Fund (PEPFF).

Minnesota state statutes govern the actuarial standards for each fund. The coverage, contribution rates, benefit levels and auxiliary benefits are all governed by state statute. Each pension plan has a board that governs the day-to-day operations of the fund and are subject to fiduciary standards established in state law. Local government representatives, together with representatives of active and retired employees, are appointed or elected to each of the boards of these funds.

TRA and PERA are audited annually by the Office of the Legislative Auditor. A joint legislative pension commission oversees each public pension fund.

The City's Employer Contributions to Pension Funds

The City's closed pension funds all of which have been fully merged into PERA.

	2015 Actual	2016* Actual	2017** Actual
Minneapolis Employees Retirement Fund (MERF)			
Supplemental contribution	$21,058,300	$21,058,300	$14,265,300
Additional contribution*	2,763,437	na	na
Subtotal MERF	$23,821,737	$21,058,300	$14,265,300
Minneapolis Firefighters' Relief Association (MFRA)	$ 3,921,787	$ 4,757,457	$ 4,757,457
Minneapolis Police Relief Association (MPRA)	7,612,423	8,890,272	8,890,272
Total Closed Funds	$35,355,947	$34,706,029	$27,913,029

* The MERF additional contribution was eliminated as a result of the 2015 Legislative changes.
** As a result of the 2015 Legislative changes.

MERF was mergered into GERF.

MFRA and MPRA was mergered into PEPFF.

The City's open pension funds administered by PERA.

	2015 Actual	2016 Actual	2017 Budgeted
General Employees Retirement Fund Coordinated (GERF)	$12,474,745	$15,848,115	$16,876,000
Public Employees Police & Fire Fund (PEPFF)	16,972,377	18,750,775	17,734,000
Total Open Funds	$29,447,122	$34,598,890	$34,610,000

Specific Fund Information

Minnesota Teachers Retirement Association (TRA) — Minneapolis annually levies a property tax to provide its annual contributions to the Minnesota Teachers Retirement Association (TRA) as a result of the 2006 State legislation which consolidated the Minneapolis Teachers Retirement Fund Association (MTRFA) with TRA. As part of the 2006 consolidation all MTRFA State aid was redirected to TRA as was the City's annual fixed $2,250,000 contribution through 2037. Further information on TRA can be found at its web site: *http://www.minnesotatra.org*.

Minneapolis Community Development Agency Plan at The Union Life Insurance Company — Qualified employees of the MCDA belonged to a defined contribution pension plan administered by Union Central Life Insurance Company.

Benefits and contribution requirements were established and amended by the MCDA's board of commissioners. All provisions are within limitations established by Minnesota Statutes.

This is a closed plan and the City contributes 5.3% and the employee participants contribute 5.1% 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% per year for the employer's share of the contribution and are 100% vested immediately as to their individual contributions.

The City has contributed the following amounts for the plan years ending September 30 of:

2003	$331,265	2008	$120,865	2013	$118,914
2004	157,889	2009	140,002	2014	123,690
2005	127,573	2010	137,259	2015	103,410
2006	118,986	2011	135,525	2016	114,853
2007	139,320	2012	129,139		

MINNESOTA DEFINED BENEFIT PENSION PLANS

General Information

The State has three major state-wide retirement systems that cover most of the public employees of the State and its counties, municipalities and school districts. These systems are the Minnesota State Retirement System ("MSRS"), the Public Employees Retirement Association ("PERA") and the State Teachers' Retirement Association ("TRA," and collectively, the "Retirement Systems"). The Retirement Systems were established by the Legislature in 1929 through 1931 to collect the contributions of employees and employers and to pay benefits to retired public employees and their beneficiaries. The State is the primary employer for MSRS.

MSRS, PERA and TRA each prepare and publish their own comprehensive annual financial report, consisting of financial statements and required supplementary information and containing detailed financial and actuarial information. Much of the information that is contained in this section "MINNESOTA DEFINED BENEFIT PENSION PLANS" (i) relies on information produced by the administrators of the Retirement Systems or their accounting and actuary agents, (ii) depends upon future events, which may or may not be consistent with any of the assumptions, may deviate significantly from those assumptions and may alter the outcomes of the plans and the obligations of the State and other employers as a result. The State intends to implement the three new GASB pension-related statements (Statement 67 — Financial Reporting for Pension Plans, Statement 68 — Accounting and Financial Reporting for Pensions and Statement 71 — Pension Transition for Contributions Made Subsequent to the Measurement Date) on or before their effective dates. These comprehensive annual financial reports for the Fiscal Year ended June 30, 2016 are available from the following public web sites:

MSRS: *http://www.msrs.state.mn.us/financial-information*
PERA: *http://www.mnpera.org/index.asp*
TRA: *http://www.minnesotatra.org/formspub/2016annualrpt.html*

Please note these website addresses are provided for the convenience of the reader. No representation is made by the City as to the privacy practices of other websites, nor is the City liable for the content or availability of any listed sites.

Each plan administrator accounts for one or more pension plans as part of their system. For some of these plans, the State contributes as an employer, and performs only a fiduciary role for other plans. These pension plans are categorized as either defined benefit or defined contribution or investment trust funds. The State is the primary employer for MSRS, and is only a minor employer in the PERA and TRA plans. The State also makes non-employer contributions to certain plans and makes contributions to certain local governments to assist them with their pension funding obligations, as described herein. In addition, the State has historically appropriated general (non-pension related) State aid payments to certain local governments and school districts that are contributing employers in these plans.

In a defined benefit pension plan ("DB"), a periodic (usually monthly) benefit is paid to retired, disabled and survivors of deceased employees in an amount determined at the time of retirement. The amount of the periodic benefit is generally determined on the basis of service credits and salary. The benefit is payable to the retiree for life and, if applicable, a survivor's benefit is provided to the designated beneficiary of the retiree. To fund the benefits paid by the defined benefit pension plan, both the employee and employer make a contribution to the plan based on a percentage of the plan member's salary. The contribution percentage is specified in State statute. Actuarially required contributions to the plans are calculated annually by an independent actuary pursuant to State statutes.

Overview — PERA

Public Employees Retirement Association ("PERA") administers pension funds that serve active county, school and local public employees, benefit recipients, their survivors and dependents. PERA serves more than 2,000 separate governmental entities. These participating employers include cities, counties, townships, and school districts located throughout the state. At June 30, 2016, PERA's membership included 165,609 current, active employees and 105,686 benefit recipients in the three cost-sharing multi-employer defined benefit plans and another 7,723 members with money in the defined contribution plan. The four cost-sharing plans include the General Employees Retirement Fund (GERF), the Public Employees Police and Fire Fund (PEPFF), the Public Employees Correctional Fund (PECF). Information for the year ending June 30, 2017 will be available in November, 2017.

The PERA Board of Trustees is responsible for administering these funds in accordance with statutes passed by the Minnesota Legislature and has a fiduciary obligation to PERA's members, the governmental employers, the State, and its taxpayers. The PERA Board of Trustees is composed of 11 members. The State Auditor is a member by statute. Five trustees are appointed by the Governor. Serving four-year terms, these five trustees represent cities, counties, school boards, retired annuitants, and the general public, respectively. The remaining five board members are elected by the PERA membership at large to serve four-year terms. Three represent the general active membership, one trustee represents Police and Fire Fund members, and one trustee represents annuitants and benefit recipients.

The board appoints an executive director to serve as chief administrative officer of PERA. With approval of the board, the director develops the annual administrative budget, determines staffing requirements, contracts for actuarial and other services, and directs the day-to-day operation of the association.

PERA administers three separate defined benefit pension funds and one defined contribution plan. Each has specific membership, contribution, benefit, and pension provisions.

The General Employees Retirement Fund (GERF) encompasses two retirement plans — the PERA Coordinated Plan and the PERA Basic plan. The Coordinated Plan, created in 1968, provides retirement and other benefits in addition to those supplied by Social Security. Established in 1931, the Basic Plan was PERA's original retirement plan and is not coordinated with the federal program. The Minneapolis Employees Retirement Fund (MERF) was made part of the General Fund in June 2010 as a separate division and was merged into the plan January 1, 2015. A traditional defined benefit plan, MERF was closed to new membership in 1979. It encompasses employees of the City of Minneapolis, the Metropolitan Airports Commission, Minnesota State Colleges and Universities, and non-teaching personnel at Minneapolis schools. PERA's Basic Plan was closed to new membership in 1968 with the creation of the Coordinated Plan. The Minneapolis Employees Retirement Fund was merged into the General Fund January 1, 2015. Therefore, the remainder of references to the General Plan in this plan summary only address the Coordinated Plan.

The Public Employees Police and Fire Fund (PEPFF), originally established in 1959 for police officers and firefighters not covered by a local relief association, now encompasses all Minnesota police officers and firefighters hired since 1980. As of July 1, 1999, this fund also includes the members of 44 previously local police and fire relief associations that elected to have PERA administer their plan. In 2011 and 2012 respectively, legislation was enacted to merge the Minneapolis Police and Minneapolis Firefighters Relief Associations effective December 30, 2011, and the Virginia Fire and Fairmont Police Relief Associations effective June 29, 2011 with PERA Police and Fire.

The Local Government Correctional Service Retirement Fund (called the Public Employees Correctional Fund or PECF) was created in 1999 to cover local government correctional service employees who spend most of their time in direct contact with inmates. The majority of these employees were formerly part of the Coordinated Plan. The City has no employees in this fund.

Membership statistics for each of the funds, as of June 30, 2016, follow:

	General Employees Retirement Fund	Public Employees Police & Fire Fund	Public Employees Correctional Fund*	Volunteer Firefighter Fund*	TOTAL
Retirees	81,911	7,222	749	79	89,961
Beneficiaries	8,547	1,873	49		10,469
Disabilitants	3,830	1,257	169		5,256
Terminated Members:					
Vested, no benefits	52,516	1,490	2,755	928	57,689
Non Vested	132,416	1,059	2,359	0	135,834
Active Members:					
Vested	90,491	9,088	2,251	201	102,031
Non Vested	58,254	2,310	1,576	1,438	63,578
Totals	427,965	24,299	9,908	2,646	464,818
Valuation Payroll in millions	$5,773,708	$881,222	$188,816		$6,843,746

*Minneapolis has no members in this fund.

Statutory Funding Requirements

Minnesota's defined benefit retirement plans are financed in several ways, including employee contributions, contributions from State agencies for their covered employees, contributions from local political subdivisions, and direct State appropriations. For substantially all of the defined benefit plans, both the employee and employer make a contribution to the plan based on a percentage of the plan member's salary. Each fund's financing requirement is determined by a specific formula established in State law.

The statutory funding formulas are not always consistent with the calculated actuarial requirements as described below. No assurance can be provided that the formulas will not change in the future. A brief description is provided below of the existing formula for the State System Plans and the local defined contribution plans that are governed by State statutes:

PERA: PERA consists of the assets of six pension funds, five of which are defined benefit plans. The State does not make employer contributions to PERA other than covered individuals employed by PERA, and a small number of employees from the Minnesota State Colleges and University system ("MnSCU"), the Public Defense Board, Department of Military Affairs and the court system which were grandfathered in. For each of the defined benefit funds in PERA (except as noted below), both the employee and employer make a contribution to the plan based on a percentage of the plan member's salary. The contribution percentage is specified in statute.

a. Minneapolis Employees' Retirement Fund (MERF). This fund was closed to new members. In July 2008 the MERF Board of Trustees voted to transfer the management of their assets to the Minnesota State Board of Investment. On June 30, 2010, the administration of MERF was transferred to the Public Employees Retirement Association. All assets, service credit, benefits liabilities transferred to a separate MERF division account administered by PERA on June 30, 2010. In January of 2015 based on MERF's funding level exceeding 80% it was fully merged into PERA's General Employees Retirement Fund.

b. Local Police and Fire Amortization Aid. This aid program is specified in statute. As originally designed, it funded the State's share of amortizing unfunded liabilities of local police or fire relief associations that were being merged into a centralized fund (PERA). In more recent years, part of the money has been redirected to the Minneapolis (now part of the Teacher's Retirement Association), St. Paul, and Duluth teacher retirement plans. The State's contribution remains at the Fiscal Year 1992 appropriation level, or less, until St. Paul Teachers' Plan becomes fully funded.

Recent Pension Legislation

The 2014 Legislature made several modifications to contribution rates and benefit formulas:

- PERA General Plan contribution stabilizer changes the provision that requires contribution adjustments to the PERA General Plan to make any future automatic PERA contribution stabilizer rate increases or decreases effective on January 1 of the following calendar year. Under previous law, the PERA Board of Trustees was required to make a recommendation on a contribution increase if the total required actuarial contributions are deficient by at least 0.5% of salary for two consecutive years. The deficiency measured on July 1, 2012, was 0.96% and on July 1, 2013, was 1.65%. Based on these deficiencies, the PERA Board recommended that the employer and the employee contributions each be increased by 0.25% of salary. Had the Legislature taken no action, the PERA Board recommended increases would have gone into effect on July 1, 2014. The Legislature delayed the contribution increases until January 1, 2015, in order to avoid a mid-year change that cannot be fully incorporated into an employer's budget.
- PERA General Plan — member contribution rate increase by 0.25% of salary beginning with the first paycheck issued after January 1, 2015. With this increase, the total employee contribution will increase to 6.5% of salary.
- PERA General Plan — employer contribution rate increase by 0.25% of salary beginning with the first paycheck issued on or after January 1, 2015. With this increase, the total employer contribution will increase to 7.5% of salary.
- All Plans — Joint and survivor optional annuity computation discount rate was adjusted by setting it at 6.5% for all statewide plans, including PERA, which is expected to reduce system costs and administration for each plan.

The 2015 Legislature made several modifications to contribution rates and benefit formulas:

- Completed the merger of the Minneapolis Employees Retirement Fund (MERF) with PERA's General Fund based on the actuarial report complete in April of 2015. Funding was assured with annual appropriations of $37 million from the State, Minneapolis, and other MERF employers. The "Additional Employer Contribution" of $3.9 million per year was repealed as was the Employers 2031 "True Up" provision. For calendar years 2015 and 2016 the State contribution is $6 million with the Employers providing $31 million. From 2017 forward the State will provide $16 million and the Employers $21 million with all contributions ending in 2031.
- If the Police and Fire Fund achieves 90 percent funding for two consecutive years, annual benefit increases will be 2.5 percent. Previous law called for a match of inflation, capped at 2.5 percent, each year.
- The Statewide Volunteer Firefighter Retirement Plan will provide for benefit levels ranging from $500 to $7,500 in $100 increments for each year of public service. The plan previously had 20 benefit levels between the two limits.
- The assumed investment rate of return was lowered from 8.5% to 8.0% resulting in a recalculation of the annual amortization payments for each of PERA's funds.

The 2016 Legislature made no modifications that will have a material effect on PERA's plans.

The 2017 Legislature in special session adopted SF 1 which reduced by $10 million the State's annual funding from the State's general fund to PERA on behalf of the former MERF division account.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The City of Minneapolis has complied with the Government Accounting Standards Board's Rule 45, Other Post-Employment Benefits (OPEB), for the comprehensive annual financial report (CAFR) of the City starting with the year ending December 31, 2008. The City engaged a consulting actuary who has conducted a review of liabilities to be reported as required by GASB 45. 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 45.

POST-EMPLOYMENT HEALTHCARE PLAN

Plan Description

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

Funding Policy

Contribution requirements are established by the City, based on the contract terms with Medica and Delta Dental. The required contributions are based on projected pay-as-you-go financing requirements. Retirees and their spouses contribute to the healthcare plan at the same rate as the City employees. This results in the retirees receiving an implicit rate subsidy. The actual cost for early retirees is higher than the average per-person premium for the active group. Retirees pay the average active rate (the apparent cost) which gives rise to an implicit rate subsidiary: the City pays the difference between the actual and apparent cost. For fiscal year 2016, the City contributed $2,115,707. As of January 1, 2015, the City's most recent actuarial valuation, there were 347 retirees receiving health benefits under the City of Minneapolis Medical plan. An additional 85 individuals were covered under the medical plan because they qualified under Minnesota Continuation/COBRA laws.

Funded Status and Funding Program

As of January 1, 2015, the most recent actuarial valuation study date, the City had no assets deposited to fund the plan. The actuarial accrued liability for benefits was $35,720,000 and the actuarial value of assets was $0-, resulting in an unfunded actuarial accrued liability (UAAL) of $35,720,000. The covered payroll (annual payroll of active employees covered by the plan) was $329,441,000, and the ratio of the UAAL to the covered payroll was 10.8%.

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

Actuarial Methods and Assumptions

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

In the January 1, 2015, the actuarial valuation date, the entry age normal cost method was used. The actuarial assumptions included a 3.0% discount rate, which is based on a blend of the long-term expected return on (1) plan assets to the extent they are projected to be sufficient to pay plan benefits, and (2) employer general assets to the extent that projected plan assets are insufficient to pay plan benefits. The City currently does not plan to prefund for this benefit. At the actuarial valuation date, the annual healthcare cost trend rate was calculated to be 7.2% initially, reduced incrementally to an ultimate rate of 5.0% after seven years. Both rates included a 2.75% inflation assumption. The UAAL is being amortized as a percentage of projected payroll on an open basis. The original amortization period was 30 years, as of January 1, 2015.

ANNUAL BUDGET PROCESS

Capital Improvement Budget Development (April-July)

The City has a five-year capital improvement plan. Annually, departments prepare and modify capital improvement proposals. Capital Long Improvement Committee (CLIC) is the citizen advisory committee to the Mayor and City Council on capital programming. The 33 members are appointed by the Mayor and City Council.

Mayor's Budget Recommendation (May-August)

The Mayor interacts with the departments to develop the recommended budget and review additional policy changes, alternative funding choices and other requests. In addition to reviewing operating budgets, the Mayor meets with representatives from CLIC in preparation of finalizing the capital budget recommendations. Following the departmental budget interaction and meetings with CLIC, the Mayor prepares a final budget recommendation with the assistance of the Finance Department. The Mayor presents a final budget recommendation to the City Council in August.

Maximum Proposed Property Tax Levy (September)

As required by State law, the maximum proposed property tax levies is set by September 15. The maximum property tax levies are set by the Board of Estimate and Taxation. The Board of Estimate and Taxation must by individual tax levy set maximum property tax levies for the City, Municipal Building Commission, Public Housing Authority and the Minneapolis Park and Recreation Board.

City Council Budget Review and Development (September-November)

The City Council holds public hearings on the budget. Departments present their budgets to the Ways and Means/Budget Committee. Following departmental budget hearings, the Ways and Means/Budget Committee approves and recommends a final budget to the City Council. The recommended budget includes any and all changes that are made to the Mayor's Recommended Budget.

Truth in Taxation (November)

Truth in Taxation (or "TNT") property tax statements are mailed by Hennepin County to property owners indicating the maximum amount of property taxes that the property owner will be required to pay from all taxing jurisdictions. These statements also indicate the dates when truth in taxation public hearings will be held. The City's TNT public hearings are held in December before adoption of the budget.

City Council Budget Adoption (December)

The City Council adopts a final budget that reflects any changes made to the Mayor's Recommended Budget. Two public hearings are held in late November/early December for the formal adoption of the budget and tax levies. Once the final budget resolutions are adopted, all requests from City departments for additional funds made throughout the year are brought before the Ways and Means/Budget Committee and City Council for approval as amendments to the original budget resolutions.

The independent boards and commissions adopt their own operating budgets and property tax levies. The property tax levies may not be higher than the maximum set by the Board of Estimate and Taxation.

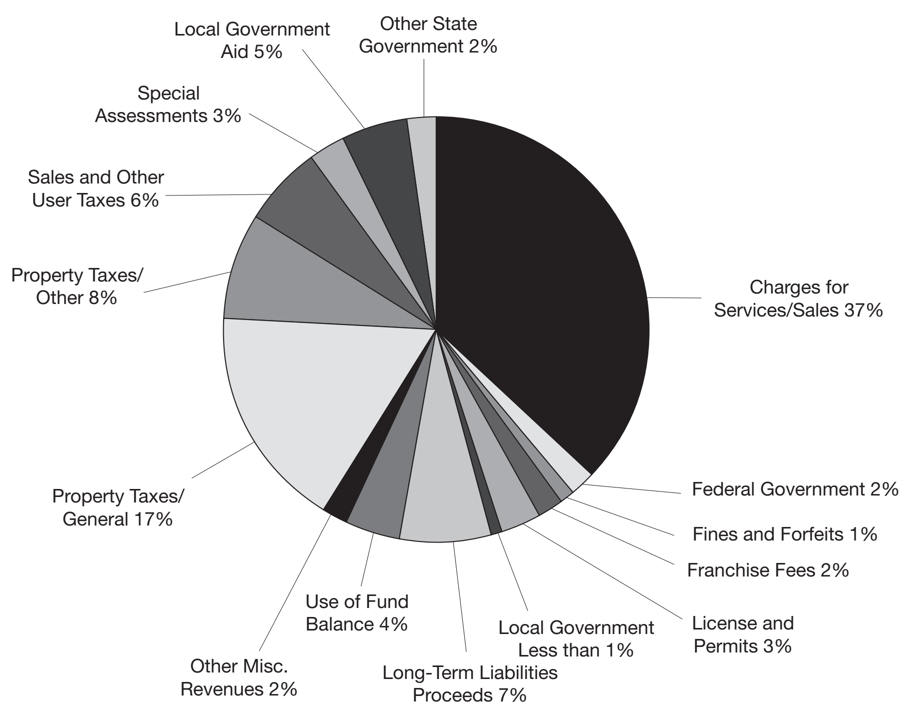
Below is a summary of the 2017 Council Adopted Budget revenues by major category.

Revenue by Category
(In Millions of Dollars)

Revenue Category	**2016 Adopted***	**2017 Adopted**	**% Change**	**$ Change**
Charges For Services/ Sales	520.4	536.5	3.1%	16.2
Federal Government	29.7	27.7	-6.7%	-2.0
Fines And Forfeits	8.1	7.3	-9.8%	-0.8
Franchise Fees	31.5	30.9	-1.7%	-0.6
License And Permits	44.4	44.0	-0.9%	-0.4
Local Government	4.9	8.7	77.1%	3.8
Long Term Liabilities Proceeds	56.7	102.8	81.4%	46.1
Use Of Fund Balance	43.8	53.0	21.1%	9.2
Other Misc. Revenues	29.2	29.7	1.8%	0.5
Property Taxes/ General	243.1	254.0	4.5%	10.9
Property Taxes/ Other	100.5	123.1	22.5%	22.6
Sales And Other User Taxes	77.8	84.1	8.0%	6.2
Special Assessments	35.5	41.0	15.4%	5.5
Local Government Aid	77.8	78.0	0.3%	0.2
Other State Government	37.9	33.1	-12.7%	-4.8
Total Revenue	**$1,341.2**	**$1,453.9**	**8.4%**	**112.7**

*Revenues have been adjusted by use of fund balances

Total Revenue Budget – Source of Funds
2017 Council Adopted Budget: $1.5 Billion

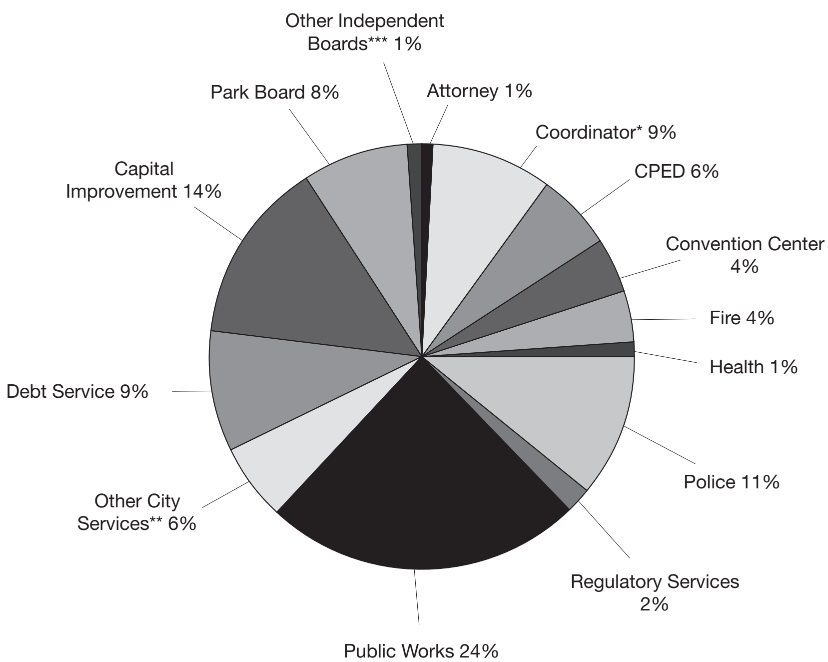


Below is a summary of the 2017 Council Adopted Budget by departmental activity, excluding transfers.

Expenditures by Service
(In Millions of Dollars)

	2016 Adopted*	2017 Adopted	% Change	$ Change
Attorney	17.4	18.1	4.1%	0.7
Coordinator*	125.9	136.9	8.7%	11.0
CPED	85.6	91.2	6.6%	5.6
Convention Center	54.6	53.8	-1.5%	-0.8
Fire	62.3	65.1	4.4%	2.8
Health	20.0	21.3	6.3%	1.3
Police	157.8	163.2	3.4%	5.4
Regulatory Services	23.8	24.2	2.1%	0.5
Public Works	334.7	342.2	2.2%	7.5
Other City Services**	85.6	83.3	-2.6%	-2.2
Debt Service	124.1	135.6	9.3%	11.5
Capital Improvement	138.0	198.3	43.7%	60.3
Park Board	102.1	111.0	8.7%	8.9
Other Independent Boards***	9.3	9.7	3.5%	0.3
Total City Spending	**1,341.2**	**1,453.9**	**8.4%**	**112.7**

Total Expenditure Budget – Use of Funds
2017 Council Adopted Budget: $1.5 Billion



* Includes 311, 911, Communications, Emergency Preparedness, Finance and Property Services, Human Resources, IT, Intergovernmental Relations, and Neighborhood and Community Relations

** Includes Assessor, Benefits, City Clerk/Elections/Council, Civil Rights, Contingency, Internal Audit, Liability, Mayor, Pensions and Worker's Compensation

*** Includes Board of Estimate and Taxation, the City's Contribution to the Library Board and Municipal Building Commission

Note: See "City Council Operating Departments" and section in the budget document for further explanation of changes between years.

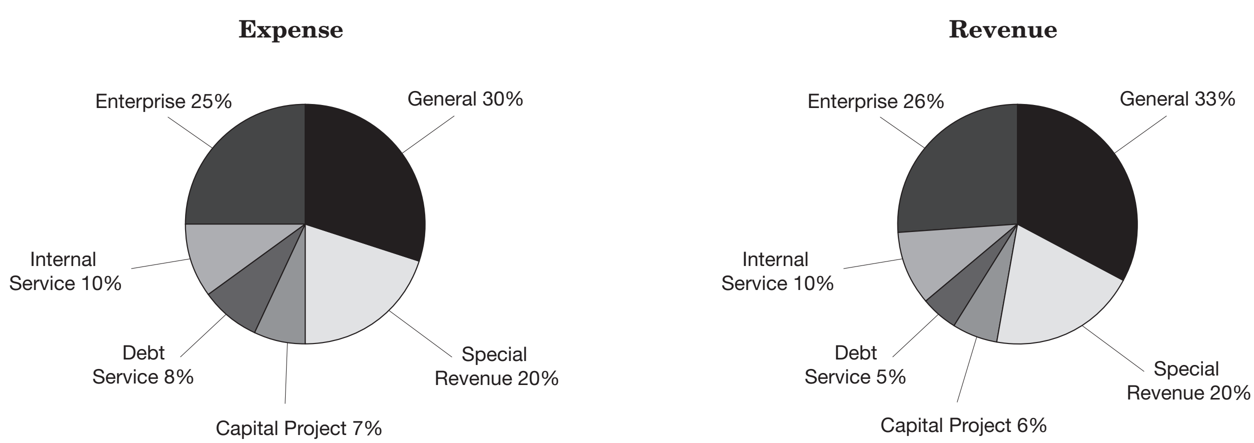
Expense and Revenue By Fund Type
In Millions

	2016 Adopted	2017 Adopted	% Change	$ Change
Expense:				
General	421.8	438.4	3.9%	16.6
Special Revenue	276.6	294.2	6.3%	17.6
Capital Project	87.3	106.3	21.8%	19.0
Debt Service	93.0	107.3	15.4%	14.3
Internal Service	140.2	142.0	1.3%	1.8
Enterprise	322.2	365.7	13.5%	43.5
Total	**$1,341.2**	**$1,453.9**	**8.4%**	**$112.7**

	2016 Adopted	2017 Adopted	% Change	$ Change
Revenue:				
General	484.2	485.3	0.2%	1.1
Special Revenue	260.6	288.2	10.6%	27.6
Capital Project	76.6	90.3	18.0%	13.8
Debt Service	57.9	70.1	21.0%	12.2
Internal Service	133.0	142.8	7.4%	9.8
Enterprise	328.9	377.2	14.7%	48.3
Total	**$1,341.2**	**$1,453.9**	**8.4%**	**$112.7**

Note: The chart above shows different levels of revenue and expense by fund type due to the removal of transfers and use of fund balance.

Expense and Revenue By Fund Type



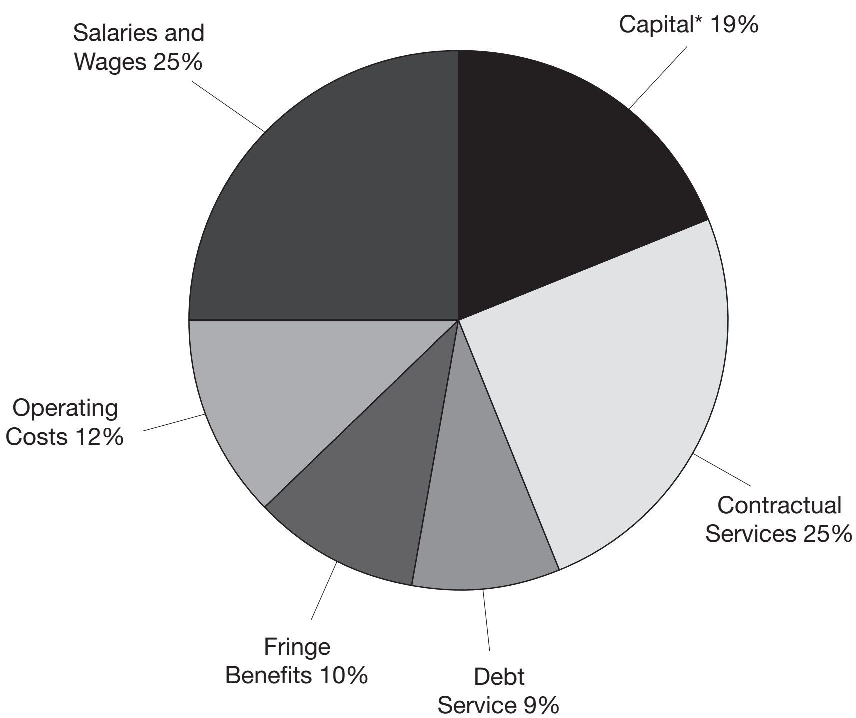
The largest portion of the City's budget is spent on personnel, which comprises $505.7 million or 34.8 percent of the total budget.

Expense by Category

Expense Category	2016 Adopted	2017 Adopted	% Change	$ Change
Capital*	211.4	270.9	28.1%	59.4
Contractual Services	343.6	360.2	4.8%	16.6
Debt Service	127.4	139.6	9.6%	12.2
Fringe Benefits	146.0	147.9	1.3%	1.8
Operating Costs	175.9	177.5	0.9%	1.6
Salaries And Wages	336.8	357.8	6.3%	21.1
Total Expense	**$1,341.2**	**$1,453.9**	**8.4%**	**$112.7**

*The Capital category includes capital improvements in the City's Capital Program as well as capital expenditures within operating departments.

Total City Budget – Expenditure by Categories
2017 Council Adopted Budget: $1.5 Billion



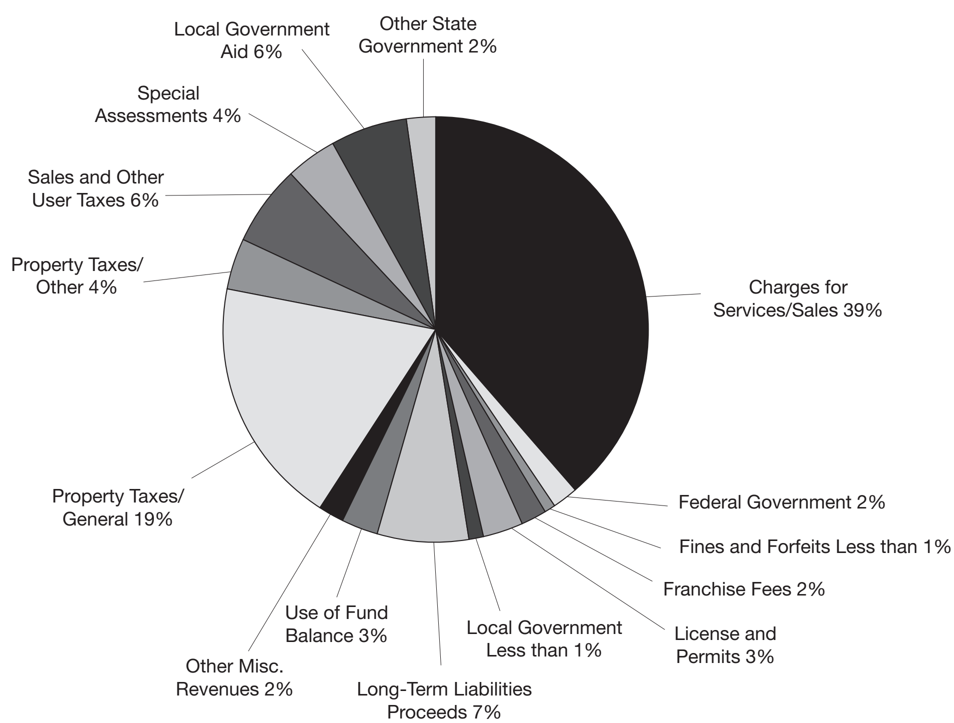
Below is a summary of the Mayor's proposed 2018 budget revenues by major category.

Revenue by Category
(In Millions of Dollars)

Revenue Category	2017 Adopted*	2018 Mayor's Recommended	% Change	$ Change
Charges For Services/ Sales	499.9	546.3	9.3%	46.4
Federal Government	27.7	33.1	19.4%	5.4
Fines And Forfeits	7.0	6.9	-0.7%	0.0
Franchise Fees	30.9	33.5	8.3%	2.6
License And Permits	43.7	44.5	1.8%	0.8
Local Government	7.3	12.2	67.4%	4.9
Long Term Liabilities Proceeds	103.8	92.2	-11.2%	-11.6
Use Of Fund Balance	53.9	41.8	-22.5%	-12.1
Other Misc. Revenues	27.5	32.8	19.6%	5.4
Property Taxes/ General	254.0	268.8	5.8%	14.8
Property Taxes/ Other	51.8	55.0	6.2%	3.2
Sales And Other User Taxes	83.8	87.6	4.5%	3.8
Special Assessments	41.0	52.2	27.2%	11.2
Local Government Aid	78.0	79.3	1.7%	1.3
Other State Government	22.9	29.5	29.1%	6.6
Total Revenue	**$1,333.2**	**$1,415.8**	**6.2%**	**82.58**

*Revenues have been adjusted by use of fund balances

Total Revenue Budget – Source of Funds
2018 Mayor's Recommended Budget: $1.4 Billion

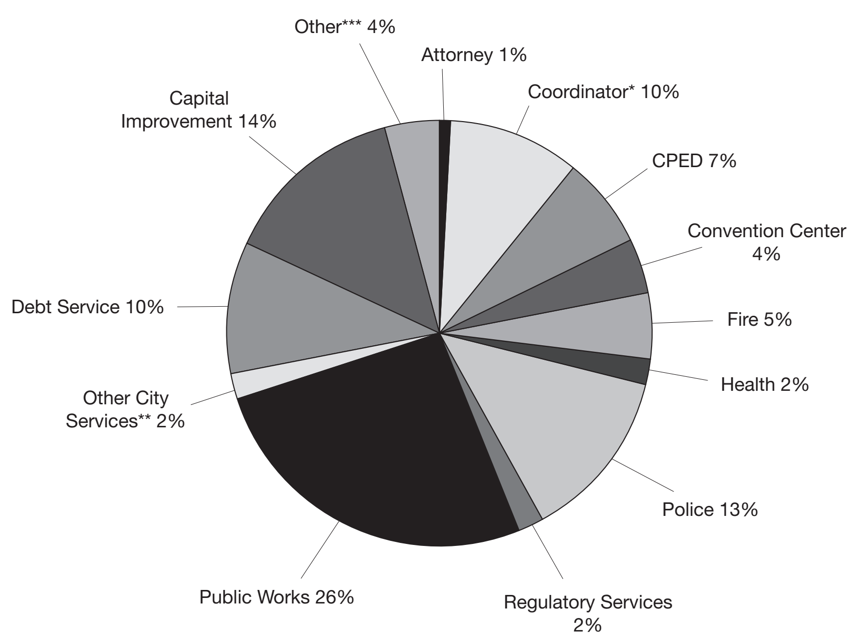


Below is a summary of the Mayor's proposed 2018 budget by department activity, excluding transfers.

Expenditures by Service
(In Millions of Dollars)

	2017 Adopted*	2018 Mayor's Recommended	% Change	$ Change
Attorney	18.1	18.5	2.0%	0.4
Coordinator*	136.9	140.4	2.6%	3.5
CPED	91.2	97.1	6.5%	5.9
Convention Center	53.8	53.3	-0.9%	-0.5
Fire	65.1	66.9	2.8%	1.8
Health	21.3	22.3	5.0%	1.1
Police	163.2	179.2	9.8%	16.0
Regulatory Services	24.2	25.6	5.8%	1.4
Public Works	342.2	370.2	8.2%	28.0
Other City Services**	23.4	32.6	39.1%	9.1
Debt Service	135.6	148.7	9.6%	13.1
Capital Improvement	198.3	205.7	3.7%	7.4
Other***	59.9	55.3	-7.8%	-4.6
Total City Spending	**1,333.2**	**1,415.8**	**6.2%**	**82.53**

Total Expenditure Budget – Use of Funds
2018 Mayor's Recommended Budget: $1.4 Billion



* Includes 311, 911, Communications, Emergency Preparedness, Finance and Property Services, Human Resources, IT, Intergovernmental Relations, and Neighborhood and Community Relations.

** Includes Assessor, Benefits, City Clerk/Elections/Council, Civil Rights, Contingency, Internal Audit, Liability, Mayor, Pensions and Workers Compensation.

*** Includes Non-departmental, Health and Welfare, Liability, Contingency and Pensions

Expense and Revenue By Fund Type
In Millions

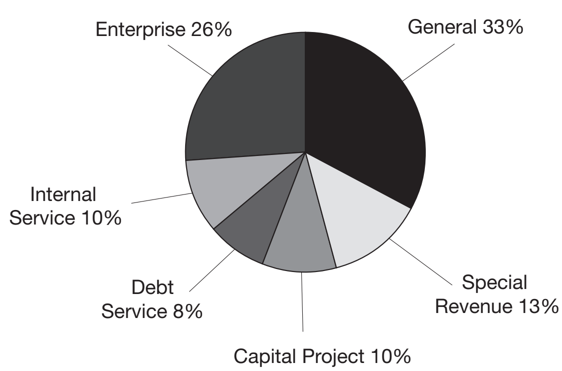
	2017 Adopted	2018 Mayor's Recommended	% Change	$ Change
Expense:				
General	$ 438.4	$ 472.7	7.8%	$34.3
Special Revenue	194.5	188.7	-2.9%	-$5.7
Capital Project	106.3	134.7	26.7%	$28.3
Debt Service	107.3	111.4	3.8%	$4.1
Internal Service	131.7	146.7	11.4%	$15.0
Enterprise	355.0	361.5	1.8%	$6.5
Total	**$1,333.2**	**$1,415.8**	**6.2%**	**$82.5**

	2017 Adopted	2018 Mayor's Recommended	% Change	$ Change
Revenue:				
General	$ 485.3	$ 442.2	-8.9%	-$43.1
Special Revenue	188.5	257.5	36.6%	$69.0
Capital Project	90.3	119.3	32.0%	$28.9
Debt Service	70.1	70.3	0.4%	$0.3
Internal Service	132.5	153.6	16.0%	$21.1
Enterprise	366.5	372.8	1.7%	$6.3
Total	**$1,333.2**	**$1,415.8**	**6.2%**	**$82.5**

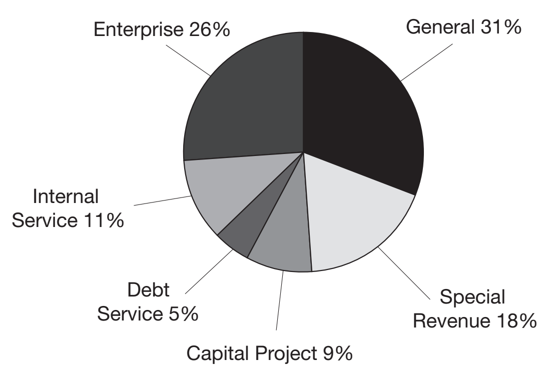
Note: The chart above shows different levels of revenue and expenses by fund type due to the removal of transfers and use of fund balance.

Expense and Revenue By Fund Type

Expense



Revenue



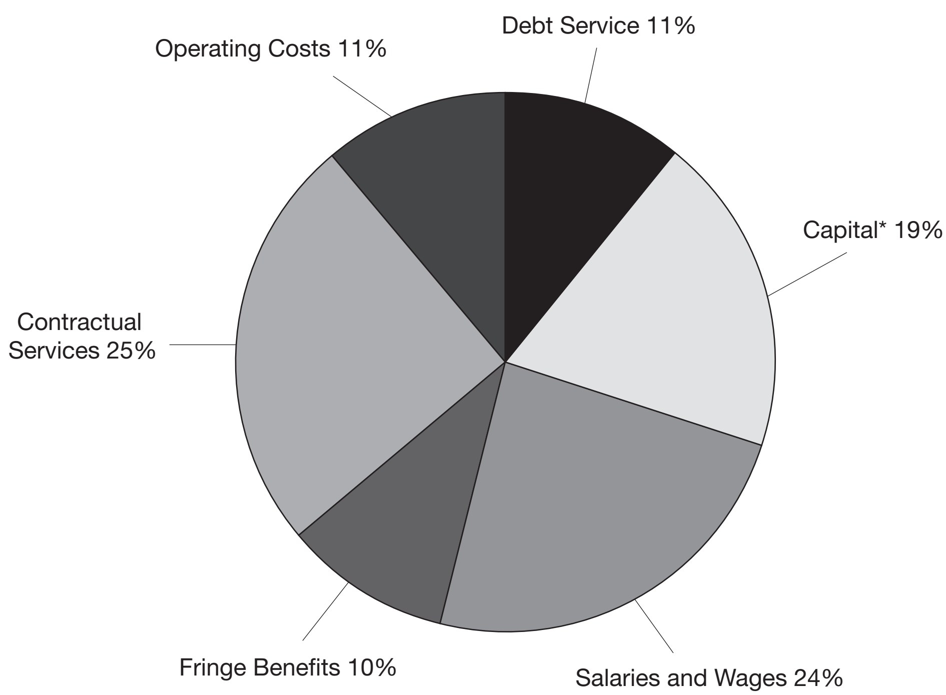
The largest portion of the City's budget is spent on personnel, which comprises $472.5 or 33.4 percent of the total 2018 budget.

Expense by Category

Expense Category	**2017 Adopted**	**2018 Mayor's Recommended**	**% Change**	**$ Change**
Debt Service	139.6	150.8	8.0%	11.2
Capital*	263.7	276.4	4.8%	12.7
Salaries And Wages	310.3	335.4	8.1%	25.0
Fringe Benefits	127.4	137.2	7.7%	9.8
Contractual Services	335.6	362.2	7.9%	26.6
Operating Costs	156.7	153.9	-1.8%	-2.8
Total Expense	**$1,333.2**	**$1,415.8**	**6.2%**	**$82.5**

*The Capital category includes capital improvements in the City's Capital Program as well as capital expenditures within operatiang departmens.

Total City Budget – Expenditure by Category
2018 Mayor's Recommended Budget: $1.4 Billion



CITY EMPLOYEES AND LABOR RELATIONS

Twenty-three bargaining units represent approximately 93% of the employees in the City of Minneapolis. Listed below is the current contract status of the largest.

Employee Group	Approximate Number of Employees	Contract Expiration Date
9-1-1 Dispatchers	60	12/31/2016
Convention Center Teamsters	100	12/31/2017
Field Supervisors	135	12/31/2017
Laborers	415	12/31/2017
Professional Engineers	50	12/31/2017
Water Works Maintenance	60	12/31/2018
Fire Fighters (Non Supervisory)	380	12/31/2018
Clerical & Technical	612	12/31/2019
Police Officers	860	12/31/2019
Professional Employees	474	12/31/2019

STATISTICAL INFORMATION RELATING TO THE CITY

Population Overview

The Minneapolis-St. Paul seven-county metropolitan area consists of Hennepin, Anoka, Carver, Dakota, Ramsey, Scott and Washington Counties.

The population and household size of the City and the Minneapolis-St. Paul seven-county area since 2008 is set forth below.

Population

Year	Population of City	Population of Seven-County Metropolitan Area
2016 (Metropolitan Council)	419,952	3,041,526
2015 (Metropolitan Council)	412,517	3,005,419
2014 (Metropolitan Council)	411,273	2,973,455
2013 (Metropolitan Council)	400,938	2,950,885
2012 (Metropolitan Council)	392,008	2,909,001
2011 (Metropolitan Council)	387,873	2,873,444
2010 (U.S. Census)	382,578	2,849,567
2009 (Metropolitan Council)	386,691	2,881,812
2008 (Metropolitan Council)	390,000	2,870,000

Household Size

Year	City	Seven-County Metropolitan Area
2016 (State Demographic Center)	2.34	2.55
2015 (State Demographic Center)	2.22	2.55
2014 (State Demographic Center)	2.23	2.56
2013 (State Demographic Center)	2.24	2.51
2012 (State Demographic Center)	2.24	2.51
2011 (State Demographic Center)	2.22	2.55
2010 (U.S. Census)	2.23	2.55
2009 (State Demographic Center)	2.17	2.48
2008 (State Demographic Center)	2.19	2.49

Labor Force

The Minneapolis labor force totaled 232,901 in March 2017, showing an increase of 2,805 from the March 2016 total of 230,096. The labor force is made up of City residents who are working or seeking employment.

The March 2017 labor force was composed of 225,009 employed residents and, based on a 3.4 percent unemployment rate, approximately 7,892 unemployed persons.

Minneapolis Resident Labor Force and Population
March, 2008-2017

Year (March)	Population	Labor Force (March)	Number Employed	Percent Employed
2017	NA	232,901	225,009	96.6%
2016	419,952	230,096	221,843	96.4%
2015	412,517	227,551	219,049	96.3%
2014	407,207	228,004	217,763	95.5%
2013	400,936	224,333	213,466	95.2%
2012	392,008	220,539	208,243	94.4%
2011	387,873	218,297	204,618	93.7%
2010	382,578	215,815	200,171	92.8%
2009	386,691	213,300	197,964	92.8%
2008	390,131	213,818	204,369	95.6%

Source: Minnesota Department of Employment and Economic Development

A summary of the average number and percent of the residents of the City who are members of the civilian labor force who were unemployed for the years 2011 through 2016 is set forth below.

NA – not available currently

Monthly Averages	2016	2015	2014	2013	2012
Total Labor Force	232,240	232,315	230,612	227,441	223,600
Total Employment	224,276	224,547	221,802	216,969	211,802
Unemployment	7,964	7,768	8,810	10,472	11,799
Percent of Civilian Labor Force Unemployed	3.4%	3.3%	3.8%	4.6%	5.3%

Source: Minnesota Department of Employment and Economic Development

Unemployment

Information released by the Minnesota Department of Employment and Economic Development:

		Minneapolis				Comparative Rates	
				Unemployment			
Year	Month	Labor Force	Employment	Number	Rate	MN	US
2017	7	243,643	235,041	8,602	3.5%	3.4%	4.6%
2017	6	240,544	231,642	8,902	3.7%	3.7%	4.5%
2017	5	236,410	228,516	7,894	3.3%	3.4%	4.1%
2017	4	234,505	226,826	7,679	3.3%	3.7%	4.1%
2017	3	232,901	225,009	7,892	3.4%	4.4%	4.6%
2017	2	231,871	223,318	8,553	3.7%	4.7%	4.9%
2017	1	230,012	221,340	8.672	3.8%	5.0%	5.1%
2016	**Ann Avg**	**232,240**	**224,193**	**8,047**	**3.5%**	**3.9%**	**4.9%**
2016	12	230,952	223,326	7,626	3.3%	4.1%	4.5%
2016	11	231,841	224,585	7,256	3.1%	3.4%	4.4%
2016	10	232,372	224,550	7,822	3.4%	3.4%	4.7%
2016	9	234,167	225,704	8,463	3.6%	3.6%	4.8%
2016	8	235,255	226,708	8,547	3.6%	3.8%	5.0%
2016	7	236,357	227,907	8,450	3.6%	3.8%	5.1%
2016	6	234,157	225,357	8,800	3.8%	3.7%	4.5%
2016	5	232,394	225,348	7,046	3.0%	3.4%	4.1%
2016	4	231,282	223,953	7,329	3.2%	3.7%	4.1%
2016	3	230,096	221,843	8,253	3.6%	4.6%	5.1%
2016	2	230,228	222,195	8,033	3.5%	4.5%	5.2%
2016	1	227,780	219,841	7,939	3.5%	4.6%	5.3%
2015	**Ann Avg**	**229,707**	**221,907**	**7,800**	**3.4%%**	**3.7%**	**5.3%**
2015	12	228,411	221,857	6,554	2.9%	3.7%	4.8%
2015	11	228,989	222,460	6,529	2.9%	3.1%	4.8%
2015	10	228,648	221,713	6,935	3.0%	3.1%	4.8%
2015	9	229,756	222,387	7,369	3.2%	3.2%	4.9%
2015	8	231,831	224,001	7,830	3.4%	3.3%	5.2%
2015	7	233,502	225,015	8,487	3.6%	3.6%	5.6%
2015	6	231,816	223,044	8,772	3.8%	3.8%	5.5%
2015	5	231,871	223,889	7,982	3.4%	3.5%	5.3%
2015	4	229,193	221,733	7,460	3.3%	3.6%	5.1%
2015	3	227,551	219,049	8,502	3.7%	4.5%	5.6%
2015	2	227,930	219,534	8,396	3.7%	4.5%	5.8%
2015	1	226,984	218,201	8,783	3.9%	4.7%	6.1%
2014	**Ann Avg**	**230,612**	**221,802**	**8,810**	**3.8%**	**4.2%**	**6.2%**
2013	**Ann Avg**	**227,441**	**216,969**	**10,472**	**4.6%**	**4.9%**	**7.4%**
2012	**Ann Avg**	**223,600**	**211,802**	**11,799**	**5.3%**	**5.6%**	**8.1%**
2011	**Ann Avg**	**221,041**	**207,524**	**13,516**	**6.1%**	**6.5%**	**8.9%**
2010	**Ann Avg**	**219,324**	**204,264**	**15,060**	**6.9%**	**7.4%**	**9.6%**

Average Number of
Jobs by Industry
in Minneapolis

All Jobs Without Regards to Residence

	3Q-2016	3Q-2015	3Q-2014	3Q-2013	3Q-2012
Total, all industries	324,620	320,353	312,151	305,496	300,118
Construction	7,210	6,991	6,414	6,194	5,898
Manufacturing	13,626	13,521	13,240	13,143	13,696
Utilities	2,858	2,832	2,857	2,913	2,856
Wholesale Trade	8,364	8,603	8,479	8,851	8,551
Retail Trade	16,215	15,695	15,247	15,175	14,802
Transportation and Warehousing	6,560	6,300	6,497	6,458	6,678
Information	10,994	11,797	11,398	10,748	10,566
Finance and Insurance	31,646	28,121	26,810	26,605	27,126
Real Estate and Rental and Leasing	4,289	9,004	8,721	9,245	9,356
Professional and Technical Services	37,674	37,122	35,611	33,782	32,896
Management of Companies & Enterprises	17,597	17,001	18,330	20,296	19,415
Administrative and Waste Services	16,853	16,548	16,244	15,103	16,408
Educational Services	30,602	31,551	30,076	29,359	28,794
Health Care and Social Assistance	59,705	57,300	55,898	54,358	50,494
Arts, Entertainment and Recreation	6,581	6,075	5,977	5,362	5,315
Accommodation and Food Services	28,288	27,924	26,856	24,885	24,575
Other Services	10,080	10,304	10,138	9,792	9,776
Public Administration	15,300	13,488	13,166	13,031	12,716

Note: Natural resources and agriculture, fishing and forestry employment are not counted. Some industry numbers may not be disclosed because of privacy issues.

Source: Minnesota Department of Employment and Economic Development

Minneapolis-St. Paul-Bloomington, MN-WI MetroSA
Data as of May of 2016

	Median Hourly Wage			Employment		
	MSA	MN	US	MSA	MN	US
Total, All Occupations	$20.76	$19.28	$17.81	1,910,250	2,810,400	140,400,040
Management Occupations	$52.03	$48.22	$48.46	125,970	168,370	7,090,790
Business and Financial Operations Occupations	$32.16	$31.19	$31.99	134,070	164,180	7,281,190
Computer and Mathematical Occupations	$40.18	$39.25	$39.82	82,440	97,680	4,165,140
Architecture and Engineering Occupations	$36.48	$35.51	$37.45	42,510	54,400	2,499,050
Life, Physical, and Social Science Occupations	$31.68	$30.21	$30.45	17,220	24,230	1,152,840
Community and Social Service Occupations	$21.46	$21.05	$20.67	34,090	53,060	2,019,250
Legal Occupations	$42.75	$39.86	$38.30	15,500	18,640	1,075,520
Education, Training, and Library Occupations	$23.69	$23.04	$23.08	108,390	164,560	8,636,430
Arts, Design, Entertainment, Sports, and Media Occupations	$23.61	$22.11	$22.69	28,500	37,290	1,902,970
Healthcare Practitioners and Technical Occupations	$35.14	$32.44	$30.49	105,520	174,230	8,318,500
Healthcare Support Occupations	$15.53	$14.71	$13.42	50,460	84,730	4,043,480
Protective Service Occupations	$18.58	$19.28	$18.59	29,160	42,740	3,386,360
Food Preparation and Serving Related Occupations	$9.99	$9.78	$10.01	157,860	236,820	12,981,720
Building and Grounds Cleaning and Maintenance Occupations	$13.86	$13.32	$11.87	52,620	83,180	4,426,090
Personal Care and Service Occupations	$11.56	$11.46	$10.92	89,250	129,490	4,514,960
Sales and Related Occupations	$14.78	$13.48	$12.78	187,750	275,740	14,536,530
Office and Administrative Support Occupations	$18.67	$17.88	$16.37	278,610	404,120	22,026,080
Farming, Fishing, and Forestry Occupations	$15.14	$15.02	$11.30	1,190	3,680	463,640
Construction and Extraction Occupations	$28.85	$26.05	$20.96	60,630	98,730	5,585,420
Installation, Maintenance, and Repair Occupations	$23.16	$22.11	$20.89	58,730	95,700	5,456,640
Production Occupations	$17.39	$17.10	$15.93	135,150	220,570	9,105,650
Transportation and Material Moving Occupations	$16.81	$16.61	$14.78	114,630	178,270	9,731,790

Source: Bureau of Labor Statistics, Department of Labor, Occupational Employment Statistics.

Largest Companies

Listed are the largest companies headquartered in the Minneapolis-St. Paul metropolitan area. The listing combines the industrial and non-industrial companies. The industry grouping and rank within is also shown.

Companies in Fortune Directory of the Largest 500 Companies for 2016 Headquartered in this MSA

Company	Revenues ($Billion)	Rank	Industry Grouping	Industry Rank
UnitedHealth Group	184.8	6	Health Care: Insurance and Managed Care	1 of 8
Target	69.5	38	General Merchandisers	3 of 9
Best Buy	39.4	72	Specialty Retailers, Other	3 of 21
CHS Inc	30.3	93	Food Production	3 of 5
3M	30.1	94	Miscellaneous	1 of 6
U.S. Bancorp	22.7	125	Commercial Banks	8 of 19
Supervalu	17.5	158	Food and Drug Stores	6 of 7
General Mills	16.6	165	Food Consumer Products	4 of 13
Land O'Lakes	13.2	209	Food Consumer Products	6 of 13
Ecolab	13.2	211	Chemicals	5 of 14
C. H. Robinson Worldwide	13.1	212	Transportation and Logistics	2 of 3
Ameriprise Financial	11.7	239	Diversified Financials	8 of 12
Xcel Energy	11.1	256	Utilities: Gas and Electric	12 of 22
Thrivent Financial for Lutherans	7.2	316	Insurance: Life and Health (mutual)	6 of 7
St. Jude Medical	6.0	434	Medical Products and Equipment	7 of 7
Patterson	5.6	466	Wholesalers – Health Care	6 of 6

Source: Fortune June 15, 2017

Educational Institutions

The largest four year Colleges and Universities located within the metropolitan area, based on enrollment are as follows:

		Enrollment
1	University of Minnesota — Twin Cities	51,147
2	Walden University*	52,188
3	Capella University*	35,061
4	University of St. Thomas	10,229
5	Century College	9,386
6	Metropolitan State University	8,354
7	St. Catherine University	5,055
8	Bethel University	4,917
9	Hamline University	4,469
10	Concordia University	4,057
11	Augsburg College	3,463
12	University of Northwestern	3,327
13	Macalester	2,073
14	Crown College	1,278
15	North Central University	1,191

Source: 2016 Higher Education Directory

*These are on-line universities.

Major Development Projects Permitted in Minneapolis in 2014
($5.0 million+)

Quarter Permitted	Estimated Construction Cost*	Project Description	
4th	$552,382,124	Vikings Stadium	Downtown East
2nd	181,800,000	Vikings Stadium (partial permit)	Downtown East
3rd	87,647,428	Wells Fargo new office tower	Downtown West
3rd	87,261,468	Wells Fargo new office tower	Downtown East
1st	62,735,000	New 333-unit multi-family building	Prospect Park – East River Road
3rd	58,260,409	New 30-story, 262-unit residential building	Downtown West
2nd	51,672,815	New 13-story, 319-unit residential building	Downtown West
2nd	36,785,000	New 6-story, 200-unit residential building	Marcy Holmes
1st	35,000,000	Vikings Stadium	Downtown East
2nd	32,564,000	Be The Match® new office building	North Loop
2nd	32,456,398	New 6-story, 259-unit building	Cedar Riverside
2nd	25,400,000	New 9-story, 211-room hotel building	Downtown West
4th	21,488,461	New 4-story, 90-unit residential building	Ventura Village
3rd	13,382,877	Renovation of Block E	Downtown West
1st	12,202,929	Surly Brewery	Prospect Park – East River Road
3rd	11,500,000	Wells Fargo new office tower	Downtown West
3rd	11,500,000	Wells Fargo new office tower	Downtown East
4th	9,231,651	Interior remodel to apartment tower	Phillips West
3rd	9,135,265	Renovation of Block E	Downtown West
4th	8,280,490	New 6-story, 66-unit residential building	Marcy Holmes
3rd	7,946,815	Office remodel	Downtown West
4th	7,695,527	New 45-unit residential building	Willard-Hay
3rd	7,200,000	Office remodel	Downtown East
1st	7,080,000	Capella Tower Remodel	Downtown West
2nd	6,995,801	Conversion of office building to 56-unit senior care living	Downtown West
3rd	6,800,000	Office and warehouse addition	Near-North
1st	6,505,144	Lifesource Headquarters	Hawthorne
3rd	6,500,000	New 4-story, 45-unit residential building	Tangletown
4th	6,295,203	Office remodel	Downtown West
1st	5,763,000	New 44-unit multi-family building	East Phillips
3rd	5,588,012	New 28-unit residential building	Downtown West
3rd	5,588,012	New 32-unit residential building	Downtown East
1st	5,026,147	Office Remodel	Downtown West

*The listed amount only reflects projected construction cost and does not include land acquisition or soft costs.

Source: Minneapolis Trends Reports by CPED
www.ci.minneapolis.mn.us/CPED/trends_reports_home.asp

Major Development Projects Permitted in Minneapolis in 2015
($5.0 million+)

Quarter Permitted	Estimated Construction Cost*	Project Description	
3rd	$38,746,656	New 17-story, 113-unit condo building	Elliot Park
4th	36,700,000	New 11-story, 123-unit apartment building	Downtown East
1st	35,996,000	8-story, 90-unit apartment building	Cedar-Isles-Dean
2nd	35,478,550	School addition	Linden Hills
1st	32,495,000	Xcel Energy office building	Downtown West
3rd	32,318,521	Interior build-out of 290-room hotel	Downtown West
1st	30,975,380	Parking ramp	Downtown East
4th	27,923,040	New 7-story office building	North Loop
2nd	27,879,938	New 6-story, 134-unit apartment building	Downtown West
4th	26,607,605	New 9-story, 245-room hotel	Downtown West
2nd	26,113,000	New 6-story, 150-unit apartment building	Downtown West
4th	26,000,000	New 6-story, 164-unit apartment building	Cedar-Isles-Dean
2nd	25,220,446	Interior build-out of Wells Fargo project	Downtown East
2nd	25,220,446	Interior build-out of Wells Fargo project	Downtown West
4th	23,975,688	New 164-room hotel	Downtown East
3rd	22,152,285	151-unit senior apartment and memory care facility	Downtown West
2nd	20,526,944	School addition	Howe
4th	20,500,000	Renovation and conversion to 80 apartments	Marcy-Holmes
3rd	20,300,000	Remodel of existing historic building into a 123-room hotel	North Loop
2nd	18,550,000	Conversion of building to 290-room hotel	Downtown West
2nd	17,824,927	New 103-unit apartment building	Jordan
1st	17,224,924	School remodel	Seward
2nd	16,532,000	Conversion of building to 125 apartment units	Prospect Park/East River Road
4th	16,171,036	New 4-story, 135-unit apartment building	Corcoran
1st	15,378,000	School remodel	St. Anthony East
2nd	15,000,000	Office tenant build-out	North Loop
4th	13,978,120	Walker Art Center remodel	Lowry Hill
3rd	11,868,000	Interior build-out of all floors of new office building	Downtown West
3rd	10,709,553	Hotel addition of 110 rooms	Downtown West
4th	9,747,909	New 4-story, 42-unit apartment building	Lowry Hill East
3rd	9,732,000	New 5-story, 117-room hotel	Prospect Park/East River Road
4th	9,650,000	Pedestrian bridge at US Bank Stadium	Downtown East
3rd	8,647,486	New 6-story, 45-unit apartment building	East Isles
4th	7,111,485	New 6-story, 71-unit apartment building	North Loop
2nd	6,600,110	Office tenant build-out	Northrop
2nd	6,342,330	Conversion of building to 44 apartment units	North Loop
1st	6,167,029	Hospital remodel	Cedar Riverside/West Bank
2nd	6,015,000	School remodel	Nicollet Island/East Bank
2nd	5,946,300	School remodel	Holland
2nd	5,789,500	Commercial addition and parking structure	Whittier
1st	5,734,458	Skyway	Downtown East
4th	5,630,000	Adaptive reuse of 2-story building for Minneapolis Public Schools	Hawthorne
1st	5,235,867	Apartment building remodel	Loring Park

*The listed amount only reflects projected construction cost and does not include land acquisition or soft costs.

Source: Minneapolis Trends Reports by CPED
www.ci.minneapolis.mn.us/CPED/trends_reports_home.asp

Major Development Projects Permitted in Minneapolis in 2016
($5.0 million+)

Quarter Permitted	Estimated Construction Cost*	Project Description	
4th	$106,600,000	New 370-unit Apartment Building	Downtown West
2nd	$78,479,458	HCMC Ambulatory Care Facility	Elliot Park
3rd	74,935,127	New 86- and 194-unit Apartment Buildings & Parking	Nicollet Island/East Bank
4th	64,827,623	New 336-unit Apartment Building & Parking & Retail	Prospect Park/East River Road
1st	56,379,444	HCMC Expansion	Elliott Park
2nd	49,367,746	Hospital Expansion	Hiawatha
3rd	46,723,653	New Apartment Building	Elliot Park
2nd	42,196,846	Target Center Remodel	Downtown West
3rd	36,530,024	Target Center Remodel	Downtown West
2nd	32,790,614	New Office Building	Corcoran
1st	31,925,920	New 6-story, 156-unit Apartment Building	North Loop
4th	25,915,327	New 198-unit Apartment Building & Parking	Prospect Park/East River Road
3rd	24,525,833	Build Out College Educational/Office Building	Cedar Riverside/West Bank
3rd	23,780,234	Care Center Addition	Windom
2nd	22,084,768	Below Grade Parking Structure	Elliot Park
2nd	19,648,461	Office Remodel	Downtown West
4th	19,572,264	New 144-unit Apartment Building	North Loop
3rd	19,360,132	New Apartment Building	Hiawatha
3rd	18,452,641	New Office Building	Downtown West
3rd	17,724,889	New Office Building	Elliot Park
2nd	17,322,433	New 125-unit Apartment Building	Lowry Hill East
1st	17,174,535	Apartment Building Renovation	Seward
3rd	17,000,000	New College Educational/Office Building	Cedar Riverside/West Bank
4th	16,600,090	Abbott NW Hospital Renovation	Midtown Phillips
1st	14,591,092	Apartment Building Renovation	Seward
4th	14,158,749	New 72-unit Apartment Building & Parking	Nicollet Island/East Bank
3rd	13,334,383	Church Expansion & Parking	Loring Park
2nd	13,276,455	New 71-unit Apartment Building	Hawthorne
1st	13,247,357	New 140-room Hotel	Prospect Park/East River Road
1st	12,647,490	Addition for education facility	East Isles
3rd	11,537,315	Office Build-out	Downtown West
2nd	9,942,538	Office Remodel	Downtown West
4th	9,517,270	New Academic Building	University of Minnesota
1st	9,448,151	Office Remodel	Downtown West
4th	9,035,184	New Apartment Building	Marcy-Holmes
1st	8,890,000	New 5-story, 70-unit Apartment Building	Whittier
4th	8,220,200	New Mixed Use Building	Linden Hills
2nd	7,801,805	Vikings Stadium Internal Build-out	Downtown East
1st	6,636,083	New Climate Controlled Storage Facility	North Loop
4th	6,500,000	New Academic Building	Cedar Riverside/West Bank
1st	6,127,519	Residential addition	Phillips
3rd	6,000,000	New 36-unit Apartment Building	Marshall Terrace
1st	5,855,523	Office Remodel	Downtown West
2nd	5,700,000	New Library	Webber-Camden
3rd	5,525,161	New Apartment Building	Ecco
4th	5,317,233	School Remodeling	Midtown Phillips
4th	5,275,000	Conversion to Hotel	Downtown West
4th	5,250,000	New Apartment Building	Downtown East
4th	5,013,194	Conversion to Apartments	Downtown West

*The listed amount only reflects projected construction cost and does not include land acquisition or soft costs.

Source: Minneapolis Trends Reports by CPED 1st and 2nd Quarter
www.ci.minneapolis.mn.us/CPED/trends_reports_home.asp
CPED Staff provided 3rd and 4th Quarter.

Major Development Projects Permitted in Minneapolis in 1st Three Quarters of 2017 ($5.0 million+)

Quarter Permitted	Estimated Construction Cost*	Project Description	
1st	$123,425,731	New 17 story 374 unit condominium building	Downtown East
1st	$48,282,730	New 26 story 407 unit apartment building & parking structure	University of Minnesota
2nd	$32,621,424	New 180 unit apartment building & underground parking garage	Downtown East
3rd	$25,924,185	New 306-unit residential building & 161-room hotel with restaurant & office	Elliot Park
1st	$25,799,117	Two story church addition & 2 below grade parking levels	Loring Park
3rd	$21,600,000	New MPLS Adult Education/Transition Plus building	Corcoran
2nd	$20,156,283	Remodel existing building for new YMCA downtown	Downtown West
2nd	$19,377,000	Addition & renovation of Bancroft Elementary School	Bancroft
2nd	$19,342,136	New Headquarter for Jack Link Beef Jerky	Marcy Holmes
2nd	$19,098,037	Tenant remodel (Sleep Number)	Downtown West
1st	$17,551,521	New 6 story 124 unit apartment building & 2 below grade parking levels	North Loop
3rd	$16,996,000	Metro transit police office addition with basement	North Loop
3rd	$15,447,590	Cosco Business Center Store	Mid-City Industrial
2nd	$14,718,252	New mixed use building (Thor Construction Company)	Near - North
2nd	$14,184,000	Interior buildout of offices (Amazon)	North Loop
1st	$10,537,083	Interior remodeling	Downtown West
2nd	$10,441,310	New 111 unit apartment & 2 below grade parking levels	Whittier
1st	$10,296,751	New 125 unit 6 story hotel & restaurant	CARAG
1st	$9,850,000	Footing and foundation	Near - North
1st	$9,805,586	Interior remodeling	Downtown West
2nd	$9,427,000	Remodel of 270 unit apartment	Cedar - Isles - Dean
3rd	$8,278,000	Central Lutheran Church addition	Loring Park
3rd	$7,929,646	New 4-story brewery: brewery space, eating & drinking establishment	Elliot Park
3rd	$7,500,000	Footing and foundation for future office/parking/ apartment building	North Loop
2nd	$7,200,000	Construct 47 unit residential building with mixed-used	North Loop
2nd	$7,143,548	The Aberdeen - new 50 unit, 5 story, apartment building	Elliot Park
3rd	$6,966,032	Renovation of Detox and Mental Health Center - Hennepin County	Ventura Village
2nd	$6,681,196	Mt. Olivet Church - addition	Lynnhurst
2nd	$6,676,487	New 71 unit apartment & parking garage	ECCO
2nd	$6,500,000	New heating, vent and air conditioning for commercial kitchen	Downtown West
3rd	$6,425,000	Brickhouse Lofts; converting 4-story factory/warehouse to apartments with additional 3 floors	Prospect Park - East River Road
1st	$6,298,138	Replacement of windows	Loring Park
3rd	$6,242,804	Conversion of office space to 80-unit high rise senior care living	Downtown West
3rd	$6,000,000	Macy's Nicollet Mall selective interior removal	Downtown West
1st	$5,664,000	Remodel existing pool at Phillips Community Aquatics Center	Ventura Village
3rd	$5,564,873	Interior remodel of office building	Downtown West
3rd	$5,525,065	New 5-story Harlo apartment with 75 units	Loring Park
3rd	$5,247,000	Construct 4-level open parking garage	Central
1st	$5,100,454	Construct 53 unit 4 story apartment building with main level retail	Standish
1st	$5,058,730	Remodel IT Data Center at Hennepin County Government Center	Downtown West
2nd	$5,020,119	Tenant Improvements	Downtown West

*The listed amount only reflects projected construction cost and does not include land acquisition or soft costs.
Source: City of Minneapolis CPED staff.

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APPENDIX B

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PROPOSED FORM OF BOND COUNSEL OPINION

$56,330,000
City of Minneapolis, Minnesota
General Obligation Various Purpose Bonds
Series 2017

We have acted as bond counsel in conjunction with the issuance by the City of Minneapolis, Minnesota (the "City"), of its fully registered General Obligation Various Purpose Bonds, Series 2017 (the "Bonds"), issued by the City in the aggregate principal amount of $56,330,000, dated December 5, 2017.

The Bonds mature on December 1 in the years 2018 through 2022 and bear interest at fixed rates payable on each June 1 and December 1, commencing June 1, 2018. The Bonds are not subject to optional redemption by the City.

The Bonds are issued pursuant to resolutions of the Board of Estimate and Taxation of the City adopted on September 27, 2017, and various resolutions of the City Council of the City (collectively, the "Resolutions"), for the purposes set forth in the Resolutions.

We have examined such certified proceedings, documents, and certificates of public officials as we deemed necessary to render this opinion, including the form of the Bonds. As to questions of fact material to our opinion we have relied upon such certified proceedings, documents, and certificates furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds are valid and binding general obligations of the City issued under authority of the City Charter and Minnesota Statutes, Chapters 429, 444, and 475, as amended.

2. The Bonds are payable in part from special assessments levied or to be levied against property specially benefitted by local improvements, net revenue of the City's water, sewer, and parking systems, and ad valorem taxes imposed on all taxable property in the City, but the City is required to levy additional general ad valorem taxes on all taxable property within the City without limitation as to rate or amount, if necessary, to pay the principal of and interest on the Bonds when due.

3. Based on present federal and Minnesota laws, regulations, rulings, and decisions (which excludes any pending legislation which may have a retroactive effect), interest on the Bonds is not includable in gross income of the recipient for federal income tax purposes and, to the same extent, is not includable in taxable net income of individuals, estates, and trusts for State of Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the State of Minnesota alternative minimum tax imposed on individuals, estates, and trusts. Interest on the Bonds is taken into account in determining adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations and is subject to State of Minnesota franchise taxes imposed on corporations (including financial institutions) measured by income. The opinion set forth in this paragraph is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes and taxable net income for Minnesota income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

It is to be understood that the rights of the registered owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of law.

We have not been asked and have not undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Bonds, and accordingly we express no opinion with respect thereto.

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Dated at Minneapolis, Minnesota, on December 5, 2017.

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APPENDIX C

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$56,330,000
City of Minneapolis, Minnesota General Obligation Various Purpose Bonds, Series 2017

CONTINUING DISCLOSURE CERTIFICATE

December 5, 2017

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Minneapolis, Minnesota (the "City"), in connection with the issuance of its General Obligation Various Purpose Bonds, Series 2017 (the "Bonds"), in the original aggregate principal amount of $56,330,000. The Various Purpose Bonds (the "Bonds") are being issued pursuant to resolutions adopted by the City Council and the Board of Estimate and Taxation of the City (the "Resolutions"). The Bonds are being delivered to Citigroup Global Markets Inc., on behalf of itself and its syndicate members (collectively, the "Purchaser") on December 5, 2017.

Pursuant to the Resolutions, the City has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the City hereby covenants and agrees as follows:

Section 1. *Purpose of the Disclosure Certificate.* This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders (defined herein) of the Bonds in order to assist the Participating Underwriters (defined herein) in complying with the Rule (defined herein). This Disclosure Certificate, together with the Resolutions, constitutes the written agreement or contract for the benefit of the Holders of the Bonds that is required by the Rule.

Section 2. *Definitions.* In addition to the defined terms set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the City's annual financial statements, prepared in accordance with GAAP as prescribed by GASB.

"Bondholder" or "Holder" means the person in whose name a security is registered or a beneficial owner of such a security.

"City" means the City of Minneapolis, Minnesota, which is the obligated person with respect to the Bonds.

"Disclosure Covenants" means the continuing disclosure obligations of the City under this Disclosure Certificate.

"Disclosure Information" means the financial information and operating data referred to in Section 3(a) of this Disclosure Certificate.

"EMMA" means the Electronic Municipal Market Access system operated by the MSRB as the primary portal for complying with the continuing disclosure requirements of the Rule.

"Final Official Statement" means the Official Statement, dated November 16, 2017, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

"Fiscal Year" means the fiscal year of the City.

"GAAP" means Generally Accepted Accounting Principles for governmental units as prescribed by GASB.

"GASB" means the Governmental Accounting Standards Board.

"Material Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

"Participating Underwriter" means any of the original underwriters of the Bonds (including the Purchaser) Required to comply with the Rule in connection with the offering of the Bonds.

"Repository" means EMMA.

"Rule" means SEC Regulation, 17 C.F.R. Section 240.15c2-12, promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

"SEC" means the Securities and Exchange Commission.

Section 3. *Provision of Annual Financial Information and Audited Financial Statements.*

(a) On or before 270 days after the end of each Fiscal Year of the City, commencing with the Fiscal Year ending December 31, 2017, the City shall provide to the Repository the following financial information and operating data (the "Disclosure Information"):

  (i) The Audited Financial Statement of the City for such Fiscal Year, which financial statements shall contain balance sheets as of the end of such Fiscal Year and a statement of operations, changes in fund balances and cash flows for the Fiscal Year then ended, showing in comparative form such figures for the preceding Fiscal Year of the City, prepared in accordance with GAAP or as otherwise provided under Minnesota law, as in effect from time to time, or, if to the extent such financial statements have not been prepared in accordance with GAAP for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the effect thereof and certified as to accuracy and completeness in all material respects by the Finance Officer of the City; and

  (ii) To the extent not included in the financial statements referred to in clause (i) above, information of the type set forth below, which information may be unaudited, but is to be certified as to accuracy and completeness in all material respects by the Finance Officer to the best of the Finance Officer's knowledge, which certification may be based on the reliability of information obtained from governmental or other third party sources.

  The Annual Report and Disclosure Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the City may be submitted separately from the balance of the Annual Report.

  Any or all of the Disclosure Information may be incorporated, if it is updated as required by the Disclosure Covenants, by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

(b) If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other City operations in respect of which data are not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be material, then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or the Disclosure Covenants are amended as permitted by this Disclosure Certificate, then the City is to include in the next Disclosure Information to be delivered under the Disclosure Covenants, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

(c) If the City is unable or fails to provide to the Repository an Annual Report and Disclosure Information by the date required in subsection (a), the City shall send a notice of that fact in a timely manner to the Repository.

(d) The City shall determine each year prior to the date for providing the Annual Report and Disclosure Information the name and address of the Repository.

Section 4. *Content of Annual Reports.* The City's Annual Report shall contain or incorporate by reference the following sections of the Final Official Statement:

1. City Property Values and Taxes
2. Indebtedness of the City
3. Financial Information

In addition to the items listed above, the Annual Report shall include Audited Financial Statements submitted in accordance with Section 3 of this Disclosure Certificate.

Any or all of the items listed above may be incorporated, if it is updated as required by the Disclosure Covenants, by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

Section 5. *Reporting of Material Events.*

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events ("Material Events") with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The City shall file a notice of such occurrence with the Repository or with the MSRB within ten (10) Business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the City shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the City's information.

Section 6. *EMMA.* The SEC has designated the Electronic Municipal Market Access ("EMMA") system operated by the MSRB as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the City shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 7. *Termination of Reporting Obligation.* The City's obligations under the Resolutions and this Disclosure Certificate shall terminate upon the redemption or payment in full of all of the Bonds. The City shall file a notice with EMMA in the event of the termination of the obligations of the City under the Disclosure Covenants pursuant to this Disclosure Certificate.

Section 8. *Agent.* The City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolutions and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 9. *Amendments; Interpretation.* The Disclosure Covenants (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to or the consent of the Holders of the Bonds, by a resolution of the governing body of the City accompanied by an opinion of nationally recognized bond counsel, who may rely on certificates of the City and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature, or status of the City or the type of operations conducted by the City, or (b) is required by, or better complies with, the provisions of the Rule; (ii) the Disclosure Covenants as so amended or supplemented would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Holders under the Rule. If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder. The Disclosure Covenants are to be construed so as to satisfy the requirements of paragraph (b) (5) of the Rule.

Section 10. *Additional Information.* Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 11. *Default.* In the event of a failure of the City to comply with any Disclosure Covenants of this Disclosure Certificate, any person aggrieved thereby including the Holders of the Bonds may take whatever action at law or in equity as may appear necessary or appropriate to enforce performance and observance of any such Disclosure Covenant, including seeking mandamus or specific performance by court order. Direct, indirect, consequential and punitive damages shall not be recoverable, however, for any default under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds or under any other provisions of the Resolutions.

Section 12. *Beneficiaries.* This Disclosure Certificate shall inure solely to the benefit of the City, the Participating Underwriters, and the Holders from time to time of the Bonds, and, except as expressly set forth herein, shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the undersigned officer has executed this Disclosure Certificate of the City, as of the date and year first written above.

CITY OF MINNEAPOLIS, MINNESOTA

By: Finance Officer

APPENDIX D

SELECTED PORTIONS OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDING DECEMBER 31, 2016

*Copies of the City's complete audited financial statements for the year 2016 are available upon request from the office of the Finance Officer, 325M City Hall, Minneapolis, Minnesota. The report can be requested by phone 612-673-2079 or email "finance@minneapolismn.gov". The report will also be available for viewing on the following web site:

http://www.minneapolismn.gov/finance/reports/CAFR

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COMPREHENSIVE
ANNUAL FINANCIAL REPORT

CITY OF
MINNEAPOLIS, MINNESOTA

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

FINANCE & PROPERTY SERVICES DEPARTMENT

TABLE OF CONTENTS

INTRODUCTORY SECTION

FINANCIAL SECTION

Other Supplementary Information:

Minneapolis
City of Lakes

Finance and Property Services
350 S. Fifth St. - Room 325M
Minneapolis, MN 55415
TEL 612.673.3000

www.minneapolismn.gov

June 8, 2017

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

TRANSMITTAL

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the City of Minneapolis (the City) for the year ended December 31, 2016. The purpose of the report is to present the financial position of the City and the results of its operations for the year then ended. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA) and other rule-making bodies, and audited in accordance with generally accepted auditing standards by the Office of the State Auditor (OSA).

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

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

INDEPENDENT AUDIT

Minnesota law requires that the Office of the State Auditor perform the City's annual audit. The OSA's report on the City's financial statements is based on its audit in accordance with generally accepted auditing standards. The State Auditor issued an unmodified or "clean" opinion on the City's financial statements for the year ended December 31, 2016. The State Auditor's opinion is included as page one through three in the financial section of this report.

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

STEWARDSHIP

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

INTERNAL CONTROLS

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

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

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

THE REPORTING ENTITY

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

THE CITY AND ITS SERVICES

City Profile

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

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

Riding a bicycle is one of the more popular ways of getting around Minneapolis year round. The City is ranked as one of the best bicycling cities in the nation including being named the #2 bicycling commuting city by the U.S. Census Bureau. As of 2015, the City has 129 miles of on-street bikeways and another 97 miles of off-street or "protected" bikeways. Minneapolis is also home to such popular walking destinations as the 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 nearly 1,800 miles of sidewalks. The City has developed both a Bicycle Master Plan and Pedestrian Master Plan for long range planning to both grow and support these low-polluting, cost effective and healthy ways to travel around the City. In 2016, the City Council approved a 20-year plan to provide $30 million each year to ensure funding of the City's streets and neighborhood parks including its bikeways and pedestrian programs.

There are 81 residential neighborhoods within the City offering a broad range of housing to more than 176,000 households. The City is well known for its concerned and active citizenry which has engaged in partnerships with government and business to improve neighborhoods and create economic opportunities. Minneapolis is second only to New York City in per capita attendance at theater and arts events. Minneapolis has more than thirty theaters; the Guthrie Theater and the Children's Theatre Company are recognized as two of the country's best. The City boasts two world-class art museums and is home to the internationally acclaimed Minnesota Orchestra.

Minneapolis' population continues to grow. As of 2015, Minneapolis is home to an estimated 412,517 people, which is the largest population the City has seen since the 1970s. From 2010 to 2015, the population within the City grew by a little over 29,900 people, a four year growth rate of 7.8%, which was faster than the comparable growth rate of 5.5% for the region as a whole. Males and females each make up approximately 50% of the population as ido renters and homeowners. Children and youth under 18 make up 20% of the population with seniors aged 65 and above comprising 8% of the population. Following national and regional trends, an increasing percentage of the City's population is persons of color: as of the 2010 Census, 40% of the City's population is non-white or Hispanic, with a majority of the population 19 and younger being non-white. Approximately 15% of residents are immigrants and 20% routinely speak a language other than English at home.

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

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

Form of Government and Organization

The City is a municipal corporation governed by a Mayor-Council form of government. The Mayor and 13 City Council Members from individual wards are elected for terms of four years, without limit on the number of terms that may be served. Elections in the City of Minneapolis are held in odd-numbered years. The next City election is scheduled for November 2017.

City leaders set new goals every four years, resulting in clear priorities that provide long-term direction and clarify the core function of City government. In March 2014, following a public comment period in which residents were asked to provide feedback, the City Council adopted the City's vision, values, goals and strategic directions that will guide the City's work for the next four years.

City Council

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

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

Mayor

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

Departments

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

FINANCIAL POLICES

Each year during the budget process, the Council adopts a comprehensive set of financial policies. Of particular relevance to the City budget process is the policy to maintain a minimum unassigned fund balance in the General Fund equal to 17% of the following year's General Fund budgeted expenditures. This balance is to be used for cash flow purposes, unanticipated expenditures of a non-recurring nature, unexpected increases in service delivery costs, or unexpected revenue shortfalls. The unassigned fund balance of the General Fund at December, 31, 2016, was $96.2 million, which is $11.6 million more than policy requires. Additional information regarding the 2016 fund balance in the General Fund is available in the MD&A.

Separate from the unassigned general fund reserve balance, the City also has a policy to budget an operating budget contingency in the General Fund of not less than 1% of all budgeted General Fund expenditures in each of the applicable years planned for in the City's Five-Year Financial Direction. The contingency reserve was $4.0 million in 2016, and is $4.0 million in 2017.

ECONOMIC CONDITION AND OUTLOOK

A detailed discussion and analysis of the City's overall financial condition during the fiscal year ended 2016 is included as part of the MD&A.

LONG-TERM FINANCIAL PLANNING

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

DEBT MANAGEMENT

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

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2015. A Certificate of Achievement is valid for a period of one year only. The City has received this prestigious award for 42 years.

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

The City also received the GFOA's Distinguished Budget Presentation Award for its 2016 annual budget document. To qualify for the distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

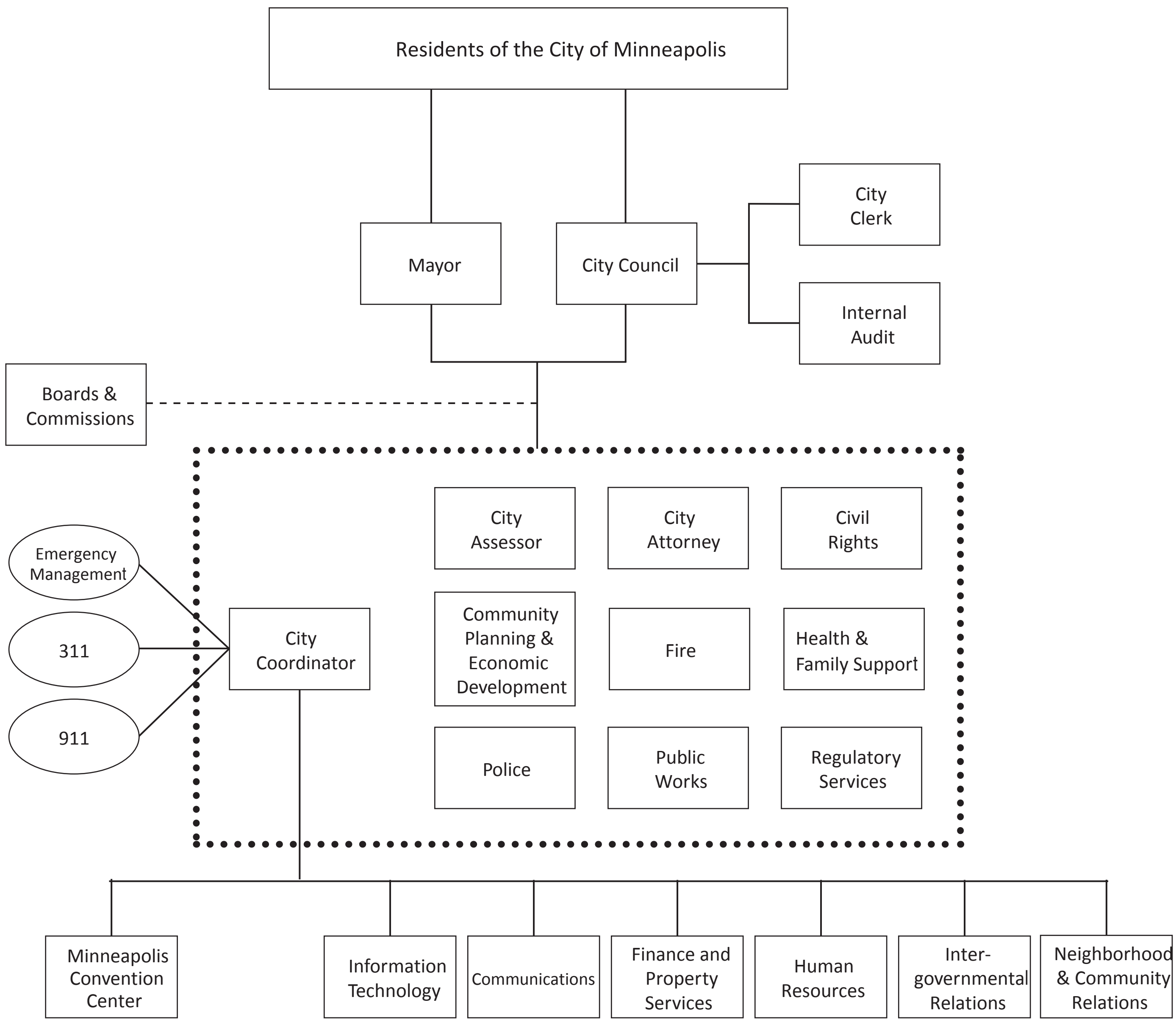
The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the City's Finance & Property Services Department. In addition, we would like to thank the Office of the State Auditor for its thoroughness and professionalism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

Respectfully submitted,

Mark T. Ruff Finance Officer	Lori R. Johnson Deputy Finance Officer	Mary Dunning Interim Controller

City of Minneapolis

Organizational Chart



MAYOR AND COUNCIL

CITY OF MINNEAPOLIS, MINNESOTA

2016

Mayor.. **BETSY HODGES**

CITY COUNCIL

Ward 1 ....KEVIN REICH
Ward 2 ....CAM GORDON
Ward 3 ....JACOB FREY
Ward 4................................President ....BARBARA JOHNSON
Ward 5 .... BLONG YANG
Ward 6 ....ABDI WARSAME
Ward 7 ....LISA GOODMAN
Ward 8................................Vice-President ....ELIZABETH GLIDDEN
Ward 9 ....ALONDRA CANO
Ward 10 .... LISA BENDER
Ward 11 ....JOHN QUINCY
Ward 12 ....ANDREW JOHNSON
Ward 13 .... LINEA PALMISANO

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Minneapolis

Minnesota

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

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

This section of the Comprehensive Annual Financial Report (CAFR) for the City of Minneapolis presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2016. 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 2016 fiscal year, assets plus deferred outflows exceeded liabilities plus deferred inflows by $1,851,409 (net position). Of this amount, $1,857,719 is the City's net investment in capital assets and $250,479 is restricted for specific purposes (restricted net position) leaving a deficit of $(256,789) in unrestricted net position. The deficit balance is not an indication that the City lacks the resources to satisfy its financial obligations in the near future. Rather, the deficit is the result of long-term, actuarially determined liabilities associated with pensions which are managed by the respective retirement systems and the State Legislature. The City will continue to contribute the statutorily required amounts to the retirement plans.

- The City's total net position decreased by $30,982 in 2016. Governmental activities decreased the City's net position by $55,372 and the business-type activities increased the net position by $24,390.

- As of December 31, 2016, total fund balance in the General Fund was $107,497, of which $96,236 was unassigned.

- The City's total long-term bond and note liability decreased by $7,933 from the prior year. Total bonds and notes issued in 2016 was $160,877. Total debt retirement was $168,810. Major new debt issuances included notes of $3,500 for the Nicollet Mall Reconstruction project; $3,700 for various infrastructure improvements in the five-year capital plan; $6,300 to refund various purpose refunding bonds; $27,982 for the Target Center Renovation project; and bond issuance of $119,395 for infrastructure, sanitary sewer improvements, and water infrastructure improvement 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 in part 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 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), Meet Minneapolis, and Minneapolis Telecommunications Network.

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 of the funds in the City can be divided into three categories – governmental funds, proprietary funds, and fiduciary funds.

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

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

The City of Minneapolis maintains 18 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Community Planning and Economic Development Special Revenue Fund, the Permanent Improvement Capital Projects Fund, and the Special Assessment Debt Service Fund, all of which are considered to be major funds. Data from the other 14 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 113.

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, business information services, central stores, engineering lab, outside purchases of asphalt and cement services, city attorney, workers' compensation, unemployment benefits and other payroll 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 37-40 of this report.

Fiduciary Funds—Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary 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 fiduciary fund financial statements can be found on page 41 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 45-101 of this report.

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

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

The combining statements referred to earlier, in connection with non-major governmental funds and internal service funds, are presented immediately following the required supplemental information beginning on page 113.

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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, 2016 with a comparison to 2015.

Statement of Net Position
December 31, 2016, and 2015

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	$ 858,327	$ 812,619	$ 273,491	$ 257,137	$ 1,131,818	$ 1,069,756
Capital assets	1,333,254	1,220,725	1,018,328	992,176	2,351,582	2,212,901
Total assets	$ 2,191,581	$ 2,033,344	$ 1,291,819	$ 1,249,313	$ 3,483,400	$ 3,282,657
Deferred outflows of resources	$ 963,145	$ 235,651	$ 67,928	$ 40,164	$ 1,031,073	$ 275,815
Current and other liabilities	$ 224,521	$ 161,453	$ 50,135	$ 45,854	$ 274,656	$ 207,307
Long-term liabilities	1,829,112	1,050,910	377,040	346,209	2,206,152	1,397,119
Total liabilities	$ 2,053,633	$ 1,212,363	$ 427,175	$ 392,063	$ 2,480,808	$ 1,604,426
Deferred inflows of resources	$ 166,039	$ 66,206	$ 16,217	$ 5,449	$ 182,256	$ 71,655
Net position						
Net investment in capital assets	$ 1,057,445	$ 968,927	$ 800,274	$ 778,150	$ 1,857,719	$ 1,747,077
Restricted net position	215,143	168,304	35,336	34,856	250,479	203,160
Unrestricted net postion	(337,534)	(146,805)	80,745	78,959	(256,789)	(67,846)
Total net position	$ 935,054	$ 990,426	$ 916,355	$ 891,965	$ 1,851,409	$ 1,882,391

The largest portion of the City's net position reflects its $1,857,719 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 continues to invest significantly in its infrastructure assets, which is reflected in the $110,642 increase in this portion of the City's net position. 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 $47,319 to $250,479 in 2016 largely due to the $15,145 increase in debt service restrictions coupled with the $24,705 increase in the capital improvement restrictions. Net position is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation (City ordinances).

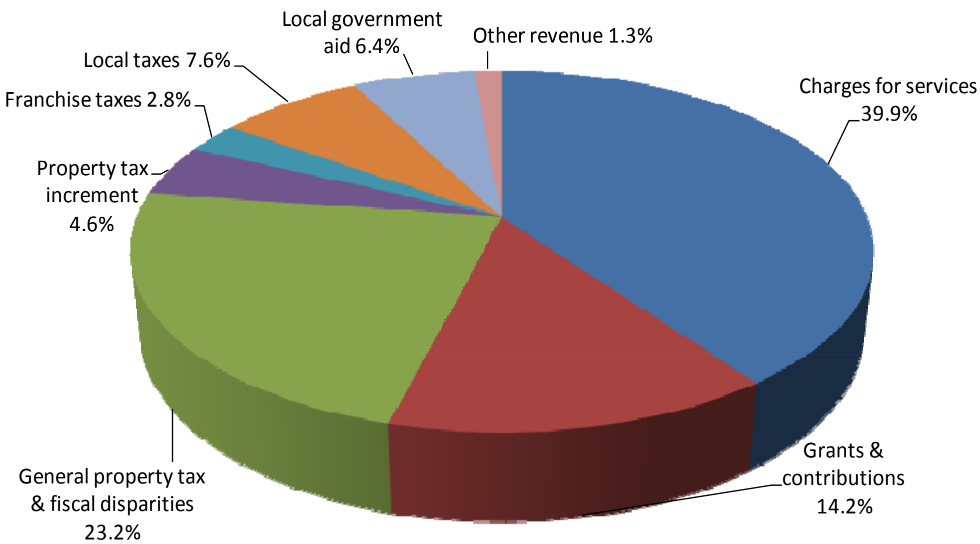
The remaining deficit of $(256,789) represents the unrestricted portion of the City's net position. This is a decrease of $188,943 from the 2015 unrestricted net position. The decrease is due to the City's recognition of a larger net pension liability for 2016 as compared to 2015. The net pension liability more than doubled from $612,066 in 2015 to $1,466,440 in 2016. The implementation of GASB 68 in 2015 requires the City to book its proportion of the Public Employees Retirement Association (PERA) and the Teachers Retirements Association (TRA) unfunded pension liability each year.

***Statement of Activities*—**The following table presents the changes in net position for governmental and business-type activities. The governmental activities beginning net position decreased by $55,372 while the business-type activities beginning net position increased by $24,390.

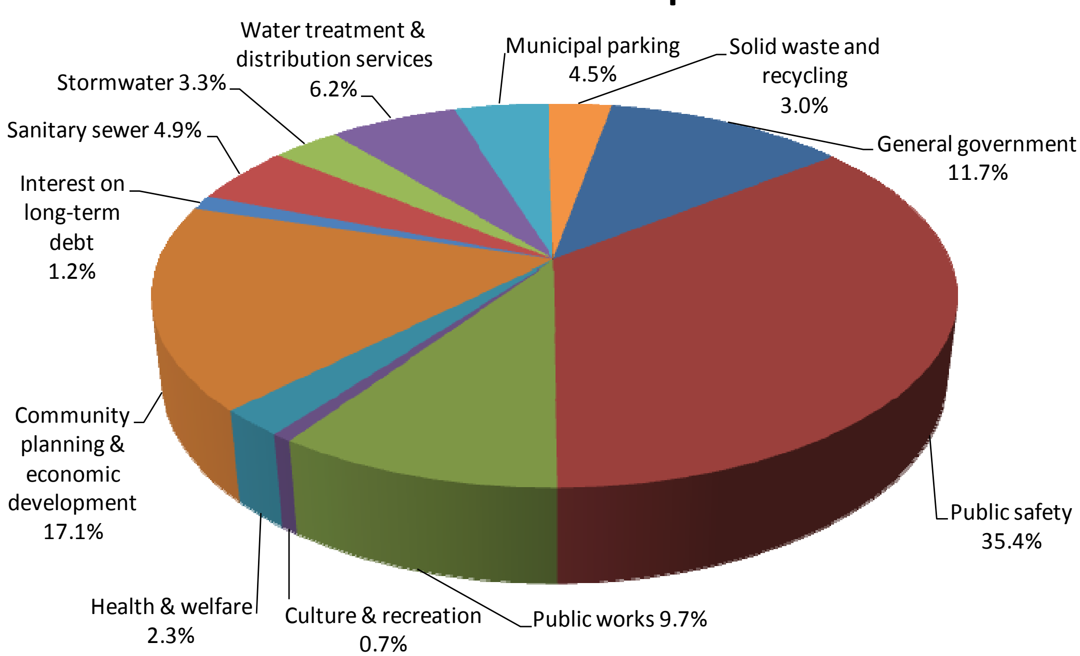
Statement of Activities
For the Years Ended December 31, 2015, and 2014

	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Revenues						
Program revenues:						
Charges for services	$ 140,041	$ 138,533	$ 286,610	$ 273,519	$ 426,651	$ 412,052
Operating grants and contributions	132,535	127,515	5,089	5,468	137,624	132,983
Capital grants and contributions	14,255	5,228	-	-	14,255	5,228
General revenues:						
General property tax and fiscal disparities	247,708	238,745	-	-	247,708	238,745
Property tax increment	49,616	45,205	-	-	49,616	45,205
Franchise taxes	29,515	30,118	-	-	29,515	30,118
Local taxes	80,851	78,293	-	-	80,851	78,293
Other taxes	212	313	-	-	212	313
Local government aid - unrestricted	68,391	68,022	-	-	68,391	68,022
Grants and contributions not restricted to programs	3,371	-	-		3,371	-
Unrestricted interest and investment earnings	7,754	3,399	205	306	7,959	3,705
Other	181	11,401	910	21	1,091	11,422
Gain on sale of capital assets	526	268	1,856	-	2,382	268
Total revenues	774,956	747,040	294,670	279,314	1,069,626	1,026,354
Expenses						
General government	128,137	97,652	-	-	128,137	97,652
Public safety	390,053	275,495	-	-	390,053	275,495
Public works	106,705	122,472	-	-	106,705	122,472
Culture and recreation	7,544	4,570	-	-	7,544	4,570
Health and welfare	25,494	23,462	-	-	25,494	23,462
Community planning and economic development	181,537	192,957	6,330	6,684	187,867	199,641
Interest on long-term debt	13,611	16,329	-	-	13,611	16,329
Sanitary sewer	-	-	54,030	53,185	54,030	53,185
Stormwater	-	-	36,009	32,331	36,009	32,331
Water treatment and distribution services	-	-	67,826	64,973	67,826	64,973
Municipal parking	-	-	50,020	49,086	50,020	49,086
Solid waste and recycling	-	-	33,312	34,166	33,312	34,166
Total expenses	853,081	732,937	247,527	240,425	1,100,608	973,362
Excess (deficiency) before transfers	(78,125)	14,103	47,143	38,889	(30,982)	52,992
Transfers	22,753	14,604	(22,753)	(14,604)	-	-
Change in net position	(55,372)	28,707	24,390	24,285	(30,982)	52,992
Net position - Beginning	990,426	961,719	891,965	867,680	1,882,391	1,829,399
Net position - Ending	$ 935,054	$ 990,426	$ 916,355	$ 891,965	$1,851,409	$1,882,391

Government-wide Revenues



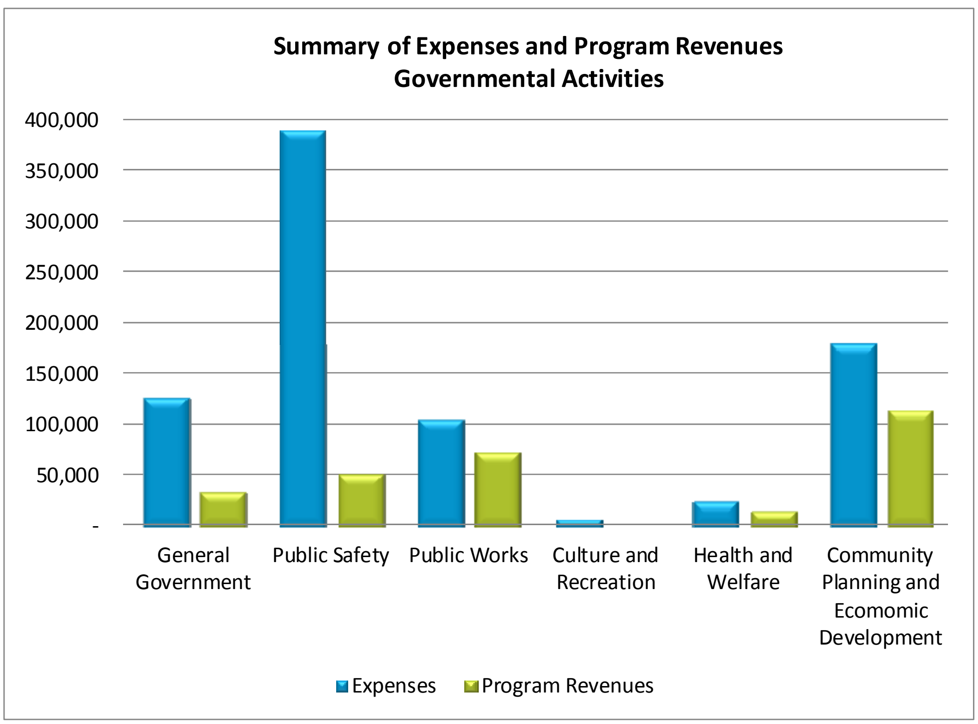
Government-wide Expenses



***Governmental Activities*—**Governmental activities decreased the City's net position by $55,372 compared to an increase of $28,707 in 2015. Total governmental revenue increased by 3.7% from 2015 to 2016 while total expenses increased by 16.4% over that same period. The increase in expenses is attributable mainly to the recognition of pension expense related to the increased net pension liability. Pension expense booked to the governmental activities as a result of the change in net pension liability was $196,468. Governmental activities are supported by charges for services, grants, and contributions. Additionally, general revenues cover any net expense after program specific revenues are applied. Specifically, property tax increment revenues supported economic development activities. Revenue increased due to an increase in the property tax levy, increased federal and local grant funding, and an increase in charges for services. A significant expense in the statement of activities, compared to fund statements, is depreciation. Current year depreciation for governmental activities was $57,082.

Summary of expenses and program revenues - Governmental Activities
For the Year ended December 31, 2016

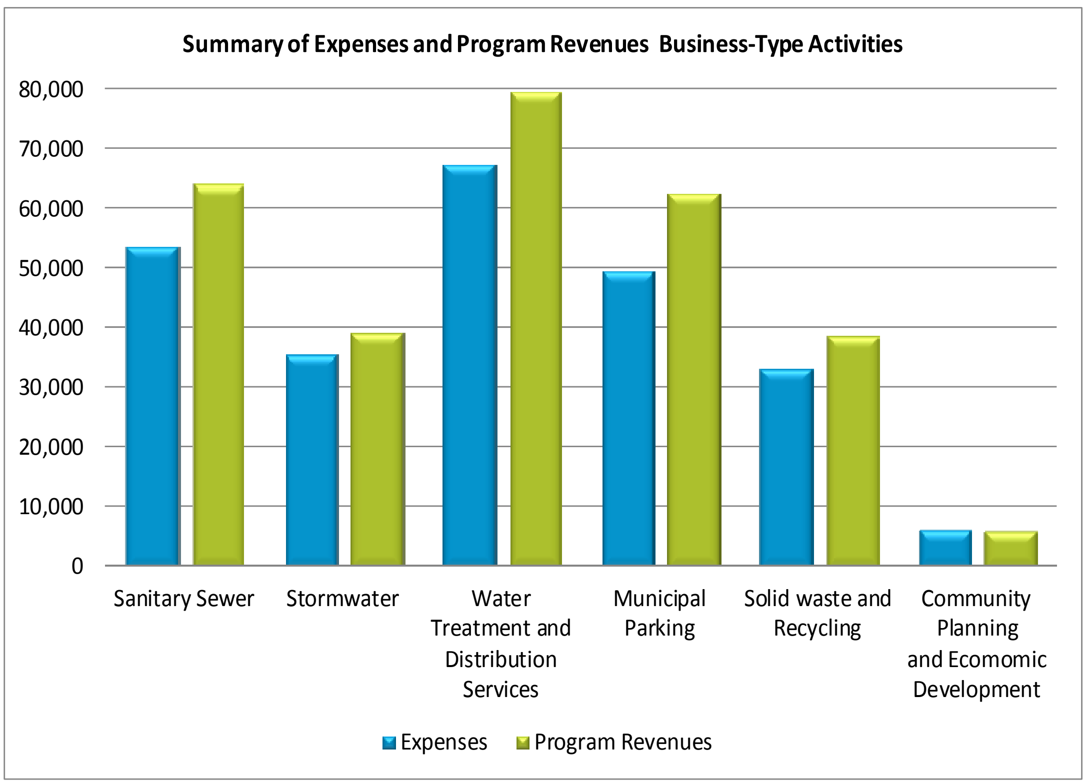
Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue by Program
General government	$ 128,137	$ 34,003	$ (94,134)
Public safety	390,053	50,966	(339,087)
Public works	106,705	72,581	(34,124)
Culture and recreation	7,544	-	(7,544)
Health and welfare	25,494	15,532	(9,962)
Community planning and economic development	181,537	113,749	(67,788)
Interest on long-term debt	13,611	-	(13,611)
	$ 853,081	$ 286,831	$ (566,250)
General revenues and transfers supporting governmental activities			510,878
Change in net position			(55,372)
Net position - January 1, 2016			990,426
Net position - December 31, 2016			$ 935,054



***Business-Type Activities*—**Business-type activities increased the City's net position by $24,390 compared with an increase of $24,285 in 2015.

Summary of expenses and program revenues - Business-Type Activities
For the Year ended December 31, 2016

Functions/Programs	**Expenses**	**Program Revenues**	**Net (Expense) Revenue by Program**
Sanitary sewer	$ 54,030	$ 64,394	$ 10,364
Stormwater	36,009	39,436	3,427
Water treatment and distribution services	67,826	79,975	12,149
Municipal parking	50,020	62,962	12,942
Solid waste and recycling	33,312	38,831	5,519
Community planning and economic development	6,330	6,101	(229)
	$ 247,527	$ 291,699	$ 44,172
General revenues and transfers supporting business-type activities			(19,782)
Change in net position			24,390
Net position - January 1, 2016			891,965
Net position - December 31, 2016			$ 916,355



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 2016, four governmental funds, including the General Fund, are presented as major funds. These funds include the Community Planning and Economic Development Fund Special Revenue Fund, the Permanent Improvement Capital Project Fund, and the Special Assessment Debt Service Fund. At December 31, 2016, the City's governmental funds reported a combined ending fund balance of $480,559, an increase of $11,459 compared with the prior year. Approximately 14.8% of this total amount, or $71,041, constitutes unassigned fund balance, which is available for spending at the City's discretion.

The remainder of the fund balance is classified as follows: nonspendable ($35,015) for land development, advances to other funds, prepaid items, and properties held for resale; restricted ($215,143) for debt service, community planning and economic development, properties held for resale, capital improvements, grants, and law enforcement legal requirements; and assigned ($159,360) for specific purposes not meeting a more restricted criteria for general government, community planning and economic development programs, neighborhood and community relations, public safety programs, pension obligations, and capital improvements. Additional details on fund balance can be found in Note 10.

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

Revenues by Source
Governmental Funds

	2016			2015			Increase/ (Decrease)
Revenues by Source	**Amount**	**Percent of Total**		**Amount**	**Percent of Total**		**Amount**
Taxes	$ 408,195	50.55	%	$ 393,015	52.86	%	$ 15,180
Licenses and permits	48,267	5.98		45,878	6.17		2,389
Intergovernmental revenues	181,477	22.48		160,953	21.65		20,524
Charges for services and sales	90,626	11.22		71,609	9.63		19,017
Fines and forfeits	6,705	0.83		6,853	0.92		(148)
Special assessments	28,220	3.49		25,780	3.47		2,440
Investment earnings	7,916	0.98		3,903	0.52		4,013
Miscellaneous revenue	36,054	4.47		35,467	4.78		587
Total revenues	$ 807,460	100.00	%	$ 743,458	100.00	%	$ 64,002

Expenditures by Function
Governmental Funds

Expenditures by Function	2016 Amount	2016 Percent of Total		2015 Amount	2015 Percent of Total		Increase/ (Decrease) Amount
Current:							
General government	$ 106,212	11.92	%	$ 102,556	12.79	%	$ 3,656
Public safety	269,020	30.18		256,981	32.05		12,039
Public works	56,978	6.40		54,084	6.75		2,894
Culture and recreation	1,560	0.18		2,363	0.29		(803)
Health and welfare	21,705	2.44		21,235	2.65		470
Community planning and economic development	174,858	19.63		161,868	20.19		12,990
Capital outlay	151,681	17.02		76,361	9.52		75,320
Intergovernmental:							
General government	616	0.07		647	0.08		(31)
Public safety	154	0.02		168	0.02		(14)
Culture and recreation	5,984	0.67		2,207	0.28		3,777
Debt service:							
Principal retirement	84,027	9.43		83,871	10.46		156
Interest and fiscal charges	13,711	1.54		16,194	2.02		(2,483)
Bond issuance costs	4	-		482	0.06		(478)
Payments to refunded bond escrow agents	4,440	0.50		22,753	2.84		(18,313)
Total expenditures	$ 890,950	100.00	%	$ 801,770	100.00	%	$ 89,180

General Fund—The General Fund is the general operating fund of the City. As of December 31, 2016, unassigned fund balance in the General Fund was $96,236, nonspendable fund balance was $1,261, and assigned fund balance is $10,000. Total fund balance increased by $1,506 during 2016.

The following table provides changes in revenues by source from 2015 to 2016.

General Fund
Revenues By Source

Revenues by Source	2016 Amount	2016 Percent of Total	2015 Amount	2015 Percent of Total	Increase/ (Decrease) Amount
Taxes	$ 274,925	57.66 %	$ 267,316	58.08 %	$ 7,609
Licenses and permits	47,030	9.87	44,317	9.63	2,713
Intergovernmental revenues	85,212	17.88	82,625	17.96	2,587
Charges for services and sales	48,813	10.24	46,873	10.19	1,940
Fines and forfeits	6,313	1.32	6,539	1.42	(226)
Special assessments	3,450	0.72	3,202	0.70	248
Investment earnings	3,460	0.73	1,613	0.35	1,847
Miscellaneous revenues	3,473	0.73	3,398	0.74	75
Total revenues	$ 472,676	99.15	$ 455,883	99.07	$ 16,793
Transfers in	4,029	0.85	4,258	0.93	(229)
Total revenues and other financing sources	$ 476,705	100.00 %	$ 460,141	100.00 %	$ 16,564

In 2016, General Fund revenues and transfers increased by about 3.6% from the previous year. Some highlights include:

- Tax collections were higher in 2016 which was expected since the General Fund property tax levy increased by $6,517 from 2015 to 2016.
- Licenses and permit revenue also increased in 2016. Development activity, especially in Downtown Minneapolis, continued at a high rate during 2016. For the fifth consecutive year, the City issued permits for an excess of $1 billion in building and development activity.
- Intergovernmental revenue increased slightly from state aid payments made to the City.
- Revenue from fines and forfeits decreased from 2015 to 2016 as a result of efforts to increase compliance with housing and parking rules. Increased compliance results in less revenue from fines due to non-compliance.

The following table provides the changes in expenditures by function from 2015 to 2016:

General Fund
Expenditures by Function

	2016		2015		Increase/ (Decrease)
Expenditures by Function	**Amount**	**Percent of Total**	**Amount**	**Percent of Total**	**Amount**
Current:					
General government	$ 73,353	15.43 %	$ 67,160	14.70 %	$ 6,193
Public safety	245,143	51.59	235,092	51.49	10,051
Public works	56,911	11.98	53,019	11.61	3,892
Culture and recreation	1,560	0.32	2,363	0.52	(803)
Health and welfare	9,062	1.91	8,289	1.82	773
Community planning and economic development	33,008	6.95	31,167	6.83	1,841
Total expenditures	419,037	88.18	397,090	86.97	21,947
Transfers out	56,162	11.82	59,499	13.03	(3,337)
Total expenditures and other financing uses	$ 475,199	100.00 %	$ 456,589	100.00 %	$ 18,610

Overall, general fund expenditures increased by 4.1% from the previous year, although appropriations were underspent by approximately $7,479.

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General Fund Budgetary Highlights—The final budget for the City's General Fund represents the original budget plus any previously appropriated funds set aside for the purpose of honoring legally incurred obligations (prior year encumbrances and commitments), and any additional supplemental appropriations that may occur during the fiscal year. In 2016, the following were significant budget actions:

- The original General Fund appropriation for fiscal year 2016 was $488,249, which included projected transfers out of $66,412. The final appropriation was $492,678 including transfers of $66,162. General revenues and other resources were originally estimated at $464,226, which included projected transfers in of $4,029. The final revenue estimate was $464,439 including transfers of $4,029.

- Significant budgetary variances between the final amended budget and the actual results include:

    1) Overall, Public Works finished the year with $550 in budgetary savings. A milder winter with lower snow removal expense drove these savings.

    2) Staffing savings and other cost reductions including deferring projects into 2017 resulted in a $1,342 budget surplus in Regulatory Services.

    3) Community Planning and Economic Development realized budgetary savings of $5,042 due to initiatives that were in the budget but not completed in 2016.

    4) Contingency funding totaling $3.6 million was used by Police and the City Clerk's office to pay for personnel and election expenses respectively.

    5) A $10.0 million transfer to the capital project fund was budgeted, but not completed in 2016. Due to a delay in state bonding money, the project that was to be funded by the transfer did not begin as planned.

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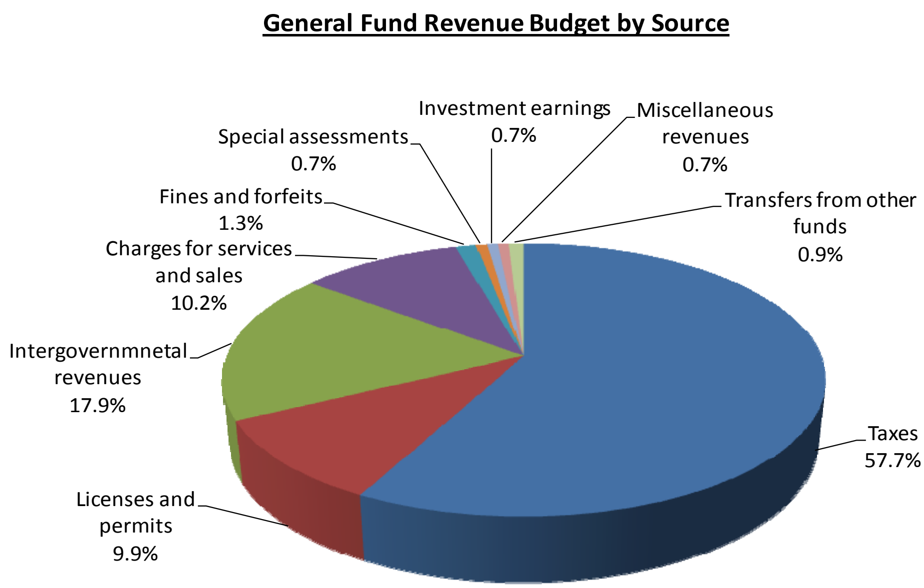
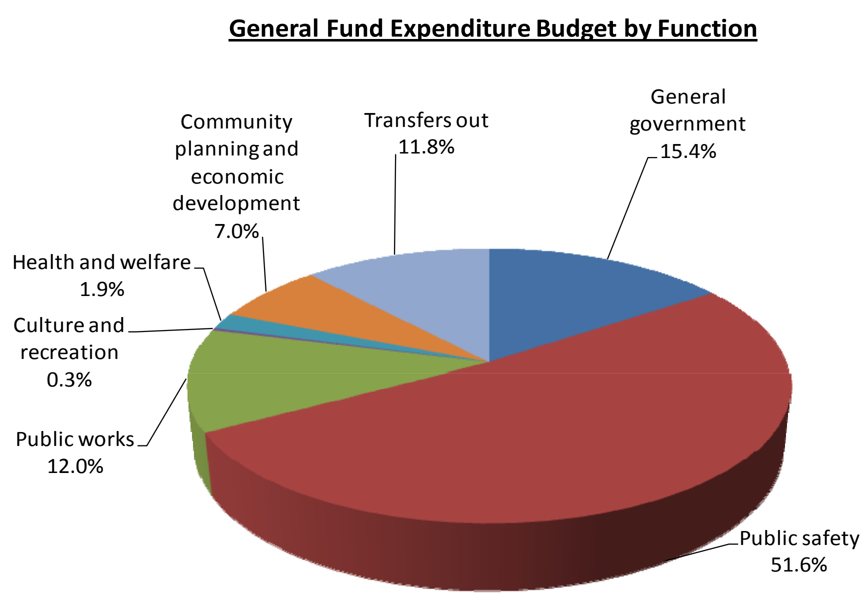
Current fiscal year revenue and expenditure budgets for the General Fund by major category or function are as follows:





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 outside 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 2016 were $61,059, a 2.8% increase from the prior year. The increase is due to City land sales made to develop riverfront properties. A majority, approximately 78.9%, of the fund's revenue was derived from property tax increment, and 13.6% 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 2016 were $36,136. 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 in 2016 was comparable to the prior year.

The fund's transfers to other funds of $25,084 were primarily to provide resources for the debt service obligations issued by the City for community development programs. The CPED Special Revenue Fund also transferred $6,127 to the City's Neighborhood and Community Relations Special Revenue Fund to support ongoing activities.

At year-end, the fund balance in the CPED Special Revenue Fund was $202,129. This included $33,473 in a nonspendable form, primarily for the inventory of properties held for resale; $130,038 restricted for specific programs by State law; and the remaining $38,618 assigned to provide for community planning and economic development activities.

Permanent Improvement Capital Project Fund—Funding for the Permanent Improvement Capital Project Fund is primarily from four sources: bonds that are sold by the City for capital projects; the State of Minnesota; Federal and local funds. State and Federal revenues are primarily used for capital assets including bridges, streets, street lighting and traffic signals. The Permanent Improvement Capital Project Fund is used to build infrastructure for the City including bridges, streets, traffic signals, street lights, buildings, and other capital projects. During 2016, $151,681 of capital outlay occurred which is an increase of 99% from $76,361 in 2015.

The key assets constructed with these funds include:

- Bridges - $15,662
- Streets - $56,159
- Traffic Signals and Street Lighting - $13,565
- Bike Trails - $575
- Property Service - $3,553
- Target Center Renovation - $41,712

The fund balance increased from $6,519 in 2015 to $10,223 in 2016. The increase was due to increase of Federal and State grants, and other funding proceeds. Additionally, revenues for the fund increased from $36,635 in 2015 to $75,162 in 2016 due to increase from State, Federal, local sources, and charges for services for capital projects.

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

At the end of 2016 the City had $43,676 of debt outstanding for special assessment improvements. During 2016, the City received debt related assessment collections and interest earnings of $10,723 and paid total principal of $11,242 on special assessment bonds and notes.

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

The enterprise funds had a positive net position of $933,618 at December 31, 2016, an increase of $24,730 over the 2015 balance.

The following table summarizes the cash balances, total assets, deferred outflows of resources, total liabilities, deferred inflows of resources, operating income, changes in net position, and net positions for each of the enterprise funds, from 2015 to 2016:

Enterprise Funds
Key Balance Sheet Account Balances and Operating Activities
December 31, 2016, and 2015

	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development	Total 2016	Total 2015
Cash	$ 18,310	$ 35,863	$ 42,086	$ 17,201	$ 25,324	$ 1,359	$ 140,143	$ 115,713
Assets	151,477	340,989	360,210	295,015	40,540	120,851	1,309,082	1,266,236
Deferred outflows of resources	7,569	12,567	26,060	6,192	15,540	-	67,928	40,164
Liabilities	37,865	23,366	146,775	111,562	26,852	80,755	427,175	392,063
Deferred inflows of resources	1,826	3,020	6,193	1,472	3,706	-	16,217	5,449
Operating income (loss)	3,451	2,335	11,670	15,622	(3,739)	4,356	33,695	36,834
Change in net position	1,887	3,392	12,947	7,426	(1,166)	244	24,730	24,014
Net position	$ 119,355	$ 327,170	$ 233,302	$ 188,173	$ 25,522	$ 40,096	$ 933,618	$ 908,888

***Sanitary Sewer Fund*—**The Sanitary Sewer Fund pays 95% of the contractual payments to Metropolitan Council Environmental Services (MCES) for waste water collection and treatment services. This fund also accounts for sanitary sewer maintenance and design work and the related capital programs and debt service payments. Net position as of December 31, 2016 was $119,355 compared to $117,468 for 2015 for an increase of $1,887.

The operating revenues of $66,903 for 2016 compared to $60,332 for 2015 reflects an increase of $6,571. The sanitary utility sales and service revenues account for $4,772 of the increase due to increase in rates. These increases were further inflated by $1,800 in SAC revenues. Increase in SAC revenues is off-set by equivalent increase in SAC expenses.

The operating expense totaled $63,452 compared to $57,767 for 2015 resulting in an increase of $5,685. The increase in operating expenses reflects a number of changes from 2015. There was an increase in salaries and fringes of $1,438 due to an increase in maintenance and repair work being done by City crews and increase in pension cost. This was combined with an increase in contractual and professional services by $2,212 due to work on Nicollet Mall project, sewer cleaning, rehab work, and SAC payments. Finally, Met Council increased rates for MCES by 6% resulting in an increased expense of $1,929. MCES rates are set by the Metropolitan Council on a yearly basis and are based on an allocation of overall costs incurred by MCES for waste processing for customer communities.

Stormwater Fund— The Stormwater Fund pays 5% of the contractual payments to Metropolitan Council Environmental Services (MCES) for waste water collection and treatment services. This fund also accounts for the combined sewer overflow (CSO) program, street cleaning, storm design, storm water maintenance, and the related capital programs and debt service payments. Net position as of December 31, 2016 was $327,170 which was an increase of $3,392 from the beginning balance of $323,778.

The 2016 operating revenues of $38,306 compared to $39,265 for 2015 reflected a decrease of $959. The drop in revenue is due to a decrease in sales, services, design activities and local grants, offset slightly by an increase in reimbursements from the State of Minnesota for maintenance work done by the street cleaning and storm maintenance departments. These reimbursements are based on agreements with the State and Hennepin County.

The operating expenses totaled $35,971 compared to $32,195 reported for 2015. This was an increase of $3,776 and reflects several changes. There was an increase in salaries and fringes of $2,129 due to increase in pension expense, repair, and cleaning works. This was coupled with an increase in vendor payments related to software training, modeling, cleaning, catch basin and vegetation maintenance work by $1,262. Finally there was an increase in Met Council payments due to rate increases and Maximo inventory system upgrade increased expenses by $369.

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 Airport Commission.

Net position increased by $12,947 for the year, resulting in a net position at December 31, 2016 of $233,302. This planned increase allowed for net increases to long-term assets in the amount of $11,750 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 $6,748, when compared to 2015, due in large part to increased water sales and increased charges for services. Operating expenses increased by $2,284, when compared to 2015. This increase was in large part due to a $1,964 increase from 2015 in pension expenses required by GASB Statement No. 68.

Municipal Parking Fund—The Municipal Parking Fund accounts for the operation and maintenance of parking ramps, lots, on-street parking meters, the municipal impound lot, and the traffic/parking control system. Net position at December 31, 2016 was $188,173 which is an increase of $7,426 from the beginning balance.

There are three main reasons for the change in net position. There were continued operational efficiencies attained through off-street parking; the largest contributor was a reduction in operator expenses due to the new pay machines in most of the ramps reducing the number of staff hired. The City implemented new, multi-space parking meters which continue to provide increased revenues in on-street parking.

Solid Waste and Recycling Fund—The Solid Waste and Recycling Fund accounts for the City's solid waste and recycling collection and disposal, graffiti removal, and a solid waste transfer station that serves over 106,000 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, 2016 totaled $25,522, a decrease of $1,166 compared to the beginning balance of $26,688. Operating revenues totaled $37,235, an increase of $1,503 over 2015. This increase can be attributed to a rate increase of $1.29 per dwelling unit in utility billing, resulting in increased revenue from sales.

Operating expenses increased to $40,974 compared to $34,570 for 2015. This increase of $6,404 is due in part to an increase in salaries and fringes of $2,520 due to increase in personnel to support organics program and pension plans. There was also an increase in vendor payments of $3,426 due to new contracts with higher rates relating to collection, disposal, and hauling. Finally there were increased expenses associated with the purchase of carts, City services, and depreciation totaling $458.

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 $244 during the year. The increase resulted primarily from interest revenue earned on various reserve investments within the fund, and an operating transfer to reduce the deficit in the discontinued theatres operation. The barge related activities of the River Terminal facility have been discontinued. The facility is currently used primarily as leased space for commodity storage. The City intends to develop the site for park and jobs-intensive business uses.

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.

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

Internal Service Funds
Key Balance Sheet Account Balances and Operating Activities
December 31, 2016, and 2015

	Engineering Materials and Testing	Intergovern-mental Services	Property Services	Equipment Services	Public Works Stores	Self-Insurance	Total 2016	Total 2015
Cash	$ 1,545	$ 30,868	$ 8,604	$ 26,913	$ 1,218	$ 80,013	$ 149,161	$ 144,239
Assets	1,725	77,302	39,742	87,929	6,014	83,983	296,695	286,136
Deferred outflows of resources	1,719	14,136	8,259	9,440	1,270	11,507	46,331	27,189
Liabilities	2,730	28,110	16,147	27,978	2,335	71,578	148,878	133,587
Deferred inflows of resources	412	3,486	1,950	2,264	307	2,694	11,113	3,687
Operating income (loss)	(511)	(5,760)	(80)	2,103	181	833	(3,234)	(1)
Change in net position	(500)	(2,809)	415	5,208	257	4,413	6,984	10,866
Net position	$ 302	$ 59,842	$ 29,904	$ 67,127	$ 4,642	$ 21,218	$ 183,035	$ 176,051

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 2016, the net position is $302 representing a decrease of $500 from the 2016 beginning net position of $802. The decrease in net position is primarily due to long-term pension liabilities recorded in accordance with GASB Statement No. 68. The fund maintains a positive cash balance at $1,545 at year-end 2016 which is a decrease of $8 from the 2015 ending balance of $1,553.

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

The fund's 2016 ending net position is $59,842. The cash balance at year-end 2016 is $30,868, representing a decrease of $7,492 from the 2015 year-end cash balance of $38,360. The primary reason for the decrease to cash in 2016 is the use of net position to fund one-time expenses related to insourcing the help desk and desk side support functions and contracting with a new provider for managed services. Cash also decreased in 2016 due to the use of unearned revenue to fund PMO projects.

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. However, in 2016, the fund experienced an increase of $415 to net position resulting in an ending balance of $29,904 compared to the 2016 beginning net position of $29,489. The primary reason for the increase to net position is timing differences between the receipt of revenue collected for asset preservation maintenance projects and the timing of the project work. In 2013, the fund received a one-time transfer from the General Fund of $3,282 to assist with the remaining debt service payments of $4,412 obligated through 2018. At year-end 2016, the remaining debt obligation is $1,714. The cash balance increased from $4,958 at year-end 2015 to $8,604 at year-end 2016. The increase in cash resulted from the revenue received for the asset preservation maintenance projects.

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

At year-end 2016, the fund reported an increase to net position of $5,208, increasing the net position from a 2016 beginning balance of $61,919 to an ending balance of $67,127. The 2016 ending cash balance is $26,913, an increase of $3,211 from the ending balance of $23,702 in 2015. The increases to both cash balance and net position are largely the result of timing differences between when revenue is collected for replacement of vehicles and the delay in the delivery of those vehicles.

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 2016, the fund reported an increase to net position of $257, increasing the net position from a 2016 beginning balance of $4,385 to an ending balance of $4,642. The fund's ending cash balance is $1,218 for 2016, an increase of $1,202 from the ending 2015 cash balance of $16. The fund experienced a decrease of $385 in the amount due to other funds resulting in a 2016 year-end balance of $0. In 2016, the fund decreased the value of inventory by 15.9% resulting in a year-end balance of $4,796.

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

The net position at year-end 2016 was $21,218, an increase of $4,413 from the 2016 beginning net position of $16,805. The cash balance increased by $4,363 from $75,650 in 2015 to $80,013 at year-end 2016. As noted above, an actuary study determines the expected payouts for claims in this fund and the current year revenue is charged based on this information. In any given year, payouts may be more or less than actuarially determined, resulting in an increase or decrease in cash and net position.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets—As of December 31, 2016 the City's investment in capital assets for its governmental and business-type activities was $2,351,582 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads, highways, and bridges. The increase in the City's investment in capital assets for the current fiscal year included a 9.2% increase in governmental activities and a 2.6% increase in business-type activities.

The following table summarizes capital assets for governmental and business-type activities for 2016 and 2015:

Capital Assets (Net of depreciation)

	Governmental		Business-Type		Total	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Land and easements	$ 110,788	$ 110,788	$ 130,879	$ 128,382	$ 241,667	$ 239,170
Construction in progress	333,988	198,314	85,960	51,484	419,948	249,798
Infrastructure	420,819	447,989	-	-	420,819	447,989
Buildings and structures	364,185	372,127	300,160	307,099	664,345	679,226
Public improvements	19,531	19,974	468,838	473,339	488,369	493,313
Machinery and equipment	50,842	47,792	32,235	31,707	83,077	79,499
Computer equipment	4,436	4,772	237	165	4,673	4,937
Software	28,665	18,969	19	-	28,684	18,969
Total	$ 1,333,254	$ 1,220,725	$ 1,018,328	$ 992,176	$ 2,351,582	$ 2,212,901

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

- Major renovation projects continue at the Convention Center including new lighting controls, and various interior improvements.

- The Target Center renovation project budgeted for $150,000 is approximately one-third of the way completed.

- The net increase in construction in progress between governmental and business-type activities totaled $170,150 as a multitude of large infrastructure projects including the Nicollet Mall redesign were under way, but incomplete at year end.

Additional information on the City's capital assets can be found in Note 4 on pages 70-72 of this report.

***Long-term debt*—**As of December 31, 2016, the City had total long-term bonds and notes outstanding of $756,182 compared to $764,115 in the prior year. Of this amount, $460,428 is related to governmental activities and $295,754 is related to business-type activities. The City had $87,977 or approximately 11.6% of the long-term debt in variable rate mode at year-end. Long-term notes of $159,497 are included in the above total, of which $44,507 is for governmental activities and $114,990 is for business-type activities.

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The following table shows various classifications of the City's long-term debt at December 31, 2016 and the amount of principal due in 2017.

Summary of Outstanding Bonds and Notes	Balance 1/1/2016	Additions	Retirements	Balance 12/31/2016	Due in 2017
General Obligation (GO) Bonds and Notes:					
Property Tax Supported GO Bonds	$ 90,165	$ 46,175	$ (21,725)	$ 114,615	$ 52,965
Property Tax Supported GO Notes	15,000	3,700	(18,000)	700	700
Self-Supporting GO Bonds	190,775	-	(21,920)	168,855	22,590
Self-Supporting GO Notes	-	27,982	-	27,982	-
GO Improvement Bonds	34,293	12,125	(11,242)	35,176	7,801
GO Improvement Notes	5,000	3,500	-	8,500	1,000
Tax Increment GO Bonds	76,355	-	(13,675)	62,680	4,915
Tax Increment GO Notes	3,650	-	(440)	3,210	460
Internal Service Fund Related GO Bonds	16,005	-	(3,035)	12,970	3,160
Enterprise Fund Related GO Bonds	97,262	61,095	(53,908)	104,449	13,324
Enterprise Fund Related GO Notes	114,415	6,300	(5,725)	114,990	8,005
Total General Obligation Bonds and Notes	642,920	160,877	(149,670)	654,127	114,920
Revenue Bonds and Notes:					
Economic Development Revenue Bonds	22,710	-	(1,085)	21,625	1,320
Other Community Development Related Bonds	84,790	-	(8,475)	76,315	3,380
Revenue Notes	13,695	-	(9,580)	4,115	410
Total Revenue Bonds and Notes	121,195	-	(19,140)	102,055	5,110
Total Outstanding Bonds and Notes	$ 764,115	$ 160,877	$ (168,810)	$ 756,182	$ 120,030

The City maintained an "AAA" rating from Standard & Poor's and Fitch Ratings and received an "Aa1" from Moody's for its general obligation debt in 2016. Additional information on the City's Long-term debt can be found in Note 5 starting on page 72 of this report.

HISTORICAL AND LONG-TERM FINANCIAL PLANNING

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

- During the 1990s, due to other external demands, the revenue to support the internal services did not keep pace with the growth in expenses. Significant negative cash balances resulted because annual expenses exceeded revenues. Today, the individual balances are no longer negative. This is a significant improvement over the position of the funds since 2000 when the net position deficit was $(61.7) million.

- The City adopted long-term financial plans for three of the internal service funds (Intergovernmental Services, Equipment Services, and Self-Insurance) to increase net position and to achieve and maintain a positive cash balance. To meet the goals of the adopted long-term financial plans, transfers from the General Fund to all three funds are necessary. By year-end 2015, all three internal service funds had positive net position and cash balances.

- Like other jurisdictions, employee wages and benefits make up over 62.0% of the City's General Fund expenses, increases to which are driven by rapid growth in healthcare and overtime costs.

- In 2000, Minneapolis voters approved a levy to build a new Central Library and fund improvements to community libraries. Effective January 1, 2008, the Minneapolis Public Library System merged into the Hennepin County Library System. Though the County will be responsible for the operating costs for the libraries in future years, under a financial agreement, the City will continue to issue debt as defined in the City's adopted capital plan and will be responsible for a declining share of operations through 2017.

- In June of 2009, the Governor exercised his authority to "unallot" or unilaterally reduce various state appropriations. The appropriation directly impacting the City of Minneapolis was Local Government Aid (LGA). Following several years of uncertainty in funding from the State of Minnesota in the form of LGA, including the loss of over $70 million from 2008-2011, the State increased the amount of LGA appropriated to the City of Minneapolis from $76.1 million in 2014 to $77.4 million for 2015. Another $0.4 million was added in 2016 bringing the total to $77.8 million. A portion of LGA was passed through to the Minneapolis Park and Recreation Board and the Municipal Building Commission component units.

- The City adopts a five-year capital improvement program (CIP) that is updated annually. Each year, City departments and independent boards and commissions prepare new and/or modify existing capital budget requests (CBRs). The CBRs are then reviewed by the Capital Long-Range Improvement Committee (CLIC) which is a citizen advisory committee to the Mayor and City Council.

- Since 2000, the City continues to lay foundation for a wave of development including large projects associated with building a new stadium in partnership with the State and the Minnesota Vikings and adjacent areas. For 2016, the City marked its fifth 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 issued bonds in 2002-04 and used one-time funds to meet its pension obligations during those years. The 2017 budget does not project any growth in the cost of closed pension obligations from the prior year. For 2017, the City will levy $5.0 million less for pension obligations than 2016. This is related to an increase in the long-term funding plan for the streets and parks program. Funding for pensions is expected to grow back to the 2016 amounts over the next five years.

- Beginning with the 2014 budget cycle, the City implemented the Capital Asset Request System (CARS) to allow departments to submit budget requests for the replacement of capital equipment items greater than five-thousand dollars, such as enterprise software upgrades, vehicles and construction equipment purchases and/or other large dollar items necessary to provide services. The CARS process uses a five-year planning horizon with the intent of establishing normal replacement cycles for all long-term assets used by the City Departments. In the fourth year of this program, approximately $29.2 million will be dedicated to fund items through this process. The majority of items funded reflect deferred maintenance and replacement costs for existing operating capital including technology upgrades. Of this total, $4.4 million is funded from existing General Fund resources.

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

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

Those entities receiving Local Government Aid (LGA) will move to an activity-based approach with an annual adjustment after the base year equal to the projected percentage increase in the Current Service Level. The dollars available for the activities will be based on the sum of the LGA, total tax collections, and total General Fund revenues. The activities will exclude dollars transferred to other entities, including the following:

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

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

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

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

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Outlook:

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

- For 2017, the Council Adopted Budget for all City funds (including the Neighborhood Revitalization Program, Board of Estimate and Taxation, the Municipal Building Commission, and the City's contribution to the Minneapolis Public Housing Authority) of $1.45 billion which represents a $112.7 million or 8.4% increase from the 2016 Council Adopted Budget of $1.34 billion.

- At the same time, the Council adopted a 2017 property tax levy of $313.9 million, which results in a 5.5%, or $16.4 million increase, from the 2016 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 one0time items.

- In 2017, City positions grew by 217.1 FTEs and salaries and wages increased by $21.0 million. Health and dental insurance expenditures are budgeted to decrease from $72.0 million in 2016 to $70.9 million in 2016. This estimate results from better than anticipated medical renewal rates and changes in coverage selections by employees.

- The 2017 budget bolsters public safety by raising the authorized number of sworn police officers from 862 to 877, providing funding for a recruit class and ongoing community service officer classes, and additional specially trained personnel in the area of mental health co-responders. Funding is also included for the additional firefighters bringing the total sworn firefighters up to 411.

- The City's levies for its closed pension funds that merged into the Minnesota State Public Employees' Retirement Association (PERA) decrease from $27.3 million for 2016 to $22.3 million for 2017.

- For 2017 – 2021, the five year capital program totals $927.0 million including all funding sources. The 2017 portion of the five-year capital program is $195.8 million which funds accelerated improvements to the City's infrastructure by continuing support for the expanded net debt bond program put in place in 2012.

In the 2017 budget, approximately $29.2 million has been dedicated to fund items through the CARS process. The majority of items funded reflect deferred maintenance and replacement costs for existing operating capital including technology upgrades.

Economic Outlook and Tax Trends

Minneapolis has the highest concentration of commercial office buildings in the State of Minnesota and therefore is the largest contributor of revenue to the state general tax on a per city basis. Minneapolis' commercial/industrial tax base is $10.3 billion dollars, of which $5.3 billion resides in the Minneapolis Central Business District (CDB).

From 2016 to 2017, the City-wide commercial tax base saw an increase in value of 8.2%. CBD values grew by 10.7% in the same period.

A significant amount of this growth is attributable to a number of high-profile office and hotel developments. The area surrounding US Bank stadium in the East Downtown neighborhood, in particular, has been an epicenter of new construction. Recently completed projects in this area include a Radisson Red hotel, corporate headquarters of national construction firm Ryan Companies, and Wells Fargo's regional headquarters. A new corporate headquarters for Kraus-Anderson Construction and a destination attraction from local brewer Finnegan's are both nearing completion as well.

In addition to these and a variety of other projects planned or underway across the City, a few large redevelopment areas in the planning stage will present major new commercial development opportunities on the near horizon. Following the closing of the St. Anthony lock and dam on the Mississippi river, the Upper Harbor Terminal port facility in North Minneapolis will be redeveloped to low-intensity commercial and industrial uses, with a large entertainment venue also included in current plans. The City continues to pursue acquisition and redevelopment of the large K-mart site at Lake Street and Nicollet Avenue in South Minneapolis. Work continues on redevelopment of properties along the I-394 corridor in North Minneapolis. Low-intensity commercial is planned for this area as well.

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 economic gauge for municipalities. Several commercial real estate companies compile and report real estate statistics. JLL reports on local real estate conditions quarterly. JLL's statistics indicate an increase in vacancy rates in the Minneapolis CBD. From the third to fourth quarter in 2016, the direct vacancy rate in the CBD increased from 14.6% to 17.9%. This increase is largely the result of the completion of the new Wells Fargo regional headquarters, which created large new vacancies in other CBD properties as Wells Fargo employees were relocated.

Employment:

The unemployment rate for the City of Minneapolis as of December 2016 is 3.3% according to the Minnesota Department of Employment and Economic Development. This economic indicator compares favorably to the State of Minnesota (4.4%) and the national unemployment rate (4.6%).

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.

(In Thousands)

	Primary Government				
	Governmental Activities	Business-type Activities	Total	Discrete Component Units	Total
ASSETS					
Cash and pooled investments	$ 622,551	$ 140,143	$ 762,694	$ 37,132	$ 799,826
Investments with trustees	2,691	38,095	40,786	-	40,786
Receivables	115,804	25,492	141,296	16,005	157,301
Loans receivable from component unit	2,031	-	2,031	-	2,031
Due from primary government	-	-	-	1,500	1,500
Due from other governmental agencies	47,303	3,236	50,539	1,320	51,859
Capital leases	-	3,375	3,375	-	3,375
Prepaids and other assets	1,902	3,391	5,293	258	5,551
Inventories	5,998	3,832	9,830	34	9,864
Internal balances	17,263	(17,263)	-	-	-
Long-term portion of loans and notes receivable	-	255	255	-	255
Long-term portion of loans due from component unit	25	-	25	-	25
Long-term portion of capital lease receivable	-	72,935	72,935	-	72,935
Properties held for resale	42,759	-	42,759	-	42,759
Capital assets:					
Nondepreciable	444,776	216,839	661,615	146,286	807,901
Depreciable, net	888,478	801,489	1,689,967	207,518	1,897,485
Total assets	$ 2,191,581	$ 1,291,819	$ 3,483,400	$ 410,053	$ 3,893,453
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pensions	$ 963,145	$ 67,928	$ 1,031,073	$ 72,662	$ 1,103,735
LIABILITIES					
Accrued salaries and benefits	$ 16,614	$ 1,370	$ 17,984	$ 2,083	$ 20,067
Accounts payable	52,783	13,995	66,778	8,461	75,239
Interest payable	2,839	1,359	4,198	25	4,223
Unpaid claims payable	-	-	-	4,428	4,428
Loans payable to primary government	-	-	-	2,031	2,031
Fiscal agent liability	-	-	-	2	2
Due to component unit	1,500	-	1,500	-	1,500
Due to other governmental agencies	2	355	357	-	357
Unearned revenue	8,720	1,074	9,794	436	10,230
Deposits held for others	15,483	4,957	20,440	-	20,440
Compensated absences:					
Due within one year	19,716	2,316	22,032	1,066	23,098
Due beyond one year	16,850	802	17,652	3,890	21,542
Other postemployment benefits - due beyond one year	36,306	1,442	37,748	4,220	41,968
Net pension liability	1,364,887	101,553	1,466,440	119,093	1,585,533
Long-term portion of loan payable due to primary government	-	-	-	25	25
Long-term liabilities:					
Due within one year	106,864	24,709	131,573	2,461	134,034
Due beyond one year	411,069	273,243	684,312	2,977	687,289
Total liabilities	$ 2,053,633	$ 427,175	$ 2,480,808	$ 151,198	$ 2,632,006
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pensions	$ 166,039	$ 16,217	$ 182,256	$ 10,862	$ 193,118
NET POSITION					
Net investment in capital assets	$ 1,057,445	$ 800,274	$ 1,857,719	$ 349,175	$ 2,206,894
Restricted:					
Debt service	41,601	35,336	76,937	-	76,937
Community & economic development	130,038	-	130,038	-	130,038
Law enforcement	1,679	-	1,679	-	1,679
Grants	2,378	-	2,378	-	2,378
Properties held for resale	8,853	-	8,853	-	8,853
Capital improvements	30,594	-	30,594	245	30,839
Project and grant programs	-	-	-	7,287	7,287
Special trust	-	-	-	115	115
Special reserves	-	-	-	5,785	5,785
Unrestricted	(337,534)	80,745	(256,789)	(41,952)	(298,741)
Total net position	$ 935,054	$ 916,355	$ 1,851,409	$ 320,655	$ 2,172,064

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

(In Thousands)

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position				
					Primary Government				
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Discrete Component Units	Total
Primary government									
Governmental Activities:									
General government	$ 128,137	$ 5,886	$ 13,909	$ 14,208	$ (94,134)	$ -	$ (94,134)	$ -	$ (94,134)
Public safety	390,053	17,051	33,887	28	(339,087)	-	(339,087)	-	(339,087)
Public works	106,705	43,236	29,326	19	(34,124)	-	(34,124)	-	(34,124)
Culture and recreation	7,544	-	-	-	(7,544)	-	(7,544)	-	(7,544)
Health and welfare	25,494	2,498	13,034	-	(9,962)	-	(9,962)	-	(9,962)
Community planning & economic development	181,537	71,370	42,379	-	(67,788)	-	(67,788)	-	(67,788)
Interest on long-term debt	13,611	-	-	-	(13,611)	-	(13,611)	-	(13,611)
Total governmental activities	853,081	140,041	132,535	14,255	(566,250)	-	(566,250)	-	(566,250)
Business-type Activities:									
Sanitary sewer	54,030	64,289	105	-	-	10,364	10,364	-	10,364
Stormwater	36,009	37,432	2,004	-	-	3,427	3,427	-	3,427
Water treatment and distribution services	67,826	78,963	1,012	-	-	12,149	12,149	-	12,149
Municipal parking	50,020	62,837	125	-	-	12,942	12,942	-	12,942
Solid waste and recycling	33,312	36,988	1,843	-	-	5,519	5,519	-	5,519
Community planning & economic development	6,330	6,101	-	-	-	(229)	(229)	-	(229)
Total business-type activities	247,527	286,610	5,089	-	-	44,172	44,172	-	44,172
Total primary government	$ 1,100,608	$ 426,651	$ 137,624	$ 14,255	(566,250)	44,172	(522,078)	-	(522,078)
Component units:									
Discrete component units	$ 145,349	$ 45,138	$ 5,587	$ 22,786				(71,838)	(71,838)
General Revenues:									
Taxes:									
General property tax and fiscal disparities					247,708	-	247,708	65,768	313,476
Property tax increment					49,616	-	49,616	-	49,616
Franchise taxes					29,515	-	29,515	-	29,515
Local taxes					80,851	-	80,851	-	80,851
Other taxes					212	-	212	-	212
Local government aid - unrestricted					68,391	-	68,391	234	68,625
Grants and contributions not restricted to programs					3,371	-	3,371	9,574	12,945
Unrestricted interest and investment earnings					7,754	205	7,959	22	7,981
Other					181	910	1,091	81	1,172
Gain on sale of capital assets					526	1,856	2,382	97	2,479
Transfers					22,753	(22,753)	-	-	-
Total general revenues and transfers					510,878	(19,782)	491,096	75,776	566,872
Change in net position					(55,372)	24,390	(30,982)	3,938	(27,044)
Net position - January 1					990,426	891,965	1,882,391	316,717	2,199,108
Net position - December 31					$ 935,054	$ 916,355	$ 1,851,409	$ 320,655	$ 2,172,064

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

(In Thousands)

	General	Community Planning and Economic Development	Permanent Improvement	Special Assessment	Non-Major Governmental	Total
ASSETS						
Cash and cash equivalents	$ 121,693	$ 166,270	$ 27,927	$ 8,095	$ 149,405	$ 473,390
Investments with trustees	-	-	-	-	2,691	2,691
Receivables:						
Accounts	11,600	43	7,886	-	1,325	20,854
Taxes	3,815	212	26	-	1,725	5,778
Special assessments	505	966	2,682	33,994	969	39,116
Intergovernmental	8,372	708	28,681	-	9,501	47,262
Loans - net	-	25,832	-	-	22,430	48,262
Loans due from component unit	-	36	-	-	2,020	2,056
Accrued interest	831	343	130	14	281	1,599
Due from other funds	-	-	-	-	5,032	5,032
Advances to other funds	1,250	2,750	-	-	-	4,000
Prepaid items	11	-	-	-	281	292
Properties held for resale	-	33,473	-	-	8,853	42,326
Total assets	$ 148,077	$ 230,633	$ 67,332	$ 42,103	$ 204,513	$ 692,658
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Salaries payable	$ 14,583	$ 19	$ 245	$ -	$ 820	$ 15,667
Accounts payable	18,859	641	12,987	13	11,934	44,434
Intergovernmental payable	-	-	-	-	2	2
Due to other funds	-	-	-	-	5,032	5,032
Due to component units	1,500	-	-	-	-	1,500
Deposits held for others	3,631	735	9,089	-	2,026	15,481
Advances from other funds	-	-	4,000	-	3,495	7,495
Unearned revenue	9	-	1,968	-	4,219	6,196
Total liabilities	38,582	1,395	28,289	13	27,528	95,807
Deferred Inflows of Resources:						
Unavailable Revenue	1,998	27,109	28,820	34,364	24,001	116,292
Fund balances:						
Nonspendable	1,261	33,473	-	-	281	35,015
Restricted	-	130,038	30,594	7,726	46,785	215,143
Assigned	10,000	38,618	-	-	110,742	159,360
Unassigned	96,236	-	(20,371)	-	(4,824)	71,041
Total fund balances	107,497	202,129	10,223	7,726	152,984	480,559
Total liabilities, deferred inflows of resources, and fund balances	$ 148,077	$ 230,633	$ 67,332	$ 42,103	$ 204,513	$ 692,658

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

(In Thousands)

Fund balances - total governmental funds		$ 480,559
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	408,749	
Depreciable	1,526,013	
Accumulated depreciation	(737,270)	1,197,492
Deferred inflows are not available to pay for current-period expenditures and, therefore, in the governmental funds, are unavailable revenue.		116,292
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.		183,035
Receivable from business-type funds for internal service fund activity.		17,263
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds and notes payable and any related unamortized premiums/discounts	(452,407)	
Other postemployment benefits payable	(35,546)	
Operating and capital leases payable	(417)	
Bond interest payable	(2,807)	
Compensated absences	(34,583)	(525,760)
The City's net pension liability and related deferred inflows and deferred outflows are recorded only on the government-wide statement of net position. Balances at year end are:		
Deferred outflows - pensions	916,814	
Net pension liability	(1,295,715)	
Deferred inflows - pensions	(154,926)	(533,827)
Net position of governmental activities		$ 935,054

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

GOVERNMENTAL FUNDS | **CITY OF MINNEAPOLIS, MINNESOTA**

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended December 31, 2016 | **(In Thousands)**

	General	Community Planning and Economic Development	Permanent Improvement	Special Assessment	Non-Major Governmental	Total
REVENUES:						
Taxes	$ 274,925	$ 48,182	$ 5,978	$ -	$ 79,110	$ 408,195
Licenses and permits	47,030	-	118	-	1,119	48,267
Intergovernmental revenues	85,212	1	32,494	-	63,770	181,477
Charges for services and sales	48,813	1,556	29,653	-	10,604	90,626
Fines and forfeits	6,313	-	-	-	392	6,705
Special assessments	3,450	118	4,256	10,663	9,733	28,220
Investment earnings	3,460	2,889	193	60	1,314	7,916
Miscellaneous revenues	3,473	8,313	2,470	-	21,798	36,054
Total revenues	472,676	61,059	75,162	10,723	187,840	807,460
EXPENDITURES:						
Current:						
General government	73,353	-	-	-	32,859	106,212
Public safety	245,143	-	-	-	23,877	269,020
Public works	56,911	-	-	-	67	56,978
Culture and recreation	1,560	-	-	-	-	1,560
Health and welfare	9,062	-	-	-	12,643	21,705
Community planning & economic development	33,008	36,136	-	-	105,714	174,858
Capital outlay	-	-	151,681	-	-	151,681
Intergovernmental:						
General government	-	-	616	-	-	616
Public safety	-	-	-	-	154	154
Culture and recreation	-	-	5,984	-	-	5,984
Debt Service:						
Principal retirement	-	-	-	6,802	77,225	84,027
Interest and fiscal charges	-	-	-	999	12,712	13,711
Bond issuance costs	-	-	-	4	-	4
Payments to refunded bond escrow agents	-	-	-	4,440	-	4,440
Total expenditures	419,037	36,136	158,281	12,245	265,251	890,950
Excess (deficiency) of revenues over (under) expenditures	53,639	24,923	(83,119)	(1,522)	(77,411)	(83,490)
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	4,029	1,104	500	-	105,250	110,883
Transfers to other funds	(56,162)	(25,084)	(3,554)	-	(25,536)	(110,336)
Premium (discount)	-	-	835	85	-	920
Bonds issued	-	-	53,860	-	-	53,860
Refunding bonds issued	-	-	-	4,440	-	4,440
Loans and notes issued	-	-	35,182	-	-	35,182
Total other financing sources (uses)	(52,133)	(23,980)	86,823	4,525	79,714	94,949
Net change in fund balances	1,506	943	3,704	3,003	2,303	11,459
Fund balances - January 1	105,991	201,186	6,519	4,723	150,681	469,100
Fund balances - December 31	$ 107,497	$ 202,129	$ 10,223	$ 7,726	$ 152,984	$ 480,559

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, 2016

(In Thousands)

Net increase (decrease) in fund balances - total governmental funds		$ 11,459
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.		6,984
Transfers from business-type funds for internal service fund activity.		340
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:	151,721	
Less loss on retirement of capital assets	(75)	
Less current year depreciation	(41,818)	109,828
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	116,292	
Deferred inflows of resources - January 1	(121,706)	(5,414)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Bonds principal payments	84,027	
Bond proceeds	(58,300)	
Loans and notes proceeds	(35,182)	
Premium/discount	(920)	(10,375)
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	100	
Change in other postemployment benefits payable	(971)	
Change in compensated absences	(1,219)	
Change in net pension liability	(181,176)	
Change in other long-term liabilities	15,072	(168,194)
Increase (decrease) in net position of governmental activities		$ (55,372)

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

(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
ASSETS								
Current assets:								
Cash and cash equivalents	$ 18,310	$ 35,863	$ 42,086	$ 17,201	$ 25,324	$ 1,359	$ 140,143	$ 149,161
Investments with trustees	-	-	-	-	-	38,095	38,095	-
Receivables:								
Accounts	5,120	3,298	4,346	343	3,416	66	16,589	195
Special assessments:								
Current	113	174	938	173	160	-	1,558	-
Delinquent	16	30	94	6	19	-	165	-
Deferred	-	-	1,377	5,435	-	-	6,812	-
Intergovernmental	-	365	-	2,845	26	-	3,236	41
Loans	-	-	-	-	-	60	60	-
Accrued interest	-	-	-	-	-	308	308	-
Capital leases	-	-	-	-	-	3,375	3,375	-
Inventories	-	-	2,489	-	1,343	-	3,832	5,998
Properties held for resale	-	-	-	-	-	-	-	433
Prepaid items	3,221	170	-	-	-	-	3,391	1,610
Total current assets	26,780	39,900	51,330	26,003	30,288	43,263	217,564	157,438
Long-term assets:								
Receivables:								
Loans	-	-	-	-	-	255	255	-
Capital leases	-	-	-	-	-	72,935	72,935	-
Advances to other funds	-	-	-	-	-	-	-	3,495
Capital assets:								
Nondepreciable:								
Land and easements	1	7,211	5,347	112,452	2,020	3,848	130,879	23,007
Construction in progress	25,107	29,462	27,618	2,976	797	-	85,960	13,020
Depreciable:								
Buildings and structures	-	-	236,656	284,077	2,047	12,743	535,523	55,650
Less accumulated depreciation	-	-	(84,442)	(136,685)	(2,043)	(12,193)	(235,363)	(32,069)
Public improvements	162,521	382,159	179,839	7,794	-	-	732,313	9,641
Less accumulated depreciation	(63,127)	(117,940)	(80,512)	(1,896)	-	-	(263,475)	(4,254)
Machinery and equipment	1,515	1,704	39,700	5,003	17,006	347	65,275	102,049
Less accumulated depreciation	(1,320)	(1,512)	(15,577)	(4,709)	(9,575)	(347)	(33,040)	(64,302)
Computer equipment	10	193	382	1,041	178	-	1,804	47,234
Less accumulated depreciation	(10)	(193)	(145)	(1,041)	(178)	-	(1,567)	(42,880)
Software	-	1,494	285	130	955	-	2,864	51,789
Less accumulated depreciation	-	(1,489)	(271)	(130)	(955)	-	(2,845)	(23,123)
Other capital outlay	-	-	19	15	-	-	34	51
Less accumulated depreciation	-	-	(19)	(15)	-	-	(34)	(51)
Total long - term assets	124,697	301,089	308,880	269,012	10,252	77,588	1,091,518	139,257
Total assets	$ 151,477	$ 340,989	$ 360,210	$ 295,015	$ 40,540	$ 120,851	$ 1,309,082	$ 296,695
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows - pensions	$ 7,569	$ 12,567	$ 26,060	$ 6,192	$ 15,540	$ -	$ 67,928	$ 46,331

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

(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	$ 151	$ 229	$ 572	$ 141	$ 273	$ 4	$ 1,370	$ 947
Accounts payable	772	3,583	4,675	2,930	2,016	19	13,995	8,349
Intergovernmental payable	-	-	-	39	316	-	355	-
Deposits held for others	-	-	86	1,894	-	2,977	4,957	2
Interest payable	57	-	756	187	-	359	1,359	32
Unearned revenue	-	-	-	-	-	1,074	1,074	2,524
Bonds payable - current portion	2,700	-	6,235	4,389	-	3,380	16,704	3,160
Notes payable - current portion	-	-	6,530	1,475	-	-	8,005	-
Compensated absences payable - current portion	264	453	921	188	485	5	2,316	1,472
Unpaid claims payable - current portion	-	-	-	-	-	-	-	11,543
Total current liabilities	3,944	4,265	19,775	11,243	3,090	7,818	50,135	28,029
Long-term liabilities:								
Bonds payable	22,410	-	22,071	48,842	-	72,935	166,258	10,081
Notes payable	-	-	64,990	41,995	-	-	106,985	-
Compensated absences payable	91	157	319	65	168	2	802	511
Other postemployment benefits	138	193	608	149	354	-	1,442	760
Net pension liability	11,282	18,751	39,012	9,268	23,240	-	101,553	69,172
Unpaid claims payable	-	-	-	-	-	-	-	40,325
Total long-term liabilities	33,921	19,101	127,000	100,319	23,762	72,937	377,040	120,849
Total liabilities	$ 37,865	$ 23,366	$ 146,775	$ 111,562	$ 26,852	$ 80,755	$ 427,175	$ 148,878
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows - pensions	$ 1,826	$ 3,020	$ 6,193	$ 1,472	$ 3,706	$ -	$ 16,217	$ 11,113
NET POSITION								
Net investment in capital assets	$ 102,728	$ 301,089	$ 209,496	$ 172,311	$ 10,252	$ 4,398	$ 800,274	$ 122,505
Restricted - debt service	-	-	-	-	-	35,336	35,336	-
Unrestricted	16,627	26,081	23,806	15,862	15,270	362	98,008	60,530
Total net position	$ 119,355	$ 327,170	$ 233,302	$ 188,173	$ 25,522	$ 40,096	$ 933,618	$ 183,035

Net position - total enterprise funds	$ 933,618
Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.	(17,263)
Net position of business-type activites	$ 916,355

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

(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
Operating revenues:								
Licenses and permits	$ 79	$ -	$ 78	$ 458	$ -	$ -	$ 615	$ -
Intergovernmental revenues	-	714	-	-	-	-	714	-
Charges for services and sales	66,719	37,432	79,484	65,254	37,008	1,374	287,271	93,981
Fines and forfeits	-	-	-	-	-	-	-	24
Special assessments	105	160	278	-	227	-	770	-
Investment earnings	-	-	-	-	-	4,396	4,396	-
Rents and commissions	-	-	-	32	-	-	32	35,448
Other	-	-	-	-	-	331	331	-
Total operating revenues	66,903	38,306	79,840	65,744	37,235	6,101	294,129	129,453
Operating expenses:								
Personnel costs	7,213	12,111	25,597	5,882	15,853	131	66,787	52,709
Contractual services	15,798	14,964	19,766	34,663	21,189	1,267	107,647	52,118
Materials, supplies, services and other	38,924	4,542	12,181	3,063	2,769	-	61,479	12,597
Depreciation	1,517	4,354	10,626	6,514	1,163	347	24,521	15,263
Total operating expenses	63,452	35,971	68,170	50,122	40,974	1,745	260,434	132,687
Operating income (loss)	3,451	2,335	11,670	15,622	(3,739)	4,356	33,695	(3,234)
Nonoperating revenues (expenses):								
Intergovernmental	-	1,130	-	-	1,616	-	2,746	-
Investment earnings	-	-	-	-	-	205	205	-
Interest expense	(15)	(38)	(1,931)	(1,265)	-	(4,585)	(7,834)	(320)
Gain (loss) on disposal of capital assets	-	1	1,648	-	207	-	1,856	315
Special assessments	-	-	734	125	-	-	859	-
Other expense	-	-	(640)	-	-	-	(640)	-
Other revenues	45	74	613	47	131	-	910	3,675
Total nonoperating revenues (expenses)	30	1,167	424	(1,093)	1,954	(4,380)	(1,898)	3,670
Income (loss) before contributions and transfers	3,481	3,502	12,094	14,529	(1,785)	(24)	31,797	436
Capital contributions	-	-	-	-	-	-	-	28
Transfers in (out):								
Transfers from other funds	-	-	1,126	690	619	268	2,703	6,846
Transfers to other funds	(1,594)	(110)	(273)	(7,793)	-	-	(9,770)	(326)
Total contributions and transfers	(1,594)	(110)	853	(7,103)	619	268	(7,067)	6,548
Change in net position	1,887	3,392	12,947	7,426	(1,166)	244	24,730	6,984
Net position - January 1	117,468	323,778	220,355	180,747	26,688	39,852	908,888	176,051
Net position - December 31	$ 119,355	$ 327,170	$ 233,302	$ 188,173	$ 25,522	$ 40,096	$ 933,618	$ 183,035

Change in net position - total enterprise funds	$ 24,730
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.	(340)
Change in net position of business-type activities	$ 24,390

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

(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
Cash flows from operating activities:								
Cash received from customers	$ 65,556	$ 37,382	$ 79,193	$ 64,837	$ 36,913	$ 13,214	$ 297,095	$ 510
Intergovernmental receipts	-	682	-	-	-	-	682	-
Cash received from interfund activities	168	222	1,115	956	290	-	2,751	128,077
Payments to suppliers	(51,974)	(4,945)	(17,430)	(32,865)	(17,771)	(1,328)	(126,313)	(55,563)
Payments to employees	(5,220)	(8,928)	(19,098)	(4,321)	(11,922)	(130)	(49,619)	(40,795)
Payments for interfund activities	(6,443)	(14,151)	(13,154)	(5,382)	(4,998)	-	(44,128)	(11,078)
Other nonoperating revenues	45	74	613	47	131	-	910	3,675
Net cash provided (used) by operating activities	2,132	10,336	31,239	23,272	2,643	11,756	81,378	24,826
Cash flows from non-capital financing activities:								
Subsidies from federal and local grants	-	-	12	-	-	-	12	-
Transfers from other funds	-	-	1,126	690	619	268	2,703	6,846
Repayment of advances from other funds	-	-	-	-	-	-	-	(1,750)
Principal paid on bonds and notes	-	-	-	-	-	(8,475)	(8,475)	-
Interest paid on bonds and notes	-	-	-	-	-	(4,622)	(4,622)	-
Transfers to other funds	(1,594)	(110)	(273)	(7,793)	-	-	(9,770)	(326)
Advances to other funds	-	-	-	-	-	-	-	(3,495)
Intergovernmental	-	1,130	-	-	1,616	-	2,746	-
Net cash provided (used) by non-capital financing activities	(1,594)	1,020	865	(7,103)	2,235	(12,829)	(17,406)	1,275
Cash Flows from capital and related financing activities:								
Bonds issued	21,263	-	11,784	-	-	-	33,047	-
Refunding bonds issued	-	-	11,512	17,968	-	-	29,480	-
Notes issued	-	-	-	6,300	-	-	6,300	-
Principal paid on bonds	(2,000)	(2,500)	(16,530)	(32,878)	-	-	(53,908)	(3,035)
Interest paid on bonds	(131)	(62)	(775)	(1,986)	-	-	(2,954)	(474)
Principal paid on notes	-	-	(4,350)	(1,375)	-	-	(5,725)	-
Interest paid on notes	-	-	(1,988)	(375)	-	-	(2,363)	-
Special assessments	-	-	734	554	-	-	1,288	-
Acquisition and construction of capital assets	(13,762)	(8,794)	(22,137)	(1,133)	(2,192)	-	(48,018)	(18,233)
Bond issuance costs	(20)	-	-	-	-	-	(20)	-
Proceeds from sale of capital assets	-	1	1,648	-	70	-	1,719	563
Net cash provided (used) by capital and related financing activities	5,350	(11,355)	(20,102)	(12,925)	(2,122)	-	(41,154)	(21,179)
Cash flows from investing activities:								
Purchase of investments	-	-	-	-	-	(17,547)	(17,547)	-
Sale of investments	-	-	-	-	-	18,970	18,970	-
Interest	-	-	-	-	-	189	189	-
Net cash provided (used) by investing activities	-	-	-	-	-	1,612	1,612	-
Net increase (decrease) in cash and cash equivalents	5,888	1	12,002	3,244	2,756	539	24,430	4,922
Cash and cash equivalents, beginning of year	12,422	35,862	30,084	13,957	22,568	820	115,713	144,239
Cash and cash equivalents, end of year	$ 18,310	$ 35,863	$ 42,086	$ 17,201	$ 25,324	$ 1,359	$ 140,143	$ 149,161
Reconciliation of operating income to net cash provided (used) by operating activities								
Operating income (loss)	$ 3,451	$ 2,335	$ 11,670	$ 15,622	$ (3,739)	$ 4,356	$ 33,695	$ (3,234)
Adjustment to reconcile change in net position to net cash provided (used) by operating activities:								
Depreciation	1,517	4,354	10,626	6,514	1,163	347	24,521	15,263
Accounts receivable	(1,185)	30	300	583	(19)	10	(281)	171
Intergovernmental receivable	-	(32)	-	(538)	5	-	(565)	(41)
Loans receivable	-	-	-	-	-	65	65	-
Special assessments receivable	7	69	202	-	(17)	-	261	-
Capital leases receivable	-	-	-	-	-	8,475	8,475	-
Inventories	-	-	171	-	646	-	817	963
Prepaid items	(3,221)	(169)	-	-	-	-	(3,390)	(869)
Deferred outflows - pensions	(3,168)	(5,216)	(10,538)	(2,506)	(6,337)	-	(27,765)	(19,142)
Salaries payable	30	(6)	86	37	29	1	177	169
Accounts payable	(474)	579	1,191	(510)	805	(60)	1,531	1,518
Intergovernmental payable	-	-	-	(13)	(261)	-	(274)	-
Deposits held for others	-	-	(34)	6	-	(1,244)	(1,272)	2
Unearned revenue	-	(87)	-	-	-	(193)	(280)	(4,431)
Compensated absences payable	28	33	19	17	36	(1)	132	102
Other postemployment benefits	7	(18)	(16)	(18)	10	-	(35)	(3)
Net pension liability	3,866	6,367	12,862	3,059	7,734	-	33,888	23,364
Unpaid claims payable	-	-	-	-	-	-	-	(105)
Deferred inflows - pensions	1,229	2,023	4,087	972	2,457	-	10,768	7,424
Other nonoperating revenues	45	74	613	47	131	-	910	3,675
Net cash provided (used) by operating activities	$ 2,132	$ 10,336	$ 31,239	$ 23,272	$ 2,643	$ 11,756	$ 81,378	$ 24,826
Non-cash investing, capital and financing activities:								
Capitalization of interest on construction in progress	$ 105	$ 38	$ 239	$ 51	$ -	$ -	$ 433	$ -
Capital contributions	-	-	-	-	-	-	-	28
Increase (decrease) in the value of investments reported at fair value	-	-	-	-	-	(38)	(38)	-
Loss on disposal of capital assets	-	-	-	-	-	-	-	(366)
Capital assets purchased on account	-	2,294	-	-	-	-	2,294	-
Sale of capital assets on account	-	-	-	-	-	-	-	48
Write off of federal subsidy receivable	-	-	694	-	-	-	694	-

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2016

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

		Agency Funds
ASSETS		
Cash and cash equivalents	$	1,271
Receivables:		
Accounts		299
Total assets	$	1,570
LIABILITIES		
Accounts payable	$	1,147
Intergovernmental payable		423
Total liabilities	$	1,570

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

(In Thousands)

	Minneapolis Park and Recreation Board	Municipal Building Commission	Meet Minneapolis	Minneapolis Telecommunications Network	Total Discrete Component Units
ASSETS					
Cash and cash equivalents	$ 31,975	$ 2,496	$ 2,557	$ 104	$ 37,132
Receivables	15,183	-	806	16	16,005
Due from primary government	1,500	-	-	-	1,500
Due from other governmental agencies	-	1,320	-	-	1,320
Prepaids and other assets	85	-	123	50	258
Inventories	34	-	-	-	34
Capital assets:					
Nondepreciable	132,557	13,729	-	-	146,286
Depreciable, net	197,678	8,320	1,353	167	207,518
Total assets	$ 379,012	$ 25,865	$ 4,839	$ 337	$ 410,053
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pensions	$ 67,879	$ 4,783	$ -	$ -	$ 72,662
LIABILITIES					
Accrued salaries and benefits	$ 1,385	$ 122	$ 557	$ 19	$ 2,083
Accounts payable	6,769	1,296	389	7	8,461
Interest payable	-	-	25	-	25
Unpaid claims payable	4,428	-	-	-	4,428
Loans payable to primary government	-	-	2,020	11	2,031
Fiscal agent liability	-	-	-	2	2
Unearned revenue	18	-	418	-	436
Compensated absences:					
Due within one year	911	155	-	-	1,066
Due beyond one year	3,831	59	-	-	3,890
Other postemployment benefits - due beyond one year	3,901	319	-	-	4,220
Net pension liability	110,032	9,061	-	-	119,093
Long-term portion of loan payable due to primary government	-	-	-	25	25
Long-term liabilities:					
Due within one year	2,260	-	188	13	2,461
Due beyond one year	2,139	-	814	24	2,977
Total liabilities	$ 135,674	$ 11,012	$ 4,411	$ 101	$ 151,198
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pensions	$ 9,384	$ 1,478	$ -	$ -	$ 10,862
NET POSITION					
Net investment in capital assets	$ 325,877	$ 22,049	$ 1,082	$ 167	$ 349,175
Restricted					
Capital improvements	144	-	101	-	245
Project and grant programs	7,287	-	-	-	7,287
Special trust	115	-	-	-	115
Special reserves	5,785	-	-	-	5,785
Unrestricted	(37,375)	(3,891)	(755)	69	(41,952)
Total net position	$ 301,833	$ 18,158	$ 428	$ 236	$ 320,655

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

COMBINING STATEMENT OF ACTIVITIES
DISCRETE COMPONENT UNITS
For the Fiscal Year Ended December 31, 2016

CITY OF MINNEAPOLIS , MINNESOTA
(In Thousands)

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Minneapolis Park and Recreation Board	Municipal Building Commission	Meet Minneapolis	Minneapolis Telecommunications Network	Total Discrete Component Units
FUNCTIONS/PROGRAMS									
Minneapolis Park and Recreation Board	$ 122,253	$ 24,592	$ 5,587	$ 21,262	$ (70,812)	$ -	$ -	$ -	$ (70,812)
Municipal Building Commission	11,703	7,971	-	1,524	-	(2,208)	-	-	(2,208)
Meet Minneapolis	10,784	12,018	-	-	-	-	1,234	-	1,234
Minneapolis Telecommunications Network	609	557	-	-	-	-	-	(52)	(52)
Total discrete component unit activities	$ 145,349	$ 45,138	$ 5,587	$ 22,786	(70,812)	(2,208)	1,234	(52)	(71,838)
General Revenues:									
Taxes:									
General property tax and fiscal disparities					65,768	-	-	-	65,768
Local government aid - unrestricted					-	234	-	-	234
Grants and contributions not restricted to specific programs					9,539	35	-	-	9,574
Unrestricted interest and investment earnings					22	-	-	-	22
Other					-	81	-	-	81
Gain on sale of capital assets					87	-	10	-	97
Total general revenues					75,416	350	10	-	75,776
Change in net position					4,604	(1,858)	1,244	(52)	3,938
Net position - January 1					297,229	20,016	(816)	288	316,717
Net position - December 31					$ 301,833	$ 18,158	$ 428	$ 236	$ 320,655

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

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

- **Minneapolis Park and Recreation Board**

  The Minneapolis Park and Recreation Board (Park Board) was established according to Chapter 16 of the City Charter. The nine-member board is elected by the voters of the City and is responsible for developing and

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A – Reporting Entity

Discretely Presented Component Units

- **Minneapolis Park and Recreation Board (continued)**

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

- **Municipal Building Commission**

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

- **Meet Minneapolis**

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

- **Minneapolis Telecommunications Network**

The Minneapolis Telecommunications Network (MTN) is a non-profit corporation organized by the City in 1983 under Minnesota Statutes, Chapter 317. Minneapolis Telecommunications Network provides public access media programming to residents of the City as well as providing media production training. Support for MTN comes from Public, Education, and Government (PEG) fees collected as part of agreements between the City and cable service providers. These agreements require cable companies to provide support for public, educational, and government access TV channels. The City Council and Mayor appoint the nine members of the board. There are up to three ex-officio members representing the City of Minneapolis, Comcast Cable, and the Minneapolis Public Schools. The City

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A – Reporting Entity

Discretely Presented Component Units

- **Minneapolis Telecommunications Network (continued)**

provides a majority of the organization’s funding through annual contracts. It is these criteria that result in MTN being reported as a discretely presented component unit. Complete financial statements for the MTN can be obtained from the Minneapolis Telecommunications Network at 1620 Central Avenue Suite 175, Minneapolis, Minnesota, 55413-1674.

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:

- **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 to be 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 is obligated to provide funding to build and maintain the new stadium. The MSFA is 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A – Reporting Entity (continued)

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 Lake 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 Lake Counties Regional Railroad Authority at 111 Station 44 Road, Eveleth, MN 55734.

- **Minneapolis/Saint Paul Housing Finance Board**

  The Minneapolis/Saint Paul Housing Finance Board was established in accordance with a joint powers agreement entered into between the Housing and Redevelopment Authority of the City of Saint Paul and the City of Minneapolis and accepted by both cities under State of Minnesota laws. The City of Minneapolis oversight responsibility of the Board is limited to its governing body's ability to appoint only three of the six members of the Board. The territorial jurisdiction of the Board extends beyond the corporate limits of the City of Minneapolis. The percentage share of the City in the Board's assets, liabilities and equity cannot be determined at fiscal year-end.

  Complete financial statements for the Minneapolis/Saint Paul Housing Finance Board can be obtained from the City of Minneapolis CPED office at Suite 700, Crown Roller Mill, 105 Fifth Avenue South, Minneapolis, Minnesota 55401-2534.

- **Minneapolis Youth Coordinating Board**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A – Reporting Entity

Joint Ventures (continued)

- **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 later joined the joint powers agreement effective January 1, 2010.

  There is a financial obligation if MESB incurs any liability for damages arising from any of its activities under the joint powers agreement. There is a formula to assess the participants in the agreement.

  Current financial statements of the Metropolitan Emergency Services Board are available at the 911 Board Office, 2099 University Avenue, West Saint Paul, Minnesota 55104-3431.

- **Mississippi Watershed Management Organization**

  The Mississippi Watershed Management Organization (MWMO) encompasses 25,543 acres (39.9 square miles) of fully-developed urban lands and waters within the Minneapolis—Saint Paul metropolitan core area. The original members included the cities of Falcon Heights, Lauderdale, Minneapolis, Saint Anthony Village and Saint Paul, the Minneapolis Park and Recreation Board and the University of Minnesota. The cities of Columbia Heights, Fridley and Hilltop became members of the MWMO in July 2012. These entities entered into a new, revised joint and cooperative agreement (i.e., joint powers agreement under MS Section 471.59) that now form the MWMO.

  Current financial statements of the Mississippi Watershed Management Organization are available at the MWMO Stormwater Park and Learning Center, 2522 Marshall St. NE, Minneapolis, MN 55418-3329.

- **Shingle Creek Watershed Management Commission**

  The City is one of ten 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 joint powers agreement to form the Shingle Creek Watershed 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, Champlin, Crystal, Maple Grove, New Hope, Osseo, Plymouth, and Robbinsdale.

  Current financial statements of the Shingle Creek Watershed Management Organization are available by contacting them at 3235 Fernbrook Lane N, Plymouth, MN 55447.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A – Reporting Entity

Joint Ventures (continued)

- **Basset Creek Watershed Management Commission**

  The City is one of nine member cities of the Basset 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 Basset Creek Watershed Management Commission are available on its website at www.bassettcreekwmo.org

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B – Basis of Presentation (continued)

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 and enterprise 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.

Governmental Funds

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

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

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

The accounting and reporting treatment applied to the assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with a fund are determined by its measurement focus. All governmental funds are

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B – Basis of Presentation

Governmental Funds (continued)

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.

The City reports the following major governmental funds:

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

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

- **Capital Project Fund – Permanent Improvement**
  This fund is used to account for capital acquisition, construction and improvement projects including bridge construction, sidewalk construction, street construction, infrastructure projects and property services capital projects.

- **Debt Service Fund – Special Assessment**
  This fund is used to account for debt supported by special assessments including Park Diseased Tree debt.

Proprietary Funds

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B – Basis of Presentation

Proprietary Funds (continued)

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

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

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred during the construction phase of capital assets against interest earned on invested proceeds over the same period.

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

Enterprise Funds

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

The City reports the following major enterprise funds:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B – Basis of Presentation

Enterprise Funds (continued)

- **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.

Non-Major Funds

The City reports the following non-major governmental funds:

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

Debt Service Funds:
Community Development Agency
Development
General Debt Service

Additionally, the City reports the following fund types:

- **Internal Service Funds**
  Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The internal service funds used by the City include:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B – Basis of Presentation

Non-Major Funds (continued)

- **Agency Funds**

  Financial statements of agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. These statements have no measurement focus, but utilize the accrual basis of accounting. Agency fund assets and liabilities are included in the fiduciary statement of net position.

  - Minneapolis Agency
  - Minneapolis Youth Coordinating Board Agency
  - Joint Board Agency

C – Budgets

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

The 2015 process for the 2016 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. Additionally, the City engages in citywide strategic planning every four years to develop strategic policy guidance. The vision, values, city goals and strategic directions serve as guideposts for each department as it develops its business plan.

March

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

March – April

Capital Improvement Budget Development
The City has a five-year capital improvement plan. The departments prepare and modify capital improvement proposals on an annual basis. Finance, 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C – Budgets (continued)

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 Asset Request System (CARS) Plan and Budget Development
Departments work in coordination with Finance and Property Services to prepare five-year plans for the replacement of assets for operational effectiveness. Each request requires a justification and estimate of the impact on operating budgets, as well as identifying funding sources.

June – August

Mayor's Recommended Budget
The 2016 Mayor's Recommended Budget was based on program proposals submitted by departments. These program proposals are reviewed and discussed by the submitting department, the Mayor's Office, Council Members, the Coordinator's Office and Finance 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.

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

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	$ 421,837	$ 4,679	$ 426,516
CPED Special Revenue	35,392	23,436	58,828
Arena Reserve Special Revenue	8,154	7,931	16,085
Convention Center Special Revenue	46,457	4,839	51,296
HUD Consolidated Plan Special Revenue	15,272	8,751	24,023
Grants – Federal Special Revenue	11,290	10,777	22,067
Grants – Other Special Revenue	8,893	19,472	28,365
Police Special Revenue	2,147	1,533	3,680
Neighborhood and Community Relations Special Revenue	6,127	201	6,328
Total	$ 555,569	$ 81,619	$ 637,188

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 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. Governmental fund inventories are recorded as expenditures at the time the inventory is consumed. Reported inventories of governmental funds are equally offset by nonspendable fund balance, to indicate the portion of fund balance not available for future appropriation. 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

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G – Receivables (continued)

homes. Some of these loans may be forgiven for continued owner occupancy, the attainment of certain employment goals, or the continuation of specified services.

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 deferred 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 capital assets are recorded at acquisition value. Capital assets include infrastructure (e.g. roads, bridges, water/sewer and lighting systems), land, buildings, improvements and equipment. The City defines capital assets as assets with an individual cost of more than $5; or $35 per group of assets by year for bike paths, street signage, street lighting and traffic signals; and $100 per group of assets for parking meters. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds. As of 2008 the City is no longer using salvage values, and will depreciate assets to zero.

The estimated useful lives are as follows:

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

Major outlays for capital assets and improvements, including land, are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I – Compensated Absences

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

J – Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the Teacher's Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on the same basis as they are reported by PERA and TRA except that PERA's and TRA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value. The City typically liquidates the net pension liability to the fund where employees' salaries were originally charged.

K – Interfund Transactions

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans are reported as receivables or payables where appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., current portion of interfund loans) or "advances to/from other funds" (i.e. noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." Advances to other funds, as reported in the fund financial statements, are included in assigned fund balance in applicable governmental funds 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 Self-Insurance Internal Service fund have been obtained as a result of repossessions in default situations. Repossessed properties are held solely to be re-marketed as part of the ongoing operations of the programs. They are valued at the outstanding principal balance of the related bonds, which is not in excess of the realizable value; or are valued at the amount of the related loan balance at the time of default plus subsequent improvement costs. The proceeds of any sales related to properties held for resale in the HUD Consolidated Plan, the Grants – Federal, and Grants – Other Special Revenue funds are classified as restricted. As a result, fund balance related to properties held for resale is classified as restricted in those funds.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M – Debt Service and Requirements (continued)

tax increments and certain other revenue) at the time bonds are issued. The annual tax levy can be reduced by an amount equal to the issuing agency's annual certification of funds on hand.

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

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

N – Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only item qualifying for reporting in this category is the deferred outflows of resources due to pension obligations as prescribed in GASB Statement Number 68 – *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The first, which arises under a modified accrual basis of accounting, is unavailable revenue reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from primarily five sources: taxes, special assessments, long-term receivables, interest, and other. These amounts are recognized as an inflow of resources in the period that the amounts become available. The second item is deferred outflows arising from pension obligation accounting standards as prescribed in GASB Statement Number 68 – *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*.

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.

P – Change in Accounting Principle

During the year ended December 31, 2016, the City adopted new accounting guidance by implementing the provisions of GASB Statements No. 72 and 77. GASB Statement No. 72 – *Fair Value Measurement and Application* provides guidance

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P – Change in Accounting Principle (continued)

for determining a fair value measurement for financial reporting purposes, and guidance on applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement 77 – *Tax Abatement Disclosures* provides guidance for disclosing tax abatement agreements including a brief description of the agreement, the gross dollar amount of taxes abated during the period, and other commitments, if any, the government made related to the tax abatement agreement.

NOTE 2 – DEPOSITS AND INVESTMENTS

A – Deposits

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

Deposits, per book	$ 37,842
Investments	804,021
Imprest cash held by City	20
Total	$ 841,883

Primary Government:	
Cash and pooled investments	$ 762,694
Cash in Agency Funds	1,271
Investments with trustees	40,786
Total primary government	$ 804,751
Discretely Presented Component Units:	
Park and Recreation Board:	
Cash and cash equivalents	31,975
Municipal Building Commission:	
Cash and cash equivalents	2,496
Meet Minneapolis:	
Cash and cash equivalents	2,557
Minneapolis Telecommunications Network	
Cash and cash equivalents	104
Total discretely presented component units	$ 37,132
Total reporting entity	$ 841,883

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS

A **– Deposits (continued)**

The City has executed a Depository Pledge Agreement with its depository bank. The depository bank pledges to secure the deposited funds, to the extent not insured by the Federal Deposit Insurance Corporation ("FDIC"), by pledging securities of any type permitted by the provisions of Chapter 118A of the Minnesota Statutes, which are eligible to be held in a Securities Account at the Federal Reserve Bank. The bank balances at the City's designated depository as of December 31, 2016, totaled $44,713.

Reconciliation of bank cash balances to book cash balance:	
Bank balance, per December 31, 2016 bank statement	$ 44,713
Reconciling items and outstanding checks	(6,871)
Deposits, per book	$ 37,842

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 to collateralize the City's deposits. At December 31, 2016, 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.

B – Investments

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

Investment derivative instruments

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

As of December 31, 2016, there were no derivative instruments held in the City's Investment Portfolio.

Interest Rate Risk

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

For the fiscal year ended December 31, 2016 (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, 2016, and information relating to interest rate risks:

Investment Type	Weighted Average Maturity (Years)	Carrying (Fair) Value
U.S. Treasury obligations	2.0	$ 205,266
U.S. Federal agency obligations	1.7	257,318
U.S. Mortgage obligations	2.3	120,439
Municipal bonds	1.3	94,484
Commercial paper	0.2	16,314
Money market mutual funds	0.1	109,700
Negotiable certificates of deposit	0.1	500
Portfolio weighted average maturity	1.5	
Total investments		$ 804,021
Deposits per book		37,842
Imprest cash		20
Total cash and investments		$ 841,883

Credit Risk

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

"INVESTMENTS.

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

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

Subd. 3. State and local securities. Funds may be invested in the following:
(1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
(2) any security which is a revenue obligation of any state or local government which is rated "AA" or better by a national bond rating service; and
(3) a general obligation of the Minnesota housing finance agency which is a moral obligation of the state of Minnesota and is rated "A" or better by a national bond rating agency.

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

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS

B – Investments (continued)

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

At December 31, 2016, the City's investments were rated by Standard & Poor's and Moody's as follows:

Investment Type	Standard & Poor's			Moody's		
U.S. Treasury obligations	AA+	$	205,266	Aaa	$	205,266
U.S. Federal agency obligations	AAA	$	10,819	Aaa	$	257,318
	AA+		246,499	Aa1		-
Total federal agency obligations		$	257,318		$	257,318
U.S. Mortgage obligations	AA+	$	120,439	Aaa	$	120,439
Municipal bonds						
	AAA	$	31,138	Aaa	$	28,175
	AA+		16,623	Aa1		25,257
	AA		16,415	Aa2		14,635
	AA-		11,677	Aa3		9,907
	A+		-	A1		189
	A-		-	A3		149
	Not rated		18,631	Not rated		16,172
Total municipal bonds		$	94,484		$	94,484
Commercial paper	A-1+	$	1,597	P-1	$	16,314
	A-1		14,717	P-1		-
Total commercial paper		$	16,314		$	16,314
Mutual funds	AAAmG	$	109,700	Aaa-mf	$	109,700
Negotiable certificates of deposit	FDIC Insured	$	500	FDIC Insured	$	500
Total		$	804,021		$	804,021

For the fiscal year ended December 31, 2016 (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, 2016.

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.

At December 31, 2016, the City had the following recurring fair value measurements:

		Fair Value Measurements Using:		
	December 31, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. Treasury securities	$ 205,266	$ -	$ 205,266	$ -
U.S. Federal agency obligations	257,318	43,082	210,275	3,961
U.S. Mortgage obligations	120,439	-	120,439	-
Municipal bonds	94,484	-	94,484	-
Commercial paper	16,314	-	16,314	-
Total investments by fair value level	$ 693,821	$ 43,082	$ 646,778	$ 3,961
Investments measured at net asset value (NAV)				
Government money market mutual funds	$ 109,700			
Negotiable certificates of deposit	500			
Total investments measured at the NAV	$ 110,200			
Total investments measured at fair value and NAV	$ 804,021			

NOTE 2 – DEPOSITS AND INVESTMENTS

B – Investments (continued)

Debt securities classified in Level 1 are valued using a market approach quoted in active markets for those securities and consist of Federal discount notes. Debt securities classified in Level 2 are valued using the following approaches:

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

Debt securities, namely U.S. Federal agency obligations consisting of U.S. stripped coupon investments, classified in Level 3 are valued using consensus data.

The City also holds $109,700 in Government money market mutual funds. The fair value of the investment is the fair value per share of the underlying portfolio. The City may redeem these funds at any time and for any use the City has designated. The City invests in these funds in order to have a rate of return on cash that is currently “in between” investments. The City also holds $500 in negotiable certificates of deposit, which will mature and be redeemed in less than one year from issuance. The fair value is measured based on current market conditions. The City invests in these certificates of deposit in order to diversify their fund portfolio.

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For the fiscal year ended December 31, 2016 (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	General Fund	Community Planning and Economic Development	Permanent Improvement	Special Assessment	Non-Major Governmental Funds	Internal Service Funds	Total Governmental
Accounts	$ 11,600	$ 43	$ 7,886	$ -	$ 1,325	$ 195	$ 21,049
Taxes	3,815	212	26	-	1,725	-	5,778
Special assessments	505	966	2,682	33,994	969	-	39,116
Intergovernmental	8,372	708	28,681	-	9,501	41	47,303
Loans	-	170,403	-	-	102,310	-	272,713
Loans due from component unit	-	11	-	-	2,020	-	2,031
Accrued interest	831	343	130	14	281	-	1,599
Gross receivables	25,123	172,686	39,405	34,008	118,131	236	389,589
Less: Allowance for uncollectibles	-	(144,571)	-	-	(79,880)	-	(224,451)
Total receivables (due within one year)	$ 25,123	$ 28,115	$ 39,405	$ 34,008	$ 38,251	$ 236	$ 165,138
Long-term portion of loans due from component unit	$ -	$ 25	$ -	$ -	$ -	$ -	$ 25

Business-type Activities	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development	Total Business-type
Accounts	$ 5,120	$ 3,298	$ 4,346	$ 343	$ 3,416	$ 66	$ 16,589
Special assessments	129	204	2,409	5,614	179	-	8,535
Intergovernmental	-	365	-	2,845	26	-	3,236
Loans	-	-	-	-	-	1,046	1,046
Accrued interest	-	-	-	-	-	308	308
Gross receivables	5,249	3,867	6,755	8,802	3,621	1,420	29,714
Less: Allowance for uncollectibles	-	-	-	-	-	(986)	(986)
Total receivables (due within one year)	$ 5,249	$ 3,867	$ 6,755	$ 8,802	$ 3,621	$ 434	$ 28,728
Long-term portion of loans and notes receivable	$ -	$ -	$ -	$ -	$ -	$ 255	$ 255

B – Business-type Activities – Leases

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

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

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 3 – RECEIVABLES

B – Business-type Activities – Leases (continued)

The future payment requirements for these agreements are as follows:

Scheduled Lease Payments	Capitalized Leases
2017	$ 7,691
2018	7,509
2019	7,371
2020	7,185
2021	6,323
2022-2026	31,119
2027-2031	27,255
2032-2036	23,783
2037-2040	13,124
Subtotal	131,360
Less: Interest over lease term	(55,045)
Total Principal	76,315
Less: Unexpended construction funds	(5)
Net Capitalized Leases and notes receivable	76,310
Less: Current Portion	(3,375)
Noncurrent Portion	$ 72,935

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For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS

A – Current Year Activity

Capital asset activity for the year ended December 31, 2016 was as follows:

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016
Governmental Activities				
Capital assets, not being depreciated				
Land and easements	$ 110,788	$ -	$ -	$ 110,788
Construction in progress	198,314	158,127	(22,453)	333,988
Total capital assets, not being depreciated	309,102	158,127	(22,453)	444,776
Capital assets, being depreciated				
Infrastructure	916,542	347	-	916,889
Buildings and structures	595,749	4,126	-	599,875
Public improvements	29,497	733	(28)	30,202
Machinery and equipment	139,654	12,842	(8,179)	144,317
Computer equipment	72,124	1,325	(24,688)	48,761
Software	52,692	14,987	(15,347)	52,332
Other capital outlay	51	-	-	51
Total capital assets, being depreciated	1,806,309	34,360	(48,242)	1,792,427
Less accumulated depreciation for:				
Infrastructure	(468,553)	(27,517)	-	(496,070)
Buildings and structures	(223,622)	(12,068)	-	(235,690)
Public improvements	(9,523)	(1,168)	20	(10,671)
Machinery and equipment	(91,862)	(9,585)	7,972	(93,475)
Computer equipment	(67,352)	(1,500)	24,527	(44,325)
Software	(33,723)	(5,244)	15,300	(23,667)
Other capital outlay	(51)	-	-	(51)
Total accumulated depreciation	(894,686)	(57,082)	47,819	(903,949)
Total capital assets, being depreciated, net	911,623	(22,722)	(423)	888,478
Governmental activities capital assets, net	$ 1,220,725	$ 135,405	$ (22,876)	$ 1,333,254

Depreciation expense was charged to governmental functions as follows:

General Government	$ 268
Public Safety	1,557
Public Works	28,343
Community Planning and Economic Development	11,651
Depreciation on capital assets held in the City's internal service fund is charged to the various functions based on their usage of assets.	15,263
Total depreciation expense - governmental functions	$ 57,082

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 4 - CAPITAL ASSETS

A – Current Year Activity (continued)

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016
Business-type Activities				
Capital assets, not being depreciated				
Land and easements	$ 128,382	$ 2,520	$ (23)	$ 130,879
Construction in progress	51,484	48,820	(14,344)	85,960
Total capital assets, not being depreciated	179,866	51,340	(14,367)	216,839
Capital assets, being depreciated				
Buildings and structures	530,816	4,716	(9)	535,523
Public improvements	727,871	4,442	-	732,313
Machinery and equipment	62,050	4,417	(1,192)	65,275
Computer equipment	1,692	112	-	1,804
Software	2,842	22	-	2,864
Other capital outlay	34	-	-	34
Total capital assets, being depreciated	1,325,305	13,709	(1,201)	1,337,813
Less accumulated depreciation for:				
Buildings and structures	(223,717)	(11,646)	-	(235,363)
Public improvements	(254,532)	(8,943)	-	(263,475)
Machinery and equipment	(30,343)	(3,889)	1,192	(33,040)
Computer equipment	(1,527)	(40)	-	(1,567)
Software	(2,842)	(3)	-	(2,845)
Other capital outlay	(34)	-	-	(34)
Total accumulated depreciation	(512,995)	(24,521)	1,192	(536,324)
Total capital assets, being depreciated, net	812,310	(10,812)	(9)	801,489
Business-type activities capital assets, net	$ 992,176	$ 40,528	$ (14,376)	$ 1,018,328

Interest incurred during the construction phase of capital assets is capitalized. Total interest incurred for business-type activities during 2016 was $3,643. Of this amount, $432 was capitalized.

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

Sanitary Sewer	$ 1,517
Stormwater	4,354
Water Treatment and Distribution Services	10,626
Municipal Parking	6,514
Solid Waste and Recycling	1,163
Community Planning and Economic Development	347
Total depreciation expense - business-type functions	$ 24,521

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 4 - CAPITAL ASSETS (continued)

B – Capital Project Commitments

For the year ended December 31, 2016, the City of Minneapolis made Capital Project commitments for the following:

Property Services	$ 25,387
Sewer Construction	23,500
Street Construction	50,426
Bridge Construction	3,090
Sidewalk Construction	3,830
Street Lighting	1,272
Traffic Signals	5,400
Bicycle Trails	1,850
Non-Departmental	11,153
Water	48,070
Total Capital Project Commitments	$ 173,978

C – Discretely Presented Component Units

Activity for the discretely presented component units for the year ended December 31, 2016, was as follows:

Minneapolis Park and Recreation Board	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016
Capital assets, not being depreciated	$ 121,530	$ 30,633	$ (19,606)	$ 132,557
Capital assets, being depreciated, net	193,625	4,072	(19)	197,678
	$ 315,155	$ 34,705	$ (19,625)	$ 330,235
Depreciation expense charged	$ 13,516			

Municipal Building Commission	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016
Capital assets, not being depreciated	$ 12,014	$ 1,715	$ -	$ 13,729
Capital assets, being depreciated, net	11,650	(3,330)	-	8,320
	$ 23,664	$ (1,615)	$ -	$ 22,049
Depreciation expense charged	$ 3,335			

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 and Notes
Various issues of general obligation (GO) bonds and notes 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 and notes.

NOTE 5 – LONG-TERM DEBT (continued)

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

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

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

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

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

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

2016 Bond and Note Sales
In 2016, the City of Minneapolis issued bonds and notes totaling $160,877. Of this amount $39,585 of bonds were issued to refund existing debt and $121,292 of general obligation bonds and notes were issued to finance new capital improvements. Below are details of the 2016 debt issuances.

In December 2015, the City issued a $25,000 Tax-Exempt General Obligation Note, Series 2015A to US Bank to finance a portion of the costs of a complete renovation of the Nicollet Mall roadway and streetscape in downtown Minneapolis. The note was issued on December 18, 2015 to provide up to 24 months of drawdown flexibility for the project to reimburse expenses on a monthly basis during construction. Upon completion, or no later than December 18, 2017, this note will be

NOTE 5 – LONG-TERM DEBT (continued)

taken out with a general obligation fixed rate bond financing. The fixed rate bonds will be paid for with special assessments levied on benefitting property owners in a broad section of the downtown area. The special assessments will begin in 2017. The tax-exempt note is in variable rate mode and accrues interest based on the weekly SIFMA index plus a bank spread. Upon closing on December 18th, 2015, the City completed the first reimbursement draw for $5,000. During 2016, the City completed additional draws of $3,500 on this note.

In December 2015, the City also issued a $18,700 Tax-Exempt General Obligation Note, Series 2015B to US Bank to finance a variety of capital construction projects such as streets, bridges, traffic control, park projects, and municipal building projects. The note was issued on December 18, 2015 and has a maximum three-year term. It is the City's intent to complete all draws within 24 months to reimburse project expenses on a monthly basis during construction. The tax-exempt note is in variable rate mode and accrues interest based on the weekly SIFMA index plus a bank spread. Upon closing on December 18th, 2015, the City completed the first reimbursement draw for $15,000. During 2016, the City completed additional draws of $3,700 and paid off $18,000 on this note leaving a $700 liability on the City's books as of December 31, 2016.

In December 2015, the City also issued a $6,300 Tax-Exempt General Obligation Note, Series 2015C to US Bank. The proceeds of this note were received on January 19, 2016 and became a liability on this date and were used on this same day to refund the 2018 – 2021 callable maturities of the City's General Obligation Various Purpose Refunding Bonds, Series 2005B totaling $6,240. A portion of the proceeds were used to pay the accrued interest on the callable maturities from December 1, 2015 to January 19, 2016 and to pay costs of issuing the note. The tax-exempt note is in variable rate mode and will accrue interest based on the weekly SIFMA index plus a bank spread. This note has a three-year term expiring on December 18, 2018 and may be extended. The note has maturities structured from 2018 – 2021 corresponding to the refunded bonds. Since this note is in variable rate mode, it is not possible to determine the refunding savings generated. The full $6,300 is outstanding on the City's books as of December 31, 2016.

In March 2016, the City issued a $74,000 Taxable General Obligation Sales Tax Note (Target Center Project), Series 2016 to Wells Fargo Bank, National Association to finance the City's share of the re-construction and upgrade of the Target Center Arena in downtown Minneapolis. The other funding partners include $49,000 from the Minnesota Timberwolves Basketball Limited Partnership; a Minnesota limited partnership and $5,900 from AEG Management, the manager of the facility. The note was issued on March 23, 2016 and will provide up to 364 days of drawdown flexibility for the project to reimburse a proportionate share of expenses on a monthly basis during construction. The City and the bank may agree to extend the drawdown facility but the note matures on March 23, 2018. The City intends to complete a general obligation fixed rate bond financing to take out the note sometime before the maturity date. The general obligation note and general obligation fixed rate bonds will be paid for with local sales tax revenue. During 2016, the City completed draws totaling $27,982 on this note. The taxable note is in variable rate mode and accrues interest based on the weekly LIBOR index rate plus a bank spread. The interest rate, including the bank spread, at the inception of the note was 0.65%.

In October 2016, the City issued $119,395 of General Obligation Improvement and Various Purpose Bonds, Series 2016. These bonds were issued for a variety of purposes including $7,185 for special assessment projects related to street reconstruction and resurfacing, $46,675 for a variety of capital infrastructure improvements, $20,750 for sanitary sewer improvements, $11,500 for water infrastructure improvements, $28,845 to refund the General Obligation Various Purpose Bonds, Series 2009 dated May 21, 2009 and $4,440 to refund the General Obligation Various Purpose Refunding Bonds, Series 2009B dated November 19, 2009. The bonds were dated October 20, 2016 and were issued with fixed interest rates at 2% and a final maturity date of December 1, 2026. Details of the refunding portions of this bond sale follow.

For the $28,845 of refunding bonds associated with the General Obligation Various Purpose Bonds, Series 2009, there were two business purposes included. For the City's Parking Ramp operation, refunding bonds of $17,600 were issued and generated a bond premium of $368. These proceeds after paying an underwriter discount were used on December 1, 2016 to pay off $17,950 of refunded bonds. The City realized aggregate debt service savings of $1,595 and an economic gain of $1,901 or 9.42% net present value savings on the refunded bonds debt service. For the City's Water Enterprise, refunding

NOTE 5 – LONG-TERM DEBT (continued)

bonds of $11,245 were issued and generated a bond premium of $267. These proceeds after paying an underwriter discount were used on December 1, 2016 to pay off $11,500 of refunded bonds. As a result of this portion of the refunding with a two year shorter maturity structure, the City realized aggregate debt service savings of $2,819 and an economic gain of $2,080 or 15.33% net present value savings on the refunded bonds debt service.

For the $4,440 million of refunding bonds associated with the General Obligation Various Purpose Bonds, Series 2009B, the City received an $85 bond premium. The proceeds after paying an underwriter discount were used on December 1, 2016 to pay off $4,440 million of refunded bonds. The City realized aggregate debt service savings of $592 and an economic gain of $565 or 11.12% net present value savings on the refunded bonds debt service.

Minnesota Public Facilities Authority Notes

The City has entered into six general obligation notes with the Minnesota Public Facilities Authority (PFA) to finance the City's drinking water ultra-filtration project and new filter presses project. The notes are part of a federally sponsored below market financing program related to the Safe Drinking Water Act and the City saves 1.5% on interest costs by participating in the program. The interest rates on the six notes range from 1.00% - 2.83% and the final maturity dates range from 8/20/19 to 8/20/27. The City received proceeds totaling $104,188 over the years and at December 31, 2016, the outstanding debt balance of the six general obligation notes in this program is $71,520.

Discrete Component Unit Debt

Due to current debt issuance policies, the City issues debt on behalf of the Minneapolis Park & Recreation Board and the Municipal Building Commission and previously issued debt for the Minneapolis Library Board. The Minneapolis Public Library System was merged into the Hennepin County Library System on January 1, 2008. As of December 31, 2016, $92,520 million of the outstanding governmental debt is related to activities of these discretely presented component units and is reported within the debt balances of the primary government. Of this balance, $66,940 is related to library improvements transferred to the Hennepin County Library System. The capital assets purchased with funds obtained from this debt issuance are held by the respective discrete component units and are reported with their capital assets on the Statement of Net Position, with the exception of the library assets now held by Hennepin County.

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NOTE 5 - LONG-TERM DEBT (continued)

Long-term liabilities at December 31, 2016 (in thousands) are detailed below.

	Balance 1/1/2016	Additions	Retirements	Balance 12/31/2016	Due Within One Year
Governmental Activities:					
Bonds and Notes					
Property Tax Supported GO Bonds	$ 90,165	$ 46,175	$ (21,725)	$ 114,615	$ 52,965
Property Tax Supported GO Notes	15,000	3,700	(18,000)	700	700
Self-Supporting GO Bonds	190,775	-	(21,920)	168,855	22,590
Self-Supporting GO Notes	-	27,982	-	27,982	-
GO Improvement Bonds	34,293	12,125	(11,242)	35,176	7,801
GO Improvement Notes	5,000	3,500	-	8,500	1,000
Tax Increment GO Bonds	76,355	-	(13,675)	62,680	4,915
Tax Increment GO Notes	3,650	-	(440)	3,210	460
Tax Increment Revenue Bonds	22,710	-	(1,085)	21,625	1,320
Tax Increment Revenue Notes	13,695	-	(9,580)	4,115	410
Internal Service Fund Related GO Bonds	16,005	-	(3,035)	12,970	3,160
Total Governmental Bonds and Notes	467,648	93,482	(100,702)	460,428	95,321
Other Long-term Liabilities					
Unamortized Premium (Discount)	6,114	920	(1,814)	5,220	-
Total Long-term Liabilities Governmental	473,762	94,402	(102,516)	465,648	95,321
Business-type Activities:					
Bonds and Notes					
Sanitary Sewer Fund GO Bonds	5,800	20,750	(2,000)	24,550	2,700
Stormwater Fund GO Bonds	2,500	-	(2,500)	-	-
Water Treatment and Distribution Services Fund GO Bonds	21,475	22,745	(16,530)	27,690	6,235
Water Treatment and Distribution Services Fund GO Notes	75,870	-	(4,350)	71,520	6,530
Municipal Parking Fund GO Bonds	67,487	17,600	(32,878)	52,209	4,389
Municipal Parking Fund GO Notes	38,545	6,300	(1,375)	43,470	1,475
CPED Related Non GO Fund General Agency Reserve Fund System	84,790	-	(8,475)	76,315	3,380
Total Business-type Bonds and Notes	296,467	67,395	(68,108)	295,754	24,709
Other Long-term Liabilities					
Unamortized Premium (Discount)	2,448	1,433	(1,683)	2,198	-
Total Long-term Liabilities Business-type	298,915	68,828	(69,791)	297,952	24,709
Total Long-term Liabilities	$ 772,677	$ 163,230	$ (172,307)	$ 763,600	$ 120,030

For the fiscal year ended December 31, 2016 (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, 2016, annual debt service requirements for Governmental Activities to maturity are as follows:

	Governmental Activity - Non-Proprietary			
Year Ending	Bonds		Notes	
December 31:	Principal	Interest	Principal	Interest
2017	$ 89,591	$ 12,650	$ 2,570	$ 1,416
2018	58,825	10,581	6,925	1,330
2019	61,505	8,992	6,985	1,113
2020	43,640	7,222	7,045	893
2021	14,510	5,700	7,105	671
2022 - 2026	70,365	20,446	13,877	661
2027 - 2031	18,890	12,223	-	-
2032 - 2036	13,420	9,017	-	-
2037 - 2041	18,070	5,478	-	-
2042 - 2044	14,135	1,010	-	-
	$ 402,951	$ 93,319	$ 44,507	$ 6,084

			Total Government	
Year Ending	Internal Service Fund Bonds		Activity Bonds & Notes	
December 31:	Principal	Interest	Principal	Interest
2017	$ 3,160	$ 386	$ 95,321	$ 14,452
2018	9,810	294	75,560	12,205
2019	-	-	68,490	10,105
2020	-	-	50,685	8,115
2021	-	-	21,615	6,371
2022 - 2026	-	-	84,242	21,107
2027 - 2031	-	-	18,890	12,223
2032 - 2036	-	-	13,420	9,017
2037 - 2041	-	-	18,070	5,478
2042 - 2044	-	-	14,135	1,010
	$ 12,970	$ 680	$ 460,428	$ 100,083

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 5 – LONG-TERM DEBT (continued)

Amortization of Outstanding Business-type Activities City Debt

As of December 31, 2016, annual debt service requirements for Business-type Activities to maturity are as follows:

Year Ending	Bonds		Notes		Total	
December 31:	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 16,704	$ 6,804	$ 8,005	$ 3,186	$ 24,709	$ 9,990
2018	12,680	6,142	11,050	2,980	23,730	9,122
2019	14,130	5,794	11,300	2,684	25,430	8,478
2020	13,885	5,404	11,840	2,383	25,725	7,787
2021	13,795	5,015	10,500	2,062	24,295	7,077
2022 - 2026	64,635	18,886	34,945	7,100	99,580	25,986
2027 - 2031	15,945	11,310	21,230	2,398	37,175	13,708
2032 - 2036	17,425	6,358	6,120	274	23,545	6,632
2037 - 2040	11,565	1,559	-	-	11,565	1,559
	$ 180,764	$ 67,272	$ 114,990	$ 23,067	$ 295,754	$ 90,339

Discretely Presented Component

Activity for the Minneapolis Park and Recreation Board for the year ended December 31, 2016, was as follows:

Year Ending December 31:	Principal	Interest
2017	2,220	167
2018	1,941	37
2019	101	7
2020	64	4
2021	33	1
Total	$ 4,359	$ 216

	Balance January 1, 2016	Additions	Retirements	Balance December 31, 2016	Amounts Due Within One Year
Notes payable	$ 2,323	$ 2,100	$ (170)	$ 4,253	$ 2,220
Contracts Payable	-	106	-	106	-
Total	$ 2,323	$ 2,206	$ (170)	$ 4,699	$ 2,220

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

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

As of December 31, 2016, outstanding industrial, commercial, and housing revenue bonds and notes approximated $2,140 million. The bonds are payable solely from revenues of the respective enterprises and do not constitute an indebtedness of the City. They are not a charge against the City's general credit or taxing power.

NOTE 7 – DEFERRED INFLOWS OF RESOURCES

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

Deferred Inflows of Resources	General Fund	Community Planning and Economic Development	Permanent Improvement	Special Assessment	Non-Major Governmental Funds	Total Governmental
Property taxes	$ 1,382	$ -	$ 11	$ -	$ 657	$ 2,050
Special assessments	375	966	2,649	34,360	834	39,184
Intergovernmental	-	-	26,122	-	-	26,122
Loans receivable	-	25,868	-	-	22,430	48,298
Interest	241	100	38	4	80	463
Other unavailable revenue	-	175	-	-	-	175
Total Deferred inflows of resources	$ 1,998	$ 27,109	$ 28,820	$ 34,364	$ 24,001	$ 116,292

NOTE 8 – LEASES

A – Operating Leases

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

Year Ending December 31	Governmental Activities Amount
2017	$ 4,493
2018	3,956
2019	2,963
2020	2,411
2021	2,657
2022-2026	10,114
2027-2031	10,114
2032-2036	3,420
2037-2041	61
Total	$ 40,189

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 8 – LEASES (continued)

B – Operating leases with scheduled rent increases

The City leases office space for various operations. The leases contain scheduled rent increases with terms varying from five to seventeen years. The operating lease transactions are measured on a straight-line basis over the lease term per GASB Statement No. 13 – Accounting for Operating Leases with Scheduled Rent Increases. During 2016 the lease expense on these leases totaled $256. Application of the straight-line basis to the future minimum lease expenditures of $1,813 over the lease terms results in a total annual lease amount of $417.

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

Year Ending December 31	Governmental Activities Amount
2017	$ 393
2018	405
2019	296
2020	133
2021	138
2022-2024	448
Total	$ 1,813

NOTE 9 – INTERFUND TRANSACTIONS

A – Interfund Receivables/Payables

The composition of interfund balances as of December 31, 2016 are as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Non-major Governmental Funds	Non-major Governmental Funds	$ 5,032

Interfund balances are either due to timing differences or to the elimination of negative cash balances within the various funds. All interfund balances are expected to be repaid within one year.

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Permanent Improvement Fund	$ 1,250
CPED Special Revenue Fund	Permanent Improvement Fund	2,750
Internal Service Funds	Non-major Governmental Funds	3,495
	Total	$ 7,495

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

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 9 – INTERFUND TRANSACTIONS (continued)

B – 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:

Fund Transferred To	Fund Transferred From		Total Transfers In
Governmental Funds:			
General Fund	Municipal Parking Fund	$ 3,919	
	Stormwater Fund	110	4,029
CPED Special Revenue Fund	Non-major Governmental Funds	1,104	1,104
Permanent Improvement Fund	General Fund	500	500
Non-Major Governmental Funds	General Fund	50,053	
	Non-major Governmental Funds	24,432	
	CPED Special Revenue Fund	24,126	
	Permanent Improvement Fund	2,145	
	Water Treatment and Distribution Services Fund	273	
	Sanitary Sewer Fund	493	
	Municipal Parking Fund	3,728	105,250
		Total Governmental Funds	$ 110,883
Proprietary Funds:			
Business-type Activities			
Water Treatment and Distribution Services Fund	General Fund	$ 25	
	Sanitary Sewer Fund	1,101	1,126
Municipal Parking Fund	CPED Special Revenue Fund	690	690
Solid Waste and Recycling Fund	General Fund	473	
	Municipal Parking Fund	146	619
CPED Enterprise Fund	CPED Special Revenue Fund	268	268
		Total Business-type Activities	$ 2,703
Governmental Activities			
Internal Service Funds	General Fund	$ 5,111	
	Permanent Improvement Fund	1,409	
	Internal Service Funds	326	6,846
		Total Governmental Activities	$ 6,846

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.

NOTE 10 – NET POSITION/FUND BALANCES

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

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

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

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

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

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

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

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

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

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 10 – NET POSITION/FUND BALANCES (continued)

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

Fund Balances	General	Community Planning and Economic Development	Permanent Improvement	Special Assessment	Non-Major Governmental	Total
Nonspendable						
Properties held for resale	$ -	$ 33,473	$ -	$ -	$ -	$ 33,473
Advances to other funds	1,250	-	-	-	-	1,250
Prepaid items	11	-	-	-	281	292
Total nonspendable	1,261	33,473	-	-	281	35,015
Restricted for						
Debt service:						
Community development	-	-	-	-	2,906	2,906
General debt service	-	-	-	-	30,969	30,969
Special assessment	-	-	-	7,726	-	7,726
Community and economic development	-	130,038	-	-	-	130,038
Law enforcement:						
Gambling compliance	-	-	-	-	299	299
Forfeitures	-	-	-	-	1,380	1,380
Grants	-	-	-	-	2,378	2,378
Properties held for resale	-	-	-	-	8,853	8,853
Capital improvements	-	-	30,594	-	-	30,594
Total restricted	-	130,038	30,594	7,726	46,785	215,143
Assigned to						
General government	-	-	-	-	508	508
Grants	-	-	-	-	225	225
Public safety:						
Police	-	-	-	-	760	760
Compliance and regulation	-	-	-	-	4,606	4,606
Community & economic development	-	38,618	-	-	74,284	112,902
Neighborhood & community relations	-	-	-	-	3,716	3,716
Pension obligations	-	-	-	-	26,643	26,643
Capital improvements	10,000	-	-	-	-	10,000
Total assigned	10,000	38,618	-	-	110,742	159,360
Unassigned	96,236	-	(20,371)	-	(4,824)	71,041
Total fund balances	$ 107,497	$ 202,129	$ 10,223	$ 7,726	$ 152,984	$ 480,559

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For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 11 – RESTRICTED NET POSITION – GOVERNMENTAL ACTIVITIES

Certain components of net position are classified on the statement of net position as restricted because their use is limited. The Governmental Activities report restricted amounts that are not available for operations or are legally restricted by outside parties for use for a specific purpose. As of December 31, 2016, the Governmental Activities restricted net position is as follows:

Purpose	Amount
Debt service:	
Community development	$ 2,906
General debt service	30,969
Special assessment	7,726
Community and economic development	130,038
Law enforcement:	
Gambling compliance	299
Forfeitures	1,380
Grants	2,378
Properties held for resale	8,853
Capital improvements	30,594
Total restricted net position	$ 215,143

NOTE 12 – RESTRICTED NET POSITION – BUSINESS-TYPE ACTIVITIES

Certain components of net position are classified on the statement of net position as restricted because their use is limited. The Business-type Activities report restricted net position amounts that are not available for operations or are legally restricted by outside parties for use for a specific purpose. As of December 31, 2016, the Business-type component of restricted net position is as follows:

Purpose	Amount
Debt service	$ 35,336

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NOTE 13 – DEFINED BENEFIT PENSION PLANS

A – Plan Description

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

1. General Employees Retirement Fund (GERF)

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

2. Public Employees Police and Fire Fund (PEPFF)

The PEPFF, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

3. Teacher Retirement Association Fund (TRA)

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

B – Benefits Provided

PERA and TRA provide retirement, disability, and death benefits. PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Benefit recipients receive a future annual 1.0 percent post retirement benefit increase. If the funding ratio reaches 90 percent for two consecutive years, the benefit increase will revert to 2.5 percent. If, after reverting to a 2.5 percent benefit increase, the funding ratio declines to less than 80 percent for one year or less than 85 percent for two consecutive years, the benefit increase will decrease to 1.0 percent

TRA: Postretirement benefit increases are provided to eligible benefit recipients each January. The TRA increase is 2.0 percent. After the TRA Funded ratio exceeds 90 percent for two consecutive years, the annual postretirement benefit will increase to 2.5 percent.

NOTE 13 – DEFINED BENEFIT PENSION PLANS

B – Benefits Provided (continued)

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

1. PERA Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Employees Retirement Plan Coordinated and Basic Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. Minneapolis Employees Retirement Fund members have an annuity accrual rate of 2.0 percent of average salary for each of the first ten years of service and 2.5 percent for each remaining year. For Public Employees Police and Fire Plan members, the annuity accrual rate is 3.0 percent of average salary for each year of service.

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

2. TRA Benefits

The Teachers Retirement Association (TRA) covers teachers and other related professionals employed by school districts or by the state. Approximately 595 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.

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

C – Contributions

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

1. GERF Contributions

Basic Plan members, Coordinated Plan members, and Minneapolis Employee Retirement Fund members, were required to contribute 9.10 percent, 6.50 percent, and 9.75 percent respectively, of their annual covered salary in calendar year 2016. Participating employers are required to contribute 11.78 percent of pay for Basic Plan members, 7.50 percent for Coordinated Plan members, and 9.75 percent for Minneapolis Employee Retirement Fund members in calendar year 2016. The City, Park Board, and MBC contributions to the GERF for the year ended December 31, 2016, were \$30,921, \$5,538, and \$527, respectively. The employer's contributions were equal to the required contribution as set by state statute.

2. PEPFF Contributions

Plan members were required to contribute 10.80 percent of their annual covered salary in calendar year 2016. Employers were required to contribute 16.20 percent of pay for PEPFF members in calendar year 2016. Contributions to the PEPFF for the year ended December 31, 2016, were \$31,460 for the City and \$498 for the Park Board. Employer contributions were equal to the required contributions as set by state statute.

3. TRA Contributions

The City's contributions to the TRA for the year ended December 31, 2016, were \$2,250. The City's contributions were equal to the required contributions as set by state statute.

D – Pension Costs

1. GERF Pension Costs

At December 31, 2016, the City, Park Board, and MBC reported a liability of \$532,790, \$97,832, and \$9,061 respectively for the proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City's proportionate share was 6.5619 percent, which was a decrease of 0.2846 percent from its proportion measured as of June 30, 2015. At June 30, 2016, the Park Board's proportionate share was 1.2049 percent, which was an increase of 0.0038 percent from its proportion measured as of June 30, 2015. At June 30, 2016, MBC's proportionate share was 0.1116 percent, which was an increase of 0.0246 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City, Park Board, and MBC recognized pension expense of \$90,783, \$22,856, and \$733, respectively for the proportionate share of the GERF's pension expense.

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 13 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

1. GERF Pension Costs (continued)

The City, Park Board, and MBC also recognized $2,075, $381, and $35, respectively as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's contribution to the General Employees Retirement Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute $6 million to the General Employees Retirement Plan each year, starting September 15, 2015, through September 15, 2031.

	City	Park Board	MBC
Proportionate share of the net pension liability	$ 532,790	$ 97,832	$ 9,061
State of Minnesota's proportionate share of the net pension liability associated with the entity	6,959	1,278	118
Total	$ 539,749	$ 99,110	$ 9,179

At December 31, 2016, the City, Park Board, and MBC reported proportionate shares of the GERF'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	$ -	$ -	$ -	$ 43,777	$ 7,941	$ 693
Changes in actuarial assumptions	104,321	19,155	1,774	-	-	-
Difference between projected and actual investment earnings	102,173	18,555	1,630	-	-	-
Changes in proportion	125,577	17,026	956	41,346	-	785
Contributions paid to PERA subsequent to the measurement date	24,351	4,212	423	-	-	-
Total	$ 356,422	$ 58,948	$ 4,783	$ 85,123	$ 7,941	$ 1,478

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 13 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

1. GERF 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, 2017. These contributions total $24,351 for the City, $4,212 for the Park Board, and $423 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
2017	$ 89,795	$ 16,885	$ 695
2018	89,795	16,885	695
2019	48,112	9,492	1,164
2020	19,246	3,533	328

2. PEPFF Pension Costs

At December 31, 2016, the City and Park Board reported a liability of $796,093 and $12,200, respectively for the proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City's proportion share was 19.837 percent, which was an increase of 0.415 percent from its proportion measured as of June 30, 2015. At June 30, 2016, the Park Board's proportion share was 0.304 percent, which was a decrease of 0.004 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City and Park Board recognized pension expense of $104,139 and $2,126 respectively for the proportionate share of the PEPFF's pension expense.

The City and Park Board also recognized $1,785 and $27 respectively as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Public Employees Police and Fire Fund. Legislation requires the State of Minnesota to contribute $9,000 to the Public Employees Police and Fire Fund each year, starting in fiscal year 2014, until the plan is 90.0 percent funded.

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 13 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

2. PEPFF Pension Costs (continued)

At December 31, 2016, the City and Park Board reported proportionate shares of the PEPFF'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	$ -	$ -	$ 90,715	$ 1,405
Changes in actuarial assumptions	438,125	6,714	-	38
Difference between projected and actual investment earnings	120,874	1,868	-	-
Changes in proportion	3,929	79	3,154	-
Contributions paid to PERA subsequent to the measurement date	23,007	270	-	-
Total	$ 585,935	$ 8,931	$ 93,869	$ 1,443

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, 2016. These contributions total $23,007 for the City and $270 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:

Year Ended December 31:	Pension Expense Amount	
	City	Park Board
2017	$ 100,669	$ 1,556
2018	100,669	1,556
2019	100,669	1,557
2020	91,057	1,404
2021	75,995	1,145

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 13 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs (continued)

3. TRA Pension Costs

At December 31, 2016, the City reported a liability of $137,557 for the proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2016, 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 TRA during the measurement period for employer payroll paid dates from July 1, 2015, through June 30, 2016, relative to the total employer contributions received from all of TRA's participating employers. At June 30, 2016, the City's proportionate share was 0.5767 percent, which was a decrease of 0.0144 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City recognized pension expense of $18,833 for its proportionate share of the TRA's pension expense.

At December 31, 2016, the City reported proportionate shares of the TRA'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
Differences between expected and actual economic experiences	$ 27	$ 4
Changes in actuarial assumptions	78,494	-
Difference between projected and actual investment earnings	10,195	
Changes in proportion	-	3,260
Total	$ 88,716	$ 3,264

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, 2017. 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
2017	$ 17,644
2018	17,644
2019	17,644
2020	17,414
2021	15,106

The City of Minneapolis recognized $179 as revenue for its proportionate share of the State of Minnesota's on behalf contribution for the Teachers Retirement Plan. Legislation requires the State of Minnesota to make contributions each year.

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

E – Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the individual entry age normal actuarial cost method and the following actuarial assumptions:

Assumption	GERF/PEPFF	TRA
Inflation	2.50% per year	2.75%
Active Member Payroll Growth	3.25% per year	3.50% based on years of service
Investment Rate of Return	7.50%	4.66% based on Single Equivalent Interest Rate calculation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants in the General Employees Retirement Plan were based on RP-2014 tables, while Public Employees Police and Fire Plan were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. For the General Employees Retirement Plan and the Public Employees Police and Fire Plan, cost of living benefit increases for retirees are assumed to be 1.0 percent. Cost of living increases for TRA are 2.0 percent.

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of actuarial experience studies. The experience study in the GERF was for the period 2008 through 2015. The experience study for PEPFF was for the period 2004 through 2009. The experience study for TRA was for the period of July 1, 2004, to June 30, 2008, and a limited scope experience study dated August 29, 2014.

On August 16, 2016, an updated experience study was done for PERA's Public Employees Police and Fire Plan for the period 2011 through 2015, which would result in a larger pension liability. However, PERA will implement the changes in assumptions for its June 30, 2017, estimate of pension liability.

The long-term expected rate of return on pension plan investments is 7.5 percent for PERA, a reduction of the 7.9 percent used in 2015, and 8.00 percent for TRA. The State Board of Investment, which manages the investments of PERA and TRA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	45%	5.50%
International Stocks	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%

F – Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent for PERA and 4.66 percent for TRA. 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, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and active and inactive employees.

NOTE 13 – DEFINED BENEFIT PENSION PLANS

F – Discount Rate (continued)

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 Public Employees Police and Fire Plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2056. Beginning in fiscal year ended June 30, 2057, when projected benefit payments exceed the Plan's projected fiduciary net position, benefit payments were discounted at the municipal bound rate of 2.85 percent based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.60 percent for the Public Employees Police and Fire Plan was determined that produced approximately the same present value of the projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50 percent applied to all years of projected benefits through the point of asset depletion and 2.85 percent thereafter.

In the TRA Plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through 2052. The long-term expected rate of return of 8.00 percent was applied to periods before 2052 and the Municipal Bond Index Rate of 3.01 percent was applied to period on and after 2052, resulting in a Single Equivalent Interest Rate (discount rate) of 4.66 percent.

G – Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2016:

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

- 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.

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

G – Changes in Actuarial Assumptions (continued)

Teacher Retirement Association Fund

- 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.

H – Pension Liability Sensitivity

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

Plan and Entity	1% Decrease to Discount Rate	Current Discount Rate	1% Increase in Discount Rate
GERF Discount Rate	6.5%	7.5%	8.5%
City	756,719	532,790	348,333
Park Board	138,950	97,832	63,962
MBC	12,870	9,061	5,924
PEPFF Discount Rate	4.6%	5.6%	6.6%
City	1,114,425	796,093	535,992
Park Board	17,078	12,200	8,214
TRA Discount Rate	3.66%	4.66%	5.66%
City	177,207	137,557	105,262

I – Pension Plan Fiduciary Net Position

Detailed information about PERA's fiduciary net position is available in a separately issued PERA financial report. 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.

NOTE 14 – 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.

NOTE 14 – DEFINED CONTRIBUTION PLAN – CPED

A – Plan Description (continued)
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, 2016, was $2,042 and the CPED's total payroll was $19,292.

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 $113 and $104 respectively to the plan during the year, which amounts represented 5.53 percent and 5.1 percent respectively of the covered payroll.

NOTE 15 – POSTEMPLOYMENT BENEFITS PLAN

A – Plan Description

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

There is no separate, audited GAAP-basis postemployment benefit plan report available.

B – Funding Policy

Retirees and their spouses contribute to the healthcare plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with Medica and Delta Dental. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2016, the City contributed $2,115 to the plan. As of January 1, 2015, the most recent actuarial valuation date, there were approximately 347 retirees receiving health benefits from the City’s health plan.

C – Annual OPEB Cost and Net OPEB Obligation

The City’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the City (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 15 – POSTEMPLOYMENT BENEFITS PLAN

C – Annual OPEB Cost and Net OPEB Obligation (continued)

The following table shows the components of the City's annual OPEB cost of the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan.

Annual required contribution	$ 3,297
Interest on net OPEB obligation	1,105
Adjustment to annual required contribution	(1,356)
Annual OPEB cost (expense)	3,046
Contributions made	2,115
Increase in net OPEB obligation	931
Net OPEB obligation – beginning of year	36,817
Net OPEB obligation – end of year	$ 37,748

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016, 2015, and 2014 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2016	$ 3,046	69.44%	$37,748
12/31/2015	$ 2,962	73.19%	$36,817
12/31/2014	$12,018	42.57%	$36,023

D – Funded Status and Funding Progress

As of January 1, 2015, the most recent actuarial valuation date, the City and its components had no assets deposited to fund the plan. The actuarial accrued liability for benefits was $35,720 and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $35,720 for the City and its components. The covered payroll (annual payroll of active employees covered by the plan) was $329,441, and the ratio of the UAAL to the covered payroll was 10.8 percent.

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

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 15 – POSTEMPLOYMENT BENEFITS PLAN (continued)

E – Actuarial Methods and Assumptions

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

In the January 1, 2015, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 3.0 percent discount rate, which is based on a blend of the long-term expected return on (1) plan assets to the extent they are projected to be sufficient to pay plan benefits, and (2) employer general assets to the extent that projected plan assets are insufficient to pay plan benefits. The City currently does not plan to prefund for this benefit. At the actuarial valuation date, the annual healthcare cost trend rate was calculated to be 7.2 percent initially, reduced incrementally to an ultimate rate of 5.0 percent after 7 years. Both rates included a 2.75 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The original amortization period is 30 years, as of January 1, 2015, 30 years remain.

F – Summary of liabilities

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

Primary Government

	Balance 1/1/2016	Additions	Retirements	Balance 12/31/2016
Other postemployment benefits payable:				
Governmental activities	$ 35,340	$ 966	$ -	$ 36,306
Business-type activites	1,477	-	(35)	1,442
Total	$ 36,817	$ 966	$ (35)	$ 37,748

Discretely Presented Component Units

Activity for the discretely presented component units for the year ended December 31, 2016, was as follows:

	Balance 1/1/2016	Additions	Retirements	Balance 12/31/2016
Other postemployment benefits payable:				
Minneapolis Park and Recreation Board	$ 3,921	$ 168	$ (188)	$ 3,901
Municipal Building Commission	336	94	(111)	319
Total	$ 4,257	$ 262	$ (299)	$ 4,220

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 16 – 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 50 days 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 60 days or, under certain circumstances, CPED employees may be allowed to have unused sick leave converted to vacation and added to their vacation balance. Payments are based on a sliding scale ranging from 50 percent to 100 percent depending on the base level attained. In addition, under certain circumstances, employees leaving City employment may qualify to receive payment for 50 percent of their unused sick leave at their current rate of pay.

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

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

Primary Government

Activity for the primary government for the year ended December 31, 2016, was as follows:

	Balance 1/1/2016	Additions	Retirements	Balance 12/31/2016	Amounts Due Within One Year
Compensated absences payable:					
Governmental activities	$ 35,246	$ 22,311	$ (20,991)	$ 36,566	$ 19,716
Business-type activites	2,985	2,778	(2,645)	3,118	2,316
Total	$ 38,231	$ 25,089	$ (23,636)	$ 39,684	$ 22,032

Discretely Presented Component Units

Activity for the discretely presented component units for the year ended December 31, 2016, was as follows:

	Balance 1/1/2016	Additions	Retirements	Balance 12/31/2016	Amounts Due Within One Year
Compensated absences payable:					
Minneapolis Park and Recreation Board	$ 4,494	$ 2,852	$ (2,604)	$ 4,742	$ 911
Municipal Building Commission	212	195	(193)	214	155
Total	$ 4,706	$ 3,047	$ (2,797)	$ 4,956	$ 1,066

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 17 – 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 $51,868 reported in the Self-Insurance Internal Service Fund at December 31, 2016, 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 2017 for claim exposure and settlements payments, calculated that the claims liability at December 31, 2016 is $51,868, a decrease of $105 from the liability amount of $51,973 at December 31, 2015.

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 claims liabilities during fiscal 2015 and 2016 are:

	2015	2016
Liability balance – January 1	$ 49,851	$ 51,973
Current year claims and changes in estimates	11,595	11,543
Claim payments	(9,473)	(11,648)
Liability balance – December 31	$ 51,973	$ 51,868

NOTE 18 – 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.

For the fiscal year ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 19 – 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, 2016 as shown below:

Tax Abatement Program	Taxes Abated
Tax Increment Financing	$ 8,599

NOTE 20 – 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 two cases that allege injury or wrongful death, as a result of police misconduct.

NOTE 21 – SUBSEQUENT EVENTS

The City issued the following bonds since December 31, 2016.

In May 2017, the City issued $39,915 of Taxable General Obligation Sales Tax Refunding Bonds (Target Center Project), Series 2017 to refund a portion of a General Obligation Sales Tax Note (Target Center Project), Series 2016 with Wells Fargo Bank, National Association. The Series 2016 note is a taxable variable rate draw facility with total capacity of $74,000 and total draws completed of $40,000. This facility is being used as short-term financing for renovation of the Target Center Arena in downtown Minneapolis where the Minnesota Timberwolves and Minnesota Lynx play. The City received net proceeds of $41,146 including a $1,427 bond premium offset by a $195 underwriter discount. On May 17, 2017, the City used $40,000 of proceeds to redeem a like amount of the variable rate taxable note with Wells Fargo Bank. The balance of the proceeds will be used to pay capitalized interest and costs of issuing the bonds. The refunding bonds were issued in fixed rate mode and had interest rates ranging from 3.25% to 4.25% and a final maturity date of December 1, 2035. The change in aggregate debt service and net present value savings are not able to be calculated since the note being refunded was in variable rate mode and had a significantly shorter duration due to the temporary nature of the financing. The City will continue to draw on the remaining $34,000 of loan capacity as the arena renovation project continues through 2017.

NOTE 21 – SUBSEQUENT EVENTS (continued)

In May 2017, the City also issued $37,875 of General Obligation Improvement and Various Purpose Bonds, Series 2017. The City received net proceeds of $40,072 including a bond premium of $2,324 offset by a $127 underwriter discount. The proceeds were used for three separate purposes including $9,355 for a variety of special assessment backed capital projects, $13,645 for levy backed capital infrastructure projects and $17,000 for refunding a portion of the City's General Obligation Note, Series 2015A which is also backed by special assessments. The remaining proceeds were used to cover cost of issuance. The bonds were issued in fixed rate mode and had interest rates ranging from 3.00% to 4.00% and a final maturity date of December 1, 2027.

On May 17, 2017, the City used $17,000 of proceeds to redeem a like amount of the variable rate tax exempt note, Series 2015A with US Bank. The Series 2015A note is a draw facility with total capacity of $25,000 and total draws completed of $17,000. This facility is being used as short-term financing for a portion of the expenses associated with reconstruction of the one mile long Nicollet Mall which is the premier street in downtown Minneapolis. The change in aggregate debt service and net present value savings are not able to be calculated since the note being refunded was in variable rate mode and had a significantly shorter duration due to the temporary nature of the financing. The City will continue to draw on the remaining $8,000 of loan capacity as the Nicollet Mall reconstruction project continues through 2017.

GENERAL FUND **CITY OF MINNEAPOLIS, MINNESOTA**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended December 31, 2016 **(In Thousands)**

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES:				
Taxes	$ 268,025	$ 269,531	$ 274,925	$ 5,394
Licenses and permits	43,411	43,411	47,030	3,619
Intergovernmental revenues	83,373	83,373	85,212	1,839
Charges for services and sales	47,417	47,630	48,813	1,183
Fines and forfeits	7,313	7,313	6,313	(1,000)
Special assessments	3,348	3,348	3,450	102
Investment earnings	2,200	2,200	3,460	1,260
Miscellaneous revenues	5,110	3,604	3,473	(131)
Total revenues	460,197	460,410	472,676	12,266
CURRENT EXPENDITURES:				
Current:				
General government:				
Mayor	1,988	2,059	2,059	-
Council & Clerk	8,124	8,192	7,686	506
Assessor	5,027	5,162	5,162	-
Attorney	9,576	9,576	9,396	180
Civil rights	3,310	3,560	3,387	173
Clerk - Elections	1,781	3,785	4,278	(493)
Coordinator	4,271	4,333	3,972	361
Coordinator - 311	3,773	3,885	3,802	83
Coordinator - Communications	2,237	2,245	2,192	53
Coordinator - Finance	21,577	21,442	22,804	(1,362)
Coordinator - Human resources	6,692	6,752	6,566	186
Coordinator - Intergovernmental relations	1,541	1,541	1,437	104
Internal audit	592	617	612	5
Contingency	4,000	400	-	400
Total general government	74,489	73,549	73,353	196
Public safety:				
Regulatory services	18,717	19,722	18,380	1,342
Coordinator - 911	9,212	9,432	9,067	365
Coordinator - Emergency management	813	813	804	9
Fire	62,324	62,357	62,648	(291)
Police	152,773	154,483	154,244	239
Total public safety	243,839	246,807	245,143	1,664
Public works:				
Administration	3,283	3,533	3,466	67
Engineering design	2,005	2,005	2,024	(19)
Field services	32,572	32,572	32,810	(238)
Transportation and special projects	19,171	19,351	18,611	740
Total public works	57,031	57,461	56,911	550
Culture and recreation - Library	1,560	1,560	1,560	-
Health and welfare - Health and family support	8,914	9,064	9,062	2
Community planning & economic development				
Community planning & economic development	35,784	37,690	32,648	5,042
Coordinator - Neighborhood & community relations	220	385	360	25
Total community planning & economic development	36,004	38,075	33,008	5,067
Total expenditures	421,837	426,516	419,037	7,479
Excess (deficiency) of revenues over (under) expenditures	38,360	33,894	53,639	19,745
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	4,029	4,029	4,029	-
Transfers to other funds	(66,412)	(66,162)	(56,162)	10,000
Total other financing sources (uses)	(62,383)	(62,133)	(52,133)	10,000
Net change in fund balance	(24,023)	(28,239)	1,506	29,745
Fund balance - January 1	105,991	105,991	105,991	-
Fund balance - December 31	$ 81,968	$ 77,752	$ 107,497	$ 29,745

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

COMMUNITY PLANNING AND ECONOMIC DEVELOPMENT **CITY OF MINNEAPOLIS, MINNESOTA**
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2016 **(In Thousands)**

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance**
REVENUES:				
Taxes	$ 40,950	$ 40,950	$ 48,182	$ 7,232
Intergovernmental revenues	-	-	1	1
Charges for services and sales	180	180	1,556	1,376
Special assessments	-	-	118	118
Investment earnings	497	497	2,889	2,392
Miscellaneous revenues	8,663	8,663	8,313	(350)
Total revenues	50,290	50,290	61,059	10,769
EXPENDITURES:				
Current:				
Community planning & economic development	35,392	58,828	36,136	22,692
Excess (deficiency) of revenues over (under) expenditures	14,898	(8,538)	24,923	33,461
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	2,559	2,559	1,104	(1,455)
Transfers to other funds	(21,748)	(27,372)	(25,084)	2,288
Total other financing sources (uses)	(19,189)	(24,813)	(23,980)	833
Net change in fund balance	(4,291)	(33,351)	943	34,294
Fund balance - January 1	201,186	201,186	201,186	-
Fund balance - December 31	$ 196,895	$ 167,835	$ 202,129	$ 34,294

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

For the Fiscal Year Ended December 31, 2016 (Dollar Amounts Expressed In Thousands)

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

Fiscal Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll** (d)	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%

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

Fiscal Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll** (d)	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%

* 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, 2016 (Dollar Amounts Expressed In Thousands)

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

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liaibility (Asset)	Employer's Proportionate Share (Amount) of the Net 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 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%

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

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liaibility (Asset)	Employer's Proportionate Share (Amount) of the Net 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 and the State's Related 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%

* 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, 2016 (Dollar Amounts Expressed In Thousands)

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

Fiscal Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll** (d)	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%

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

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liaibility (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll** (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position of the Total Pension Liability
June 30, 2015	19.422%	$ 220,680	$ 101,015	218.5%	86.6%
June 30, 2016	19.837%	796,093	106,039	750.8%	63.9%

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.
** For purposes of this schedule, covered payroll is defined as "pensionable wages."
*** Statutorily required contributions include additional contributions as required by statute which affects contributions as a percentage of covered payroll.

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

For the Fiscal Year Ended December 31, 2016 (Dollar Amounts Expressed In Thousands)

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

Fiscal Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll** (d)	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

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

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liaibility (Asset)	Employer's Proportionate Share (Amount) of the Net Liability (Asset) (a)	Employer's Covered Payroll** (b)	Employer's Proportionate 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%

* 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, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 1 – BUDGETS

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATION

The legal level of budgetary control is at the department level within a fund. This means all Public Works departments report as one department, all Coordinator departments report as one department, and the Council and Clerk and Clerk – Elections departments report as one. The following departments in the General Fund had expenditures in excess of appropriation for the fiscal year ending December 31, 2016.

	Final Budgeted Amounts	Actual	Variance
General Fund:			
Coordinator	$ 50,828	$ 51,004	$ (176)
Fire	62,357	62,648	(291)

To mitigate the effects of these excess expenditures, the City regularly reviews budgetary performance and makes adjustments as necessary.

NOTE 3 – DEFINED BENEFIT PENSION PLANS

A – Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2016:

General Employees Retirement Plan

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

Public Employees Police and Fire Plan

- 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.

For the Fiscal Year Ended December 31, 2016 (Dollar Amounts Expressed in Thousands)

NOTE 3 – DEFINED BENEFIT PENSION PLANS

A – Changes in Actuarial Assumptions (continued)

Teacher Retirement Association Fund

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

NOTE 4 – POSTEMPLOYMENT BENEFITS PLAN

A – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2011	$ -	$ 96,450	$ 96,450	0.0%	$ 287,649	33.5%
1/1/2013	$ -	$ 118,093	$ 118,093	0.0%	$ 284,134	41.6%
1/1/2015	$ -	$ 35,720	$ 35,720	0.0%	$ 329,441	10.8%

B – Plan Changes Affecting Actuarial Accrued Liability

Changes to actuarial assumptions and plan participation caused a decrease in the actuarial accrued liability (AAL) between the valuations dated 1/1/2013 and 1/1/2015. Management reviewed and approved both the population data and actuarial assumptions used. A summary of the changes with the greatest effect is found below.

- The number of total plan participants decreased by 7.3 percent due to the Minneapolis Public Housing Authority no longer participating in the City's plan.
- The 1/1/2013 valuation used a healthcare cost trend rate of 8.0 percent initially reduced to 5.0 percent after 12 years with a 3.0 percent inflation rate. The 1/1/2015 valuation used lower rates with a healthcare cost trend rate of 7.2 percent initially reduced to 5.0 percent after seven years with a 2.75 percent inflation rate.
- Changes in actuarial methodologies between the actuaries preparing the 1/1/2013 and the 1/1/2015 valuation caused the greatest reduction in AAL. For example, the most recent valuation differentiates between the contribution rates of different participant classes while the prior valuation used a blended rate.
- Actual medical claims experience and coverage election varied significantly from the previously projected amounts. New projections more closely aligned to actual experience resulted in a reduction in AAL.

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(In Thousands)

	Special Revenue	Debt Service	Total Non-Major Governmental
ASSETS			
Cash and cash equivalents	$ 120,237	$ 29,168	$ 149,405
Investments with trustees	-	2,691	2,691
Receivables:			
Accounts	1,325	-	1,325
Taxes	623	1,102	1,725
Special assessments	969	-	969
Intergovernmental	9,501	-	9,501
Loans - net	22,430	-	22,430
Loans due from component unit	2,020	-	2,020
Accrued interest	222	59	281
Due from other funds	3,700	1,332	5,032
Prepaid items	281	-	281
Properties held for resale	8,853	-	8,853
Total assets	$ 170,161	$ 34,352	$ 204,513
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Salaries payable	$ 820	$ -	$ 820
Accounts payable	11,931	3	11,934
Intergovernmental payable	2	-	2
Due to other funds	3,700	1,332	5,032
Deposits held for others	2,026	-	2,026
Advances from other funds	-	3,495	3,495
Unearned revenue	4,219	-	4,219
Total liabilities	22,698	4,830	27,528
Deferred inflows of resources:			
Unavailable revenue	23,530	471	24,001
Fund balances:			
Nonspendable	281	-	281
Restricted	12,910	33,875	46,785
Assigned	110,742	-	110,742
Unassigned	-	(4,824)	(4,824)
Total fund balances	123,933	29,051	152,984
Total liabilities, deferred inflows of resources, and fund balances	$ 170,161	$ 34,352	$ 204,513

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2016 **(In Thousands)**

	Special Revenue	Debt Service	Total Non-Major Governmental
REVENUES:			
Taxes	$ 31,764	$ 47,346	$ 79,110
Licenses and permits	1,119	-	1,119
Intergovernmental revenues	59,994	3,776	63,770
Charges for services and sales	10,604	-	10,604
Fines and forfeits	392	-	392
Special assessments	9,733	-	9,733
Investment earnings	1,089	225	1,314
Miscellaneous revenues	20,467	1,331	21,798
Total revenues	135,162	52,678	187,840
EXPENDITURES:			
Current:			
General government	32,859	-	32,859
Public safety	23,877	-	23,877
Public works	67	-	67
Health and welfare	12,643	-	12,643
Community planning & economic development	105,714	-	105,714
Intergovernmental:			
Public safety	154	-	154
Debt Service:			
Principal retirement	-	77,225	77,225
Interest and fiscal charges	-	12,712	12,712
Total expenditures	175,314	89,937	265,251
Excess (deficiency) of revenues over (under) expenditures	(40,152)	(37,259)	(77,411)
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	60,048	45,202	105,250
Transfers to other funds	(24,431)	(1,105)	(25,536)
Total other financing sources (uses)	35,617	44,097	79,714
Net change in fund balances	(4,535)	6,838	2,303
Fund balances - January 1	128,468	22,213	150,681
Fund balances - December 31	$ 123,933	$ 29,051	$ 152,984

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SPECIAL REVENUE FUNDS | **CITY OF MINNEAPOLIS, MINNESOTA**
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
December 31, 2016 | **(In Thousands)**

	Arena Reserve	Board of Estimate and Taxation	Convention Center	HUD Consolidated Plan
ASSETS				
Cash and cash equivalents	$ 15,210	$ 255	$ 65,535	$ 322
Receivables:				
Accounts	-	-	452	196
Taxes	-	4	-	-
Special assessments	-	-	-	-
Intergovernmental	-	-	-	1,483
Loans - net	-	-	-	22,430
Loans due from component unit	-	-	2,020	-
Accrued interest	31	-	133	-
Due from other funds	-	-	-	-
Prepaid Items	-	-	281	-
Properties held for resale	-	-	-	6,544
Total assets	$ 15,241	$ 259	$ 68,421	$ 30,975
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Salaries payable	$ 6	$ 7	$ 337	$ 59
Accounts payable	4,138	8	2,546	942
Intergovernmental payable	-	-	-	-
Due to other funds	-	-	-	1,000
Deposits held for others	-	-	2,022	-
Unearned revenue	-	-	-	-
Total liabilities	4,144	15	4,905	2,001
Deferred inflows of resources:				
Unavailable revenue	9	1	39	22,430
Fund balances:				
Nonspendable	-	-	281	-
Restricted	-	-	-	6,544
Assigned	11,088	243	63,196	-
Total fund balances	11,088	243	63,477	6,544
Total liabilities, deferred inflows of resources, and fund balances	$ 15,241	$ 259	$ 68,421	$ 30,975

(In Thousands)

Self-Managed Special Service Districts	Employee Retirement	Grants-Federal	Grants-Other	Police	Neigborhood & Community Relations	Regulatory Services	Total
$ 467	$ 26,192	$ 569	$ 865	$ 2,106	$ 4,029	$ 4,687	$ 120,237
-	-	-	113	564	-	-	1,325
-	619	-	-	-	-	-	623
15	-	-	-	-	-	954	969
-	-	4,134	3,871	-	-	13	9,501
-	-	-	-	-	-	-	22,430
-	-	-	-	-	-	-	2,020
1	49	-	-	-	-	8	222
-	-	-	3,700	-	-	-	3,700
-	-	-	-	-	-	-	281
-	-	1,109	1,200	-	-	-	8,853
$ 483	$ 26,860	$ 5,812	$ 9,749	$ 2,670	$ 4,029	$ 5,662	$ 170,161
$ -	$ -	$ 105	$ 117	$ 46	$ 47	$ 96	$ 820
9	-	961	2,790	150	266	121	11,931
-	2	-	-	-	-	-	2
-	-	2,700	-	-	-	-	3,700
-	-	-	-	-	-	4	2,026
208	-	712	3,264	35	-	-	4,219
217	2	4,478	6,171	231	313	221	22,698
1	215	-	-	-	-	835	23,530
-	-	-	-	-	-	-	281
-	-	1,109	3,578	1,679	-	-	12,910
265	26,643	225	-	760	3,716	4,606	110,742
265	26,643	1,334	3,578	2,439	3,716	4,606	123,933
$ 483	$ 26,860	$ 5,812	$ 9,749	$ 2,670	$ 4,029	$ 5,662	$ 170,161

SPECIAL REVENUE FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2016 **(In Thousands)**

	Arena Reserve	Board of Estimate and Taxation	Convention Center	HUD Consolidated Plan
REVENUES:				
Taxes	$ 1,694	$ 170	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	19,153
Charges for services and sales	-	-	6,920	1,455
Fines and forfeits	-	-	-	-
Special assessments	-	-	-	11
Investment earnings	31	-	738	136
Miscellaneous revenues	1,350	-	11,479	1,354
Total revenues	3,075	170	19,137	22,109
EXPENDITURES:				
Current:				
General government	-	207	-	1,904
Public safety	-	-	-	895
Public works	-	-	-	-
Health and welfare	-	-	-	914
Community planning & economic development	10,936	-	48,465	18,362
Intergovernmental:				
Public safety	-	-	-	-
Total expenditures	10,936	207	48,465	22,075
Excess (deficiency) of revenues over (under) expenditures	(7,861)	(37)	(29,328)	34
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	3,728	4	50,050	139
Transfers to other funds	-	-	(24,431)	-
Total other financing sources (uses)	3,728	4	25,619	139
Net change in fund balances	(4,133)	(33)	(3,709)	173
Fund balances - January 1	15,221	276	67,186	6,371
Fund balances - December 31	$ 11,088	$ 243	$ 63,477	$ 6,544

(In Thousands)

Self-Managed Special Service Districts	Employee Retirement	Grants-Federal	Grants-Other	Police	Neighborhood & Community Relations	Regulatory Services	Total
$ -	$ 29,688	$ -	$ -	$ 212	$ -	$ -	$ 31,764
-	-	-	-	974	-	145	1,119
-	4,774	13,888	22,111	68	-	-	59,994
-	-	126	942	1,101	-	60	10,604
-	-	-	-	338	-	54	392
6,119	-	-	-	-	-	3,603	9,733
(6)	153	-	2	3	-	32	1,089
-	4,762	174	1,342	-	6	-	20,467
6,113	39,377	14,188	24,397	2,696	6	3,894	135,162
6,100	23,310	427	911	-	-	-	32,859
-	13,648	2,990	883	1,906	-	3,555	23,877
-	-	19	48	-	-	-	67
-	-	6,701	5,028	-	-	-	12,643
-	-	3,914	17,456	-	6,327	254	105,714
-	-	154	-	-	-	-	154
6,100	36,958	14,205	24,326	1,906	6,327	3,809	175,314
13	2,419	(17)	71	790	(6,321)	85	(40,152)
-	-	-	-	-	6,127	-	60,048
-	-	-	-	-	-	-	(24,431)
-	-	-	-	-	6,127	-	35,617
13	2,419	(17)	71	790	(194)	85	(4,535)
252	24,224	1,351	3,507	1,649	3,910	4,521	128,468
$ 265	$ 26,643	$ 1,334	$ 3,578	$ 2,439	$ 3,716	$ 4,606	$ 123,933

DEBT SERVICE FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
DECEMBER 31, 2016 **(In Thousands)**

	Community Development Agency	Development	General Debt Service	Total
ASSETS				
Cash and cash equivalents	$ 213	$ 5	$ 28,950	$ 29,168
Investments with trustees	2,691	-	-	2,691
Receivables:				
Taxes	-	-	1,102	1,102
Accrued interest	3	-	56	59
Due from other funds	-	-	1,332	1,332
Total assets	$ 2,907	$ 5	$ 31,440	$ 34,352
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ 2	$ 1	$ 3
Due to other funds	-	1,332	-	1,332
Advance from other funds	-	3,495	-	3,495
Total liabilities	-	4,829	1	4,830
Deferred Inflows of Resources:				
Unavailable revenue	1	-	470	471
Fund balances:				
Restricted	2,906	-	30,969	33,875
Unassigned	-	(4,824)	-	(4,824)
Total fund balances:	2,906	(4,824)	30,969	29,051
Total liabilities, deferred inflows of resources, and fund balances	$ 2,907	$ 5	$ 31,440	$ 34,352

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2016
(In Thousands)

	Community Development Agency	Development	General Debt Service	Total
REVENUES:				
Taxes	$ -	$ -	$ 47,346	$ 47,346
Intergovernmental revenues	-	-	3,776	3,776
Investment earnings	9	-	216	225
Miscellaneous revenues	-	181	1,150	1,331
Total revenues	9	181	52,488	52,678
EXPENDITURES:				
Debt Service:				
Principal retirement	1,085	35,265	40,875	77,225
Interest and fiscal charges	990	9,271	2,451	12,712
Total expenditures	2,075	44,536	43,326	89,937
Excess (deficiency) of revenues over (under) expenditures	(2,066)	(44,355)	9,162	(37,259)
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	3,682	39,522	1,998	45,202
Transfers to other funds	(1,104)	-	(1)	(1,105)
Total other financing sources (uses)	2,578	39,522	1,997	44,097
Net change in fund balances	512	(4,833)	11,159	6,838
Fund balances - January 1	2,394	9	19,810	22,213
Fund balances - December 31	$ 2,906	$ (4,824)	$ 30,969	$ 29,051

(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	$ 1,545	$ 30,868	$ 8,604	$ 26,913	$ 1,218	$ 80,013	$ 149,161
Receivables:							
Accounts	13	-	78	62	-	42	195
Intergovernmental	-	-	-	41	-	-	41
Inventories	-	-	13	1,189	4,796	-	5,998
Properties held for resale	-	-	-	-	-	433	433
Prepaid items	-	1,610	-	-	-	-	1,610
Total current assets	1,558	32,478	8,695	28,205	6,014	80,488	157,438
Long-term assets:							
Advances to other funds	-	-	-	-	-	3,495	3,495
Capital assets:							
Non-depreciable:							
Land and easements	-	-	20,821	2,186	-	-	23,007
Construction in progress	-	10,941	82	1,997	-	-	13,020
Depreciable:							
Buildings and structures	-	-	25,588	30,062	-	-	55,650
Less accumulated depreciation	-	-	(21,777)	(10,292)	-	-	(32,069)
Public improvements	-	-	7,937	1,704	-	-	9,641
Less accumulated depreciation	-	-	(3,740)	(514)	-	-	(4,254)
Machinery and equipment	463	1,277	12,706	87,496	107	-	102,049
Less accumulated depreciation	(296)	(414)	(10,570)	(52,915)	(107)	-	(64,302)
Computer equipment	61	47,004	162	-	7	-	47,234
Less accumulated depreciation	(61)	(42,650)	(162)	-	(7)	-	(42,880)
Software	-	51,772	8	-	9	-	51,789
Less accumulated depreciation	-	(23,106)	(8)	-	(9)	-	(23,123)
Other capital outlay	15	-	21	-	15	-	51
Less accumulated depreciation	(15)	-	(21)	-	(15)	-	(51)
Total long - term assets	167	44,824	31,047	59,724	-	3,495	139,257
Total assets	$ 1,725	$ 77,302	$ 39,742	$ 87,929	$ 6,014	$ 83,983	$ 296,695
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows - pensions	$ 1,719	$ 14,136	$ 8,259	$ 9,440	$ 1,270	$ 11,507	$ 46,331
LIABILITIES							
Current liabilities:							
Salaries payable	$ 29	$ 309	$ 179	$ 229	$ 24	$ 177	$ 947
Accounts payable	38	3,596	1,336	1,412	338	1,629	8,349
Deposits held for others	-	-	-	-	-	2	2
Interest payable	-	-	4	28	-	-	32
Unearned revenue	-	2,524	-	-	-	-	2,524
Bonds payable - current portion	-	-	820	2,340	-	-	3,160
Compensated absences payable - current portion	54	452	301	293	40	332	1,472
Unpaid claims payable - current portion	-	-	-	-	-	11,543	11,543
Total current liabilities	121	6,881	2,640	4,302	402	13,683	28,029
Long-term liabilities:							
Bonds payable	-	-	889	9,192	-	-	10,081
Compensated absences payable	19	157	104	102	14	115	511
Other postemployment benefits	22	142	126	289	27	154	760
Net pension liability	2,568	20,930	12,388	14,093	1,892	17,301	69,172
Unpaid claims payable	-	-	-	-	-	40,325	40,325
Total long - term liabilities	2,609	21,229	13,507	23,676	1,933	57,895	120,849
Total liabilities	$ 2,730	$ 28,110	$ 16,147	$ 27,978	$ 2,335	$ 71,578	$ 148,878
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows - pensions	$ 412	$ 3,486	$ 1,950	$ 2,264	$ 307	$ 2,694	$ 11,113
NET POSITION							
Net investment in capital assets	$ 167	$ 44,824	$ 29,338	$ 48,176	$ -	$ -	$ 122,505
Unrestricted	135	15,018	566	18,951	4,642	21,218	60,530
Total net position	$ 302	$ 59,842	$ 29,904	$ 67,127	$ 4,642	$ 21,218	$ 183,035

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

For the Fiscal Year Ended December 31, 2016 **(In Thousands)**

	Engineering Materials and Testing	Inter-governmental Services	Property Services	Equipment Services	Public Works Stores	Self-Insurance	Total
Operating revenues:							
Charges for services and sales	$ 1,836	$ 41,707	$ 4,438	$ 13,860	$ 1,785	$ 30,355	$ 93,981
Fines and forfeits	-	-	-	-	-	24	24
Rents and commissions	-	-	19,289	16,159	-	-	35,448
Total operating revenues	1,836	41,707	23,727	30,019	1,785	30,379	129,453
Operating expenses:							
Personnel costs	1,691	13,116	8,936	9,733	1,222	18,011	52,709
Contractual services	567	22,504	12,164	5,589	302	10,992	52,118
Materials, supplies, services and other	80	5,000	1,408	5,486	80	543	12,597
Depreciation	9	6,847	1,299	7,108	-	-	15,263
Total operating expenses	2,347	47,467	23,807	27,916	1,604	29,546	132,687
Operating income (loss)	(511)	(5,760)	(80)	2,103	181	833	(3,234)
Nonoperating revenues (expenses):							
Interest expense	-	-	(36)	(284)	-	-	(320)
Gain (loss) on disposal of capital assets	-	(211)	-	526	-	-	315
Other revenues	11	88	58	123	76	3,319	3,675
Total nonoperating revenues (expenses)	11	(123)	22	365	76	3,319	3,670
Income (loss) before contributions and transfers	(500)	(5,883)	(58)	2,468	257	4,152	436
Capital contributions	-	-	-	28	-	-	28
Transfers in (out):							
Transfers from other funds	-	3,074	799	2,712	-	261	6,846
Transfers to other funds	-	-	(326)	-	-	-	(326)
Total contributions and transfers	-	3,074	473	2,740	-	261	6,548
Change in net position	(500)	(2,809)	415	5,208	257	4,413	6,984
Net position - January 1	802	62,651	29,489	61,919	4,385	16,805	176,051
Net position - December 31	$ 302	$ 59,842	$ 29,904	$ 67,127	$ 4,642	$ 21,218	$ 183,035

COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended December 31, 2016 **(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	$ 47	$ 131	$ 176	$ 33	$ 59	$ 64	$ 510
Cash received from interfund activities	1,842	37,147	23,491	29,956	5,262	30,379	128,077
Payments to suppliers	(224)	(25,608)	(11,967)	(6,854)	(2,565)	(8,345)	(55,563)
Payments to employees	(1,256)	(9,173)	(6,897)	(7,292)	(889)	(15,288)	(40,795)
Payments for interfund activities	(428)	(2,089)	(677)	(4,611)	(356)	(2,917)	(11,078)
Other nonoperating revenue	11	88	58	123	76	3,319	3,675
Net cash provided (used) by operating activities	(8)	496	4,184	11,355	1,587	7,212	24,826
Cash flows from non-capital financing activities:							
Transfers from other funds	-	3,074	799	2,712	-	261	6,846
Repayment of advances from other funds	-	(1,750)	-	-	-	-	(1,750)
Transfers to other funds	-	-	(326)	-	-	-	(326)
Advances to other funds	-	-	-	-	-	(3,495)	(3,495)
Repayment from (payment to) other fund for cash deficit	-	-	-	-	(385)	385	-
Net cash provided (used) by non-capital financing activities	-	1,324	473	2,712	(385)	(2,849)	1,275
Cash flows from capital and related financing activities:							
Principal paid on bonds	-	-	(820)	(2,215)	-	-	(3,035)
Interest paid on bonds	-	-	(74)	(400)	-	-	(474)
Acquisition and construction of capital assets	-	(9,312)	(117)	(8,804)	-	-	(18,233)
Proceeds from sale of capital assets	-	-	-	563	-	-	563
Net cash provided (used) by capital and related financing activities	-	(9,312)	(1,011)	(10,856)	-	-	(21,179)
Net increase (decrease) in cash and cash equivalents	(8)	(7,492)	3,646	3,211	1,202	4,363	4,922
Cash and cash equivalents, beginning of year	1,553	38,360	4,958	23,702	16	75,650	144,239
Cash and cash equivalents, end of year	$ 1,545	$ 30,868	$ 8,604	$ 26,913	$ 1,218	$ 80,013	$ 149,161
Reconciliation of operating income to net cash provided (used) by operating activities							
Operating income (loss)	$ (511)	$ (5,760)	$ (80)	$ 2,103	$ 181	$ 833	$ (3,234)
Adjustment to reconcile change in net position to net cash provided (used) by operating activities:							
Depreciation	9	6,847	1,299	7,108	-	-	15,263
Accounts receivable	53	102	(58)	10	-	64	171
Intergovernmental receivable	-	-	-	(41)	-	-	(41)
Inventories	-	-	1	55	907	-	963
Prepaid items	-	(869)	-	-	-	-	(869)
Deferred outflows - pensions	(708)	(6,217)	(3,289)	(3,901)	(533)	(4,494)	(19,142)
Salaries payable	(1)	59	28	71	3	9	169
Accounts payable	(6)	575	926	(444)	90	377	1,518
Deposits held for others	-	-	-	-	-	2	2
Unearned revenue	-	(4,431)	-	-	-	-	(4,431)
Compensated absences payable	4	99	4	19	4	(28)	102
Other postemployment benefits	1	4	6	(23)	2	7	(3)
Net pension liability	865	7,588	4,014	4,762	650	5,485	23,364
Unpaid claims payable	-	-	-	-	-	(105)	(105)
Deferred inflows - pensions	275	2,411	1,275	1,513	207	1,743	7,424
Other nonoperating revenue	11	88	58	123	76	3,319	3,675
Net cash provided (used) by operating activities	$ (8)	$ 496	$ 4,184	$ 11,355	$ 1,587	$ 7,212	$ 24,826
Non-cash investing, capital and financing activities:							
None							
Capital contributions	$ -	$ -	$ -	$ 28	$ -	$ -	$ 28
Loss on disposal of capital assets	-	(211)	-	(155)	-	-	(366)
Sale of capital assets on account	-	-	-	48	-	-	48