

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 24, 2024**

**NEW ISSUE \$123,590,000\***  
**NOT BANK-QUALIFIED**

**RATINGS:**  
**S&P Global Ratings: AAA**  
**Fitch 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 exclude any pending legislation which may have a retroactive effect) and, assuming compliance with certain covenants, interest to be paid on the Bonds is excluded from gross income for federal income tax purposes and, to the same extent, is excluded from taxable net income of individuals, trusts, and estates for Minnesota income tax 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, trusts, and estates. However, such interest is included in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. No opinion will be expressed by Bond Counsel regarding the 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” herein.*



**CITY OF MINNEAPOLIS, MINNESOTA**  
**\$123,590,000\***  
**General Obligation Bonds, Series 2024**

**Proposal Opening:** October 1, 2024 until 10:00 a.m. Central Time

**Consideration of Award:** Subsequent to Proposal Opening. See “APPENDIX B – TERMS OF PROPOSAL” herein.

**Dated Date of Bonds:** Date of Delivery

**Interest Payment Dates:** Each June 1 and December 1, commencing December 1, 2024

The General Obligation Bonds, Series 2024 (the “Bonds”), of the City of Minneapolis, Minnesota (the “City”) will mature as shown on the inside front cover of this Official Statement.

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429, 444, and 475, as amended, and Section 9.4 of Article IX of the City Charter to finance the construction of various assessable public projects, various utility system improvements, and various capital projects.

The City may elect on December 1, 2033, and on any date thereafter, to redeem the Bonds due on or after December 1, 2034, in whole or in part, at a price of par, plus accrued interest to the date of redemption as discussed herein. See “THE BONDS – Redemption Provisions.”

Proposals shall be for not less than \$127,771,878.15, plus accrued interest, if any, on the total principal amount of the Bonds. Proposals shall specify rates in integral multiples of 5/100 or 1/8 of 1%. Rates must be no greater than 5.00%. Following receipt of proposals, a good faith deposit will be required to be delivered to the City by the lowest bidder as described in the Official Terms of Proposal set forth in APPENDIX B. Award of the Bonds will be made on the basis of True Interest Cost.

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 in denominations of \$5,000 and any integral multiple thereof. Investors will not receive physical certificates representing their interest in the Bonds purchased. 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 System” in this Official Statement and APPENDIX F attached hereto.

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 underwriter, 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 October 23, 2024.*

The date of this Official Statement is \_\_\_\_\_, 2024.

\*Preliminary; subject to change.

The information contained in this Preliminary Official Statement is deemed by the City to be final as of the date hereof; however, the pricing and underwriting information is subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**CITY OF MINNEAPOLIS, MINNESOTA**  
**\$123,590,000\***  
**General Obligation Bonds**  
**Series 2024**

**Maturities, Amounts, Interest Rates, Yields, Prices, and CUSIPs**

<b>Maturity (December 1)</b>	<b>Amount*</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>Price</b>	<b>CUSIP** 60375B</b>
2024	\$26,160,000				
2025	5,815,000				
2026	5,815,000				
2027	5,820,000				
2028	5,820,000				
2029	4,960,000				
2030	4,955,000				
2031	4,955,000				
2032	4,955,000				
2033	4,955,000				
2034	4,950,000				
2035	4,945,000				
2036	4,945,000				
2037	4,945,000				
2038	4,940,000				
2039	4,935,000				
2040	4,935,000				
2041	4,935,000				
2042	4,925,000				
2043	4,925,000				

*\*Preliminary; subject to change.* The City reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread.

\*\*CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CSG) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP data herein are provided by CUSIP Global Services. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds. Neither the City nor the Underwriter makes any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

# CITY OF MINNEAPOLIS



## Mayor and City Council

### Mayor

Jacob Frey

### Council Members

Elliott Payne, Council President (Ward 1)

Robin Wonsley (Ward 2)

Michael Rainville (Ward 3)

LaTrisha Vetaw (Ward 4)

Jeremiah Ellison (Ward 5)

Jamal Osman (Ward 6)

Katie Cashman (Ward 7)

Andrea Jenkins (Ward 8)

Jason Chavez (Ward 9)

Aisha Chughtai, Council Vice President (Ward 10)

Emily Koski (Ward 11)

Aurin Chowdhury (Ward 12)

Linea Palmisano (Ward 13)

### Board of Estimate and Taxation

Steve Brandt, President

Samantha Pree-Stinson, Vice President

Jacob Frey, Mayor

Elliott Payne, Council President

Aisha Chughtai, Council Representative

Cathy Abene, Minneapolis Park and Recreation Board Representative

### Administration

Margaret Anderson Kelliher, City Operations Officer

Dushani Dye, Finance Officer

### Municipal Advisor

Ehlers and Associates, Inc.

Roseville, Minnesota

### Bond Counsel

Kennedy & Graven, Chartered

Minneapolis, Minnesota

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), this document, as the same may be supplemented from time to time, may be treated as the Preliminary Official Statement with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the City.

By awarding the Bonds to any underwriter or underwriting syndicate submitting a proposal therefor, the City agrees that, within no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded electronic copies of the Final Official Statement as specified in the Official Terms of Proposal.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATE THEREOF.

Any CUSIP numbers for the Bonds included in the Final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Bonds are assigned by an organization unaffiliated with the City. The City is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Bonds or as set forth in the Final Official Statement. No assurance can be given by the City that the CUSIP numbers for the Bonds will remain the same after the delivery of the Final Official Statement or the date of issuance and delivery of the Bonds.

This Preliminary 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 Preliminary 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 Preliminary 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.

References to website 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 websites and the information or links contained therein are not incorporated into, and are not part of, this Preliminary Official Statement for purposes of, and as that term is defined in, the Rule. 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.



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**CITY OF MINNEAPOLIS, MINNESOTA**  
**\$123,590,000\***  
**General Obligation Bonds**  
**Series 2024**

**SUMMARY OF OFFERING**

AMOUNT	\$123,590,000*
AWARD DATE	October 1, 2024
TERMS OF PROPOSAL	See APPENDIX B for the terms of proposal for the Bonds.
AUTHORITY, PURPOSE, AND SECURITY	<p>The Bonds are being issued by the City pursuant to Minnesota Statutes, Chapters 429, 444, and 475, as amended, and Section 9.4 of Article IX of the City Charter.</p> <p>Proceeds of the Bonds will be used to finance the construction of various assessable public projects, various utility system improvements, and various capital projects.</p> <p>The Bonds are secured by the full faith and credit of the City. See “THE BONDS – Purpose of and Security for the Bonds” in this Official Statement.</p>
DATE OF ISSUE AND DELIVERY	October 23, 2024.
INTEREST PAYMENTS	Interest on the Bonds will be payable semiannually on June 1 and December 1, commencing December 1, 2024, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month.
MATURITIES	The Bonds will mature on December 1, 2024 through December 1, 2043, as set forth on the inside front cover.
REDEMPTION	The Bonds maturing on December 1, 2034 and thereafter are subject to redemption, in whole or in part, on December 1, 2033, and on any date thereafter, at a price of par plus accrued interest.
PAYING AGENT/ REGISTRAR/TRANSFER AGENT	The City will act as the paying agent, registrar, and transfer agent of the Bonds.

TAX TREATMENT	<p>The interest on the Bonds will be tax exempt.</p> <p>The Bonds are not designated as “qualified tax-exempt obligations” for purposes of Section 265(b) of the Code.</p> <p>See APPENDIX C for the form of Bond Counsel opinion.</p>
BOND RATING	<p>Fitch Ratings has assigned the Bonds a rating of AAA. S&amp;P Global Ratings has assigned the Bonds a rating of AAA. 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. See “RATINGS” herein.</p>
PRIMARY CITY CONTACT	<p>Dushani Dye, Finance Officer, 612-673-3241</p>
MUNICIPAL ADVISOR	<p>Ehlers and Associates, Inc., 651-697-8500</p>
BOOK-ENTRY ONLY	<p>The Bonds are being issued only as fully registered bonds, and initially will be registered in the name of Cede &amp; 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 in denominations of \$5,000 and any integral multiple thereof. Investors will not receive physical certificates representing their interest in the Bonds purchased. So long as DTC or its nominee, Cede &amp; Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede &amp; Co. See APPENDIX F.</p>

**CITY OF MINNEAPOLIS, MINNESOTA**  
**\$123,590,000\***  
**General Obligation Bonds**  
**Series 2024**

**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 General Obligation Bonds, Series 2024 (the “Bonds”), in the original aggregate principal amount of \$123,590,000\*.

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 to pay principal and interest when due. Portions of the debt service on the Bonds are payable primarily from dedicated revenue sources. See “THE BONDS – Purpose of and 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 bear interest at fixed rates based on the competitive sale thereof described herein.

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 “APPENDIX F – THE DEPOSITORY TRUST COMPANY” attached hereto.

Information relating to the City, including certain financial and demographic data, is set forth in APPENDIX A attached hereto. APPENDIX E provides a link to the City’s 2023 Annual Comprehensive Financial Report. Both the Annual Comprehensive Financial Report and the City’s Financial Status Reports for fiscal quarters can be viewed at the following websites:

<https://www2.minneapolismn.gov/government/departments/finance/financial-reports/annual-comprehensive-financial-report/>

<https://www2.minneapolismn.gov/government/departments/finance/financial-reports/financial-status-reports/>

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” herein. The form of the opinion of Bond Counsel is set forth in APPENDIX C attached hereto.

Ehlers and 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 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) 673-3241, Fax (612) 673-2042.

## **THE BONDS**

### **Description of the Bonds**

The Bonds will be dated October 23, 2024, as the date of original issue, and will bear interest payable on June 1 and December 1 of each year, commencing December 1, 2024, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds will mature or be subject to mandatory redemption on December 1 in the years and amounts set forth on the inside front cover of this Official Statement.

### **Purpose of and Security for the Bonds**

A portion of the Bonds in the principal amount of \$8,945,000\* (the "Assessment Bonds") will be used to finance the construction of various assessable public projects within the City. A portion of the Bonds in the principal amount of \$32,550,000\* (the "Utility Revenue Bonds") will be used to finance the construction of various improvements to the municipal water system, the municipal storm sewer system, and the municipal sanitary sewer system. A portion of the Bonds in the principal amount of \$82,095,000\* (the "Various Purpose Bonds") will be used to finance the construction of various capital projects within the City.

#### *Assessment Bonds*

The Assessment Bonds are issued pursuant to the Constitution and laws of the State, including Minnesota Statutes, Chapters 429 and 475, as amended, and the City Charter, which permit the City to authorize, sell and issue general obligation bonds for improvement projects. The Assessment Bonds are general obligations of the City payable primarily from special assessments levied by the City. Pursuant to the City Charter and the Bond Resolutions approving the issuance and sale of the Assessment Bonds, the full faith and credit of the City will be pledged to the payment of the principal of and interest on the Assessment Bonds and the City has bound itself to levy ad valorem taxes if there are any deficiencies in the collection of the special assessments.

A listing of the projects to be financed with the proceeds of the Assessment Bonds is provided herein under “ESTIMATED SOURCES AND USES OF FUNDS.”

#### *Utility Revenue Bonds*

The Utility Revenue Bonds are issued pursuant to the Constitution and laws of the State, including Minnesota Statutes, Chapters 444 and 475, as amended, and the City Charter, which permit the City to authorize, sell and issue general obligation bonds for municipal utility system purposes. The Utility Revenue Bonds are general obligations of the City payable from net revenues of the water, sanitary sewer, and storm sewer systems of the City.

A listing of the municipal utility system projects to be financed with the proceeds of the Utility Revenue Bonds is provided herein under “ESTIMATED SOURCES AND USES OF FUNDS.”

#### *Various Purpose Bonds*

The Various Purpose Bonds are issued pursuant to the Constitution and laws of the State, including Minnesota Statutes, Chapter 475, as amended, and the City Charter, which permit the City to authorize, sell and issue general obligation bonds for various purposes. The Various Purpose Bonds are general obligations of the City payable from ad valorem taxes.

A listing of the capital and enterprise projects to be financed with the proceeds of the Various Purpose Bonds is provided herein under “ESTIMATED SOURCES AND USES OF FUNDS.”

#### *Tax Levy for the Bonds*

As required by State law, for all Bonds other than the Utility Revenue Bonds, 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 other revenues expected to be available, will be equal to 105% of the amounts required to pay the principal of and interest on the Bonds in each year. Any revenues obtained from other sources and available for debt service on the Bonds may be used to offset required tax levies.

### **Redemption Provisions**

#### *Redemption Option*

The Bonds maturing on or after December 1, 2034 are subject to redemption and prior payment in whole or in part at the option of the City at a redemption price of par plus accrued interest on December 1, 2033, and any date thereafter.

#### *Notice of Redemption*

At least 30 days prior to the redemption date of the Bonds, notice of any such redemption shall be delivered to DTC, as the registered owner. In the case of partial redemption, the City will determine the principal amount of Bonds to be redeemed from each maturity of Bonds. DTC will determine by lot the amount of each participant’s interest in such maturity of such series to be called for redemption, and each participant will then select by lot the ownership interests in such maturity to be redeemed.



**Book-Entry System**

The Bonds will be initially issued in the form of a separate single typewritten fully registered Bond for each maturity of the Bonds. Upon initial issuance, the ownership of each Bond will be registered in the name of Cede & Co., as nominee for The Depository Trust Company. See “APPENDIX F – THE DEPOSITORY TRUST COMPANY” attached hereto.

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## ESTIMATED SOURCES AND USES OF FUNDS\*

### ESTIMATED SOURCES

Principal Amount of Assessment Bonds	\$ 8,945,000.00
Principal Amount of Utility Revenue Bonds	32,550,000.00
Principal Amount of Various Purpose Bonds	82,095,000.00
Estimated Net Original Issue Premium	<u>4,799,828.15</u>
<b>Total Sources</b>	<b>\$128,389,828.15</b>

### ESTIMATED USES

<b>Improvement Projects</b>	
Diseased Tree Removal	\$ 900,000.00
Street Lighting	362,002.76
Street Reconstruction	2,404,739.20
Street Rehabilitation	962,482.23
Street Resurfacing	<u>4,623,122.15</u>
<b>Subtotal Improvement Projects</b>	<b>\$9,252,346.34</b>

<b>Utility Projects</b>	
Municipal Sanitary Sewer System Improvements	\$12,500,000.00
Municipal Storm Sewer System Improvements	8,800,000.00
Municipal Water System Improvements	<u>12,625,000.00</u>
<b>Subtotal Utility Projects</b>	<b>\$33,925,000.00</b>

<b>Various Capital Projects</b>	
Art in Public Places	\$ 1,152,200.00
Bridge Programs, Repair, and Rehabilitation	1,150,000.00
City Hall Restack	19,500,000.00
Municipal Building Improvements	7,357,012.00
Park Improvements	13,109,056.00
Pedestrian Safety Improvements	2,950,000.00
Police Precincts	17,427,000.00
Protected Bikeways Program	3,215,000.00
Public Grounds	4,350,000.00
Sidewalk Improvements	580,000.00
Street Improvements, Resurfacing, Paving, and Reconstruction	6,852,000.00
Traffic Management, Signals, Signs, Lights, and Safety Improvements	6,345,000.00
Vision Zero Program	<u>400,000.00</u>
<b>Subtotal Various Capital Projects</b>	<b>\$84,387,268.00</b>

<b>Total Cost of Projects</b>	<b>\$127,564,614.34</b>
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### OTHER ESTIMATED USES

Costs of Issuance, including Underwriter's Discount, and Rounding	<u>\$ 825,213.81</u>
<b>Total Uses</b>	<b>\$128,389,828.15</b>

## CONTINUING DISCLOSURE

In order to assist the underwriter 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 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 D. 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 D – FORM OF 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 September 1, 2024, the total principal amount of the series of bonds issued and outstanding under the CBF Program was \$9,130,000.

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 10 percent 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). As part of the Common Bond Program, the City holds two reserve funds (the General Agency Reserve Fund (“GARFS”) and the Tax Reserve Fund) to pay debt service on Common Bond Fund bonds if needed. The two reserve funds had a total balance of \$29.9 million as of

December 31, 2023. The State of Minnesota has audited the GARFs each year since the inception of the Common Bond Fund, but due to recent Governmental Accounting Standards Board (“GASB”) reporting changes for conduit financings, the State of Minnesota no longer audits the City’s GARFS. Going forward, the City will incorporate information related to the GARFS into the City’s Annual Comprehensive Financial Report (“ACFR”).

The City’s Amended and Restated Continuing Disclosure Agreement, dated December 1, 2010, required the City to provide financial statements no later than 150 days after the Common Bond’s fiscal year end. The City had previously provided the GARFS audit to satisfy this requirement. In 2023 the City has revised its Amended and Restated Continuing Disclosure Agreement for the Common Bond Fund Program to provide for the City’s ACFR to be provided to investors no later than 240 days after the Common Bond Fund’s fiscal year end. The material changes to the Common Bond Fund Program were not disclosed within 10 days of the changes. The City provided a material event notice on August 3, 2023.

Other than what is disclosed herein, to the best of its knowledge, during the last five years, the City has fully complied in all material respects with its continuing disclosure undertakings with respect to the CBF Program.

### **TAX EXEMPTION**

On the date of issuance of the Bonds, Kennedy & Graven, Chartered, Minneapolis, Minnesota (“Bond Counsel”), will render an opinion that, at the time of issuance and delivery of the Bonds to the original purchaser, based on present federal and State laws, regulations, rulings and decisions (which exclude 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, trusts, and estates for Minnesota income tax 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, trusts, and estates. However, such interest is included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”)) of applicable corporations for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. Section 59(k) of the Code defines “applicable corporation” as any corporation (other than an S corporation), a regulated investment company, or a real estate investment trust which meets the average annual adjusted financial statement income test set forth in Section 59(k) of the Code in one or more taxable years. No opinion will be expressed by Bond Counsel regarding other federal or State of Minnesota tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds.

Noncompliance following the issuance of the Bonds with certain requirements of 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 if interest on the Bonds becomes subject to federal or State of Minnesota income taxation.

The City will covenant to comply with the requirements of the Code to establish and maintain the interest on the Bonds as tax exempt under Section 103 of the Code, including, without limitation, requirements related to temporary periods for investments and limitations on amounts invested at a yield greater than the yield on the Bonds.

## **OTHER FEDERAL AND STATE TAX CONSIDERATIONS**

Certain provisions of the Code and related State 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:

### **Property and Casualty Insurance Companies**

The Code provides that in the case of an insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as “losses incurred” under Section 832(b)(5) shall be reduced by an amount equal to the applicable percentage of the interest on the Bonds that is received or accrued during the taxable year.

### **Branch Profits Tax and Foreign Insurance Companies**

Interest on the Bonds may be included in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code.

### **Passive Investment of S Corporations**

Under certain circumstances, interest on the Bonds may be subject to the tax on “excess net passive income” of Subchapter S corporations imposed by Section 1375 of the Code.

### **Not Bank-Qualified Tax-Exempt Obligations**

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.

### **Future Law Changes**

From time to time, there are legislative proposals in 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 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.

The preceding information 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 C 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**

All or certain maturities of 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 Premium Bond over its stated redemption price at maturity constitutes an original issue premium with respect to such Premium Bonds. An owner of a Premium Bond must amortize the premium over the term of the Premium Bond using constant yield principles, based on the owner's yield to maturity. As original issue 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**

All or certain maturities of the Bonds may be sold at a discount from the principal amount payable on such Bonds at maturity (the "Discount Bonds"). The difference between the price at which a substantial amount of the Discount Bonds of a given maturity is first sold to the public (the "Issue Price") and the principal amount payable at maturity constitutes "original issue discount." 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.

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## INVESTMENT CONSIDERATIONS

The following is a description of possible risks to holders of the Bonds and is not intended to be an all-inclusive list.

### Impacts Due to Coronavirus (COVID-19)

The City’s recovery from the economic impact of the pandemic is ongoing with sales tax revenue reviving back to 2019 levels in 2024. The \$271.2 million of federal funding through the American Rescue Plan Act the City received in 2021 and 2022 is being spent as planned on projects addressing the economic and public health impacts of the pandemic. Actual spending through December 2023 was approximately \$189.6 million. Using ARPA funds, the City’s General Fund replaced a portion of reduced revenue again in 2023 and 2024. All remaining ARPA dollars are expected to be spent in 2024. The 2025 budget is expected to be supported by traditional sources including usage of surplus fund balance.

An example of the continued recovery of City economic growth and finances is demonstrated by this analysis of the general fund:

<b>Fund Balance for General Fund</b>	<b>Fiscal Year (\$000)</b>	
	<b>2022</b>	<b>2023</b>
Beginning Balance	\$ 142,828	\$ 173,717
Change	30,889	36,652
Ending Balance	173,717	210,369
Less: Target Balance *	97,700	113,600
=Excess Fund Balance	\$ 76,017	\$ 96,769
Excess as a Percent of Target	77.8%	85.2%
Operating Budget	\$ 574,552	\$ 668,202
# of Days of Budget Covered by Ending Balance	110	115

*\*17% of next year's budget, net of transfers*

The increase in fund balance during 2023 was again due to a combination of spending less than budgeted and collecting more revenue than budgeted. Several departments were underspent on salary and fringe costs with vacancy savings. In addition, several large projects were slower to spend than budgeted, especially projects related to ARPA funding initiatives in the Community Planning and Economic Development department.

## **Liabilities Related to Civil Unrest**

The City faced higher than usual liabilities from lawsuits and workers' compensation claims related to the civil unrest in 2020. The City Attorney's Office is quantifying the cost of potential liability claims on a regular basis. The City's Finance and Property Services department is also quantifying workers' compensation claims cost estimates. The estimates inform the City's third-party actuarial projections performed each year. The actuarial study is used, along with other data, to determine the following years' charges to departments. Most of the workers' compensation claims have been settled and are factored into future financial projections to determine revenue requirements of the City's workers' compensation fund; the unsettled claims are factored into the actuarial study. The majority of the liability claims have been settled and funded from the City's liability self-insurance fund. Based upon actuarial calculations, the City increased annual department budget allocations for the City's workers' compensation and liability self-insurance fund and making transfers of \$12,000,000 to both the workers' compensation fund and the liability self-insurance fund in 2023. Additionally, the City will continue to monitor claims exposure and will adjust budget allocations, along with the five-year financial direction/financial plan, based on current claims data.

## **City Government Restructure**

In November of 2021, City voters approved an amendment to the City charter to adopt an executive Mayor, legislative Council form of government. In October of 2022, the City Council voted to adopt the proposed changes to the charter reflecting a new government structure. Notable changes include the creation of the Office of Public Service headed by a Chief Operations Officer and an Office of Community Safety headed by a Commissioner of Community Safety. Both positions report directly to the Mayor. The new structure also creates a Legislative Department that includes the City Auditor, City Clerk and the City Council.

For more information regarding the restructuring, see:

[https://lms.minneapolismn.gov/Download/FileV2/28704/Government-Structure-Amendment-Markup-Packet\\_Summary-of-Amendments.pdf](https://lms.minneapolismn.gov/Download/FileV2/28704/Government-Structure-Amendment-Markup-Packet_Summary-of-Amendments.pdf).

## **Cybersecurity**

The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized actors and entities. As a result, the electronic systems and networks may be a target of cyberattacks. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact. To reduce the risk of cyberattacks, the City employs five people, led by the Chief Information Security Officer, who have implemented programs and controls to help prevent or recover from breaches or other malicious activities.

Security controls are in place to safeguard the network, digital systems and data. In addition to new employee onboarding security training, the City also performs internal email phishing campaigns to identify risks and educate employees. Email security is managed using two different systems to provide the optimal protection against phishing email. Vulnerability management controls include procedures to detect and remediate system and network vulnerabilities, as well as advanced end-point protection to detect and prevent malware and ransomware. Identity and access management controls include complex passwords and two factor authentication for external access to City resources and Single Sign-On (SSO). In addition to several controls, intrusion detection systems are deployed internally and externally to detect and prevent known attacks.

Redundancy is built into City systems in the event of an attack or breach. Network security controls include network segmentation, controlled third party and vendor access to restrict access to required resources only, and network access controls to prevent unauthorized devices from connecting to the network. In addition to in-house forensics tools and capabilities for investigating incidents, the City leverages security event and incident management for log correlation, analysis, and investigations. Additionally, the City's security staff has been trained and certified in information security and the department has developed and cultivated relationships with public and private sector security resources to stay abreast of threats and countermeasures.

Additional security controls were put in place after the unrest of 2020 to further protect the City's systems, including distributed denial-of-service protections and next generation firewalls were added for better monitoring. There have been no ongoing disruptions to date. City data is in some cases shared with other entities. The City is not aware of any City data being compromised or breached. The City information security team continues to assess and implement controls as needed to reduce information security risk, respond to ongoing changes in the threat landscape, and enable business processes in a safe and secure way.

### **Climate Change and Resiliency**

Minnesota is a cold weather state that has been experiencing a rapid change in the number and severity of localized weather events because of increasing global temperatures. In 2023, the City experienced almost three times as many days above 90 degrees as it does on average. Future changes to the climate in Minnesota may produce ecological, environmental, and economic impacts on the State and the City.

To address climate change, the City adopted a Climate Equity Plan (CEP) in 2023. This plan builds on the work of the 2013 Climate Action Plan and documents the City's strategies for a healthier city and region. The strategies in the CEP aim to reduce resource use and greenhouse gas emissions and achieve a just energy transition that reduces the impacts of pollution and climate change for communities of color. To lead the community by example, new City facilities must achieve an 80% emissions reduction and new facilities built in 2030 or later must be net zero. These changes are tracked and monitored to measure progress toward achieving the City's environmental goals. Over the last several years, the City implemented a full suite of energy transparency requirements for commercial and residential properties such as the Building Benchmarking Program and Truth in Sale of Housing energy reports that drive energy efficiency improvements and demonstrate progress toward the City's Climate Action Plan goals.

By 2022, Minneapolis greenhouse gas (GHG) emissions from citywide activities had decreased 28% compared to the 2006 baseline. The next goal in the Climate Equity Plan is for a 45% reduction by 2025, then decarbonizing further every year until becoming carbon-neutral by 2050. GHG emissions reductions to date are in large part attributed to progress of electricity decarbonization, moving away from coal to natural gas, wind, and solar power to produce electricity. In 2022, natural gas was the largest emissions source at 45% of overall GHG emissions, followed by electricity (26%) and on-road transportation (24%).

The Climate Equity Plan is underway - prioritizing reducing energy costs and use in the City's environmental justice Green Zones. The City is committed to continuing this work of mitigating and reducing the negative impacts of climate change by dedicating resources and programs to support the City's residents.

To learn more about the City's plans for climate change resiliency, please see the following website: <https://www.minneapolismn.gov/government/mayor/issues-and-priorities/environment-and-sustainability/>

## **Dependence on Property Tax Payments**

The Bonds are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

## **State Actions**

Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

## **Economy**

A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

## **Maintenance of Ratings**

In the future, the City's credit ratings may be reduced or withdrawn, which may result in a reduction in the value of the Bonds for resale prior to maturity.

## **Secondary Market**

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriter is not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

## **Bankruptcy**

The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

## **Future Changes in Law**

Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

## **Continuing Disclosure**

A failure by the City to comply with the Certificate setting forth the City's continuing disclosure obligations (see "CONTINUING DISCLOSURE" in this Official Statement) will not constitute an event of default on the Bonds. Any such 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. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

## **FUTURE FINANCING**

The City does not anticipate issuing general obligation bonds within the next six months.

## **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 or 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 or its ability to make payments on the Bonds.

## **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 set forth in APPENDIX C attached hereto. 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 and 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 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 and makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Official Statement.

## **UNDERWRITING**

\_\_\_\_\_ (the "Underwriter") has agreed, subject to certain conditions, to purchase all, but not less than all, of the Bonds from the City for a purchase price of \$ \_\_\_\_\_. The Underwriter for the Bonds will be obligated to purchase all the Bonds if any are purchased. The initial public offering prices of the Bonds may be changed from time to time by the underwriter for the Bonds.

## **RATINGS**

S&P Global Ratings has assigned the Bonds a rating of AAA. Fitch Ratings has assigned the Bonds a rating of AAA. 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 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 delivery of the Bonds, the City will deliver to the underwriter 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.

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**APPENDIX A**

**GENERAL INFORMATION CONCERNING THE CITY**

## APPENDIX A

### GENERAL INFORMATION CONCERNING THE CITY

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This APPENDIX A refers to various website addresses for further information. 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, risk of security vulnerabilities, or availability of any listed sites.

## **THE CITY**

The City of Minneapolis (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 2020 population of the City to be 429,954. The Metropolitan Council’s 2023 Estimate of the City’s population is 433,633.

### **City Structure**

The City is a municipal corporation governed by an Executive Mayor-Legislative 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 to 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 six-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 terms of the Mayor and all City Council members expire on January 1, 2026.

In 2021, voters approved a ballot measure to change the City’s form of government to an Executive Mayor-Legislative Council structure, and a Charter amendment took effect on December 3, 2021. The change shifted certain powers to the Mayor and consolidated administrative authority over all operating departments under the Mayor.

A new organizational structure was adopted by the City Council and signed by the Mayor on October 20, 2022. This structure created four direct reports to the Mayor – the City Operations Officer, the City Attorney, the Community Safety Commissioner, and the Chief of Staff. The direct reports oversee four distinct offices – the Office of Public Service, the Office of City Attorney, the Office of Community Safety, and the Mayor’s Office, respectively.

Two of the City offices were newly created under this plan. The Office of Public Service centralized the City’s seventeen operational departments under the leadership of the City Operations Officer (see “City Departments” below). The Office of Community Safety integrated the work of all community safety departments, including 911/Emergency Communications, Emergency Management, Fire, Neighborhood Safety, and Police.

The City Council operates through standing, special and independent committees which typically meet during the two weeks preceding the City Council’s meeting. Committees include the Administration & Enterprise Oversight Committee; the Audit Committee; the Budget Committee; the Business, Housing & Zoning Committee; the Climate & Infrastructure Committee; the Committee of the Whole; the Intergovernmental Relations Committee; and the Public Health & Safety Committee.

### **City Departments**

Under the new organizational structure, the City Operations Officer leads the Office of Public Service, which includes the following departments and services: 311 Service Center; Arts & Cultural Affairs; Assessing; Civil Rights; Communications; Community Planning & Economic Development; Finance & Property Services; Health; Human Resources; Information Technology; Intergovernmental Relations; Minneapolis Convention Center; Neighborhood & Community Relations; Performance Management & Innovation; Public Works; Racial Equity, Inclusion & Belonging; and Regulatory Services.

## **Related Boards**

The Minneapolis Park and Recreation Board (the “Park 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 directly by the voters of the City. The Mayor, the President of the City Council, and the Chair of the City Council committee whose charge includes the budget are ex-officio members of the Board, and the Park Board selects one member from its board to serve on the Board. The Board authorizes certain City indebtedness and establishes the maximum property tax levies each year.

The Municipal Building Commission (the “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 one appointee of the City Council. The MBC operates and maintains the Minneapolis City Hall/Hennepin County Court House building.

The Board of Estimate & Taxation (the “BET”) is a six-member board responsible for various maximum property tax levies and approving the issuance of certain general obligation bonds in support of the Capital Program. The BET is comprised of the following commissioners: the Mayor, the Council President, the chair of the Budget Committee, a commissioner from the Park Board, and two commissioners elected by voters.

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**CITY PROPERTY VALUES AND TAXES**

**VALUATIONS OF TAXABLE PROPERTY LOCATED IN THE CITY**

<u>Valuation Year</u>	<u>Collection Year</u>	<u>Economic Market Value<sup>(1)</sup></u>	<u>Assessor's Estimated Market Value</u>	<u>Taxable Net Tax Capacity Total</u>	<u>Value Capture and Tax Increment<sup>(2)</sup></u>	<u>Fiscal Disparity Contribution</u>	<u>Fiscal Disparity Distribution</u>	<u>Adjusted Net Tax Capacity</u>
2023	2024	\$69,980,226,188	\$67,633,615,900	\$839,835,591	(\$22,236,739)	(\$89,481,251)	\$78,560,842	\$806,678,443
2022	2023	69,629,876,810	64,577,324,700	797,589,474	(22,751,477)	(87,489,911)	69,074,069	760,971,267
2021	2022	65,938,297,885	60,615,132,200	755,875,599	(25,850,025)	(95,292,826)	69,995,026	704,727,774
2020	2021	62,526,634,624	59,353,035,536	749,489,246	(27,994,628)	(88,352,397)	63,956,743	697,098,964
2019	2020	58,139,145,870	56,339,969,336	707,901,886	(59,366,690)	(83,291,299)	59,918,256	625,162,153

(1) The economic market values are from Hennepin County.

(2) Value capture district captures 1% of market value for streetcar district. Tax increment value declines are related to expiration of certain tax increment districts.

**VALUE CAPTURE AND TAX INCREMENT**

<u>Valuation Year</u>	<u>Collection Year</u>	<u>Tax Increment</u>	<u>Value Capture</u>	<u>Value Capture &amp; Tax Increment</u>	<u>Value Change</u>	<u>Percentage Change</u>
2023	2024	\$16,948,086	\$5,288,653	\$22,236,739	(\$514,738)	-2.26%
2022	2023	17,321,811	5,429,666	22,751,477	(3,098,548)	-11.99
2021	2022	20,394,810	5,455,215	25,850,025	(2,144,603)	-7.66
2020	2021	21,942,238	6,052,390	27,994,628	(31,372,062)	-52.84
2019	2020	53,494,443	5,872,247	59,366,690	2,938,541	5.21

**TAXABLE MARKET VALUES**

<u>Collection Year</u>	<u>Personal Property</u>	<u>Real Property</u>	<u>Total</u>	<u>Value Change</u>	<u>Percentage Change</u>
2024	\$245,173,960	\$66,635,503,512	\$66,880,677,472	\$3,902,428,075	4.85%
2023	255,908,060	63,837,884,594	64,093,792,654	4,051,334,333	6.82
2022	328,179,528	59,714,278,793	60,042,458,321	1,650,667,937	2.27
2021	555,939,206	57,835,851,178	58,391,790,384	3,042,822,538	5.50
2020	552,053,486	54,796,914,360	55,348,967,846	3,684,941,952	7.13



**TOTAL TAX CAPACITY OF REAL AND PERSONAL PROPERTY**  
(in Thousands)

<b>Valuation Year</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Collection Year</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Commercial & Industrial	\$248,836	\$232,122	\$217,402	\$229,622	\$213,547
Residential	410,170	391,630	362,839	346,968	337,197
Apartment	165,167	155,047	145,658	137,506	122,896
Other	356	373	370	382	357
Total Real Property	824,530	779,173	726,269	714,478	673,997
Personal Property	4,385	4,549	4,309	10,615	10,531
Total Real and Personal Property	828,915	783,722	730,578	725,093	684,528
Less Tax Increment	(16,948)	(17,322)	(20,395)	(21,942)	(53,494)
Less Value Capture	(5,289)	(5,429)	(5,455)	(6,052)	(5,872)
Adjusted Net Tax Capacity	\$806,678	\$760,971	\$704,728	\$697,099	\$625,162

**TAX RATES FOR TAX CAPACITY**

<b>Governmental Unit</b>	<b>Tax Collection Year</b>					
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
City	57.079%	58.068%	59.351%	54.880%	57.920%	57.312%
Special School District 1	18.311	19.024	20.036	18.692	21.102	22.190
County	34.283	34.457	38.114	38.081	40.913	41.690
Other	5.189	5.395	5.389	5.347	5.726	5.978
Totals	114.862%	116.944%	122.393%	117.000%	125.661%	127.170%

**TAX RATES FOR MARKET VALUE LEVIES**

<b>Governmental Unit</b>	<b>Tax Collection Year</b>					
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
City	0.00000%	0.00000%	0.00000%	0.01535%	0.01844%	0.01970%
Special School District 1	0.12729	0.13860	0.13466	0.13811	0.15857	0.18496
Totals	0.12729%	0.13860%	0.13466%	0.15346%	0.17701%	0.20466%

**TAX LEVIES AND COLLECTIONS**

(in Thousands)

<b>Collection Year</b>	<b>Certified Tax Levy</b>	<b>Current Year</b>			<b>Total Collections</b>	<b>Total Collections % of Levy</b>
		<b>Current Year Collections</b>	<b>Current Year % of Levy</b>	<b>Delinquent Collections</b>		
2024	\$465,406					
2023	444,387	\$433,670	97.588%	\$0	\$433,670	97.588%
2022	417,419	413,005	98.943	(757)	412,248	98.761
2021	395,827	390,211	98.581	869	391,080	98.801
2020	374,309	368,655	98.489	3,084	371,739	99.313
2019	349,971	345,887	98.833	1,834	347,721	99.357

## LARGEST TAXPAYERS WITHIN THE CITY

**Based on Net Tax Capacity (Assessed in 2023 for Taxes Payable in 2024)**

Rank	Taxpayer	Assessor's Estimated Market Value	Net Tax Capacity	Percentage of Total Net Tax Capacity
1	Bri 1855 IDS Center LLC	\$257,050,000	\$5,140,250	0.61%
2	SRI Eleven Minneapolis 225 L	253,590,000	5,071,050	0.60
3	WFM Office Owner LLC	226,600,000	4,531,250	0.54
4	City Center 33 South Property LLC	207,490,000	4,149,050	0.49
5	US Bank Corp RE Tax Department	174,700,000	3,493,250	0.42
6	Piedmont-800 Nicolet Ave LLC	171,550,000	3,430,250	0.41
7	South Sixth Office LLC	149,390,000	2,987,050	0.36
8	250 Nicollet Office LLC	135,955,000	2,718,350	0.32
9	KBSIII 60 South Sith St LLC	119,555,000	2,390,350	0.28
10	Dayton Hudson Corporation	112,290,000	2,245,800	0.27
Subtotal Top Ten Taxpayers:		\$1,808,170,000	\$36,156,650	4.30%

Total City Taxable Net Tax Capacity \$839,835,591

Source: Hennepin County

## INDEBTEDNESS OF THE CITY

### Debt Management Policies

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 essential City services at risk.

*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.* The debt management policies are 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.

*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 the dates noted, including the amount of such bonds considered to be self-supporting from revenue sources other than general property taxes. Self-supporting debt does not require any general property tax support under current and anticipated operating conditions. The City has chosen to issue general obligation bonds for its enterprise funds to obtain a lower interest rate on the bonds. Historically, these bonds have not required general property tax support and currently are projected to not 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.

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**CITY OF MINNEAPOLIS**

**Historical Outstanding Debt for Years Ending December 31, by Business Line & Source of Repayment**

Classification/Business Line	Source of Repayment*	2023	2022	2021	2020	2019
<b>General Obligation (GO) Debt:</b>						
<b>Enterprise Fund GO Debt</b>						
<b>(Dollar Amounts Expressed in Thousands)</b>						
Stormwater Sewer	User Fees	\$39,515	\$33,385	\$13,035	\$5,340	\$4,515
Sanitary Sewer Fund	User Fees	51,650	52,945	51,610	43,235	34,070
Water Fund Bonds	User Fees	90,495	74,715	65,155	54,260	40,820
Water Fund Notes -- MN/Public Facilities Authority	User Fees	60,240	68,702	75,508	81,877	86,195
Parking Fund	User Fees	52,240	59,655	64,990	58,050	58,605
Solid Waste Fund	User Fees	5,280	5,690	6,100	--	--
<b>Total Enterprise Fund GO Debt</b>		<b>\$299,420</b>	<b>\$295,092</b>	<b>\$276,398</b>	<b>\$242,762</b>	<b>\$224,205</b>
<b>Self-Supporting GO Debt</b>						
Convention Center	Local Sales Tax	\$26,000	\$26,000	\$26,000	\$26,000	\$26,000
Target Center Renovation Bonds	Local Sales Tax	53,320	56,940	60,400	63,710	66,875
Tax Increment Supported	Tax Increment	--	--	--	1,495	1,710
Development Supported	Ryan Co/Stadium Authority	57,150	58,215	59,240	60,155	60,940
Assessment Bonds	Special Assessment	54,475	51,850	52,825	53,955	49,940
Housing Improvement Area Bonds	Fees	19,380	20,345	21,280	5,675	5,925
Park Board	User Fees	5,725	6,675	7,600	8,500	8,875
<b>Total Self-Supporting GO Debt</b>		<b>\$216,050</b>	<b>\$220,025</b>	<b>\$227,345</b>	<b>\$219,490</b>	<b>\$220,265</b>
<b>Property Tax GO Debt</b>						
General Infrastructure Bonds and Notes	Property Tax	\$117,685	\$105,775	\$97,660	\$68,400	\$69,455
Capital Improvement Bonds	Property Tax/User Fees	186,470	191,520	200,165	204,025	207,860
Library System Referendum Bonds	Property Tax/State of MN	--	--	--	8,435	26,430
<b>Total Property Tax Supported GO Debt</b>		<b>\$304,155</b>	<b>\$297,295</b>	<b>\$297,825</b>	<b>\$280,860</b>	<b>\$303,745</b>
<b>Total GO Debt</b>		<b>\$819,625</b>	<b>\$812,412</b>	<b>\$801,568</b>	<b>\$743,112</b>	<b>\$748,215</b>

\*Source of repayment pledged in debt documents.

**CITY OF MINNEAPOLIS**

**Historical Outstanding Debt for Years Ending December 31, by Business Line & Source of Repayment  
(continued)**

Classification/Business Line	Source of Repayment*	2023	2022	2021	2020	2019
<b>Non-GO Debt</b>		<b>(Dollar Amounts Expressed in Thousands)</b>				
Economic Development Revenue Bonds	Tax Increment	\$11,190	\$12,880	\$14,500	\$16,040	\$17,520
Economic Development Revenue Notes	Tax Increment	630	1,225	1,785	2,310	2,805
Community Dev General Agency Reserve Fund	Business Leases	9,520	9,970	24,640	40,550	58,835
<b>Total Non-GO Debt</b>		<b>\$21,340</b>	<b>\$24,075</b>	<b>\$40,925</b>	<b>\$58,900</b>	<b>\$79,160</b>
<b>Grand Total GO and Non-GO Debt</b>		<b>\$840,965</b>	<b>\$834,831</b>	<b>\$842,493</b>	<b>\$802,012</b>	<b>\$827,375</b>

\*Source of repayment pledged in debt documents.

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## HISTORY OF DEBT

### Total General Obligation Debt

As of December 31	Fixed Rate	Variable Rate	Total	Variable Rate as % of Total
2023	\$793,290,000	\$26,335,000	\$819,625,000	3.21%
2022	785,787,000	26,625,000	812,412,000	3.28
2021	774,643,400	26,915,000	801,558,400	3.36
2020	714,907,000	28,205,000	743,112,000	3.80
2019	718,715,000	29,500,000	748,215,000	3.94

### Property Tax Supported General Obligation Debt

As of December 31	Fixed Rate	Variable Rate	Total	Variable Rate as of % of Total
2023	\$304,195,000	\$--	\$304,195,000	0.00%
2022	297,295,000	--	297,295,000	0.00
2021	297,825,000	--	297,825,000	0.00
2020	280,860,000	--	280,860,000	0.00
2019	303,745,000	--	303,745,000	0.00

### Non-Property Tax Supported General Obligation Debt

As of December 31	Fixed Rate	Variable Rate	Total	Variable Rate as of % of Total
2023	\$489,095,000	\$26,335,000	\$515,430,000	5.11%
2022	488,492,000	26,625,000	515,117,000	5.17
2021	476,828,400	26,915,000	503,743,400	5.34
2020	434,047,000	28,205,000	462,252,000	6.10
2019	414,970,000	29,500,000	444,470,000	6.64

### General Obligation Minnesota Public Facilities Authority (PFA) Notes (Fixed Rate)

The City has issued eight general obligation notes (the “PFA Notes”) purchased by the Minnesota Public Facilities Authority (the “PFA”) to finance the City’s drinking water ultra-filtration project and new filter presses project. The PFA Notes are part of a federally sponsored financing program related to the Drinking Water Act; the City receives below-market interest rates by participating in the program. Through December 31, 2023, the City has drawn down proceeds of the PFA Notes in the amount of \$160,387,215. The amortization of the PFA Notes associated with this program provided under “GENERAL OBLIGATION DEBT – Water Fund Supported” in this Appendix reflects the full utilization and estimated payment obligations of the PFA Notes.

Amount Issued	Issue Date	Final Maturity	December 31, 2023 Outstanding	Interest Rate
\$13,500,000	23-Aug-06	20-Aug-26	\$1,500,000	2.600
19,557,660	09-Dec-09	20-Aug-27	17,500,000	2.688
28,900,000	14-May-18	20-Aug-33	21,000,000	1.008
27,300,000	14-Dec-18	20-Aug-35	20,240,000	1.470
<u>\$89,257,660</u>			<u>\$60,240,000</u>	

**General Obligation Bank Term Note (Variable Rate)**

On January 3, 2012, the City issued a \$27,980,000 General Obligation Term Loan Note, Series 2011B (the “Series 2011B Note”), which was purchased by U.S. Bank National Association. The proceeds of the Series 2011B Note were used to refund and redeem all remaining principal of a general obligation variable rate bond issue of the City. Currently the Series 2011B Note accrues interest at a variable rate of interest equal to the weekly SIFMA rate, plus a spread based on the current rating of the City’s long-term general obligation debt. The Series 2011B Note is payable from revenues derived from the operation of the City’s parking system.

**Summary of Series 2011B Note**

<b>Authorized Amount*</b>	<b>December 31, 2023 Amount Outstanding</b>	<b>Mandatory Prepayment Date</b>	<b>Maturity Date</b>
\$27,980,000	\$26,335,000	11-Jun-2027	1-Dec-2033

\* The Series 2011B Note is fully drawn down. No further advances may be made against the Authorized Amount.

**Adopted Series 2011B Note Amortization Schedule**

<b>Year (December 1)</b>	<b>Principal Amount</b>	<b>Year (December 1)</b>	<b>Principal Amount</b>
2024	\$290,000	2029	\$2,180,000
2025	2,825,000	2030	2,370,000
2026	3,115,000	2031	2,565,000
2027	3,445,000	2032	2,760,000
2028	3,785,000	2033	3,000,000

**Sales and Use Taxes Contribution to Football Stadium**

In 2014, the State issued its State General Fund Appropriation Bonds, Tax-Exempt Series 2014A, in the principal amount of \$391,785,000 and its State General Fund Appropriation Bonds, Taxable Series 2014B, in the principal amount of \$70,280,000 (together, the “State Bonds”) to finance a portion of the cost of a National Football League stadium in the City. The Minnesota Vikings home games and other events are held at the stadium. Minn. Stat. Section 473J.11 required the State and the City to pay debt service on the State Bonds in an amount up to \$348,000,000 and up to \$150,000,000, respectively.

Minn. Stat. Section 297A.994 required the City to also contribute to capital improvement reserves, operating expenses, and state advances for capital improvements and operating expenses. The City’s contributions for these costs were payable solely from the State withholding a portion of the proceeds of the City’s sales and uses taxes authorized by the Laws of Minnesota 1986, Chapter 396, Sections 4 and 5, as amended by Laws of Minnesota 2001, First Special Session, Chapter 5, Article 12, Section 87.

On June 26, 2023, the outstanding maturities of the State Bonds were called for redemption and fully defeased. As a result, Section 297A.994 was amended during the 2023 legislative session to reflect changes in the calculation of and purposes for which the City’s sales and uses taxes are retained.

For 2024, it is expected that the State will collect approximately \$100,000,000 in City’s sales and use taxes, retain approximately \$20,000,000 for allowable purposes, and distribute the remainder to the City. The portion of the sales and use taxes to be retained by the State varies each year depending principally on the annual rates of inflation. Due to the legislative amendments, the portion of sales and use taxes retained by the State will be materially lower in future years.

The sales and use taxes are currently pledged to the City’s (i) Taxable General Obligation Sales Tax Refunding Bonds, Series 2017, which mature on December 1, 2035; (ii) Taxable General Obligation Bonds, Series 2018, which, with respect to the portion of the bonds payable from sales and use taxes, mature on December 1, 2030; and (iii) Taxable General Obligation Convention Center Refunding Bonds, Series 2020, which mature on December 1, 2025. The average annual debt service of the outstanding maturities is \$7,381,430.

**Interfund Loan**

The City may borrow and lend funds internally among its various funds to redeem debt outstanding or otherwise finance capital costs. Internal loans are repaid from resources that are typically defined at the time of the loan.

On May 1, 2019, the City established an interfund loan in the amount of \$19,010,000, the proceeds of which were used to redeem all or a portion of four series of the City’s general obligation bonds. The proceeds of the interfund loan were used to: (i) pay principal of the City’s General Obligation Tax Increment Refunding Bonds (Milwaukee Depot), Series 2009A (the “Series 2009A Milwaukee Depot Bonds”), in the amount of \$3,225,000; (ii) pay principal of the City’s General Obligation Tax Increment Refunding Bonds, Series 2010 (the “Series 2010 Humboldt Greenway Bonds”), in the amount of \$3,010,000; (iii) pay principal of the City’s Taxable General Obligation Tax Increment Refunding Bonds (West Side Milling), Series 2010 (the “Series 2010 West Side Milling Bonds”), in the amount of \$5,975,000; and (iv) pay principal of the City’s General Obligation Refunding Bonds, Series 2010 (the “Series 2010 Refunding Bonds”), in the amount of \$6,800,000. This interfund loan will accrue interest at a rate of 3.50% per annum and is expected to be repaid with revenues derived from certain tax increment financing districts within the City and originally pledged to the payment of the Series 2009A Milwaukee Depot Bonds, the Series 2010 Humboldt Greenway Bonds, the Series 2010 West Side Milling Bonds, and the Series 2010 Refunding Bonds and from parking facilities revenues and other revenues originally pledged to the Series 2010 Refunding Bonds. Principal and interest payments are made March 1 and September 1, commencing on September 1, 2019, and this interfund loan matures on March 1, 2030. The remaining amortization of this interfund loan is set forth below:

<b>Date</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal and Interest</b>
03/01/25	\$640,000.00	\$60,287.50	\$700,287.50
09/01/25	--	49,087.50	49,087.50
03/01/26	680,000.00	49,087.50	729,087.50
09/01/26	--	37,187.50	37,187.50
03/01/27	715,000.00	37,187.50	752,187.50
09/01/27	--	24,675.00	24,675.00
03/01/28	740,000.00	24,675.00	764,675.00
09/01/28	--	11,725.00	11,725.00
03/01/29	325,000.00	11,725.00	336,725.00
09/01/29	--	6,037.50	6,037.50
03/01/30	345,000.00	6,037.50	351,037.50
<b>Total:</b>	<b>\$3,445,000.00</b>	<b>\$317,712.50</b>	<b>\$3,762,712.5</b>

The debt tables in APPENDIX A reflect the City’s debt service requirements as of the anticipated dated date of the Bonds and do not include the interfund loan.



**SUMMARY OF GENERAL OBLIGATION DEBT OUTSTANDING**

<b>Pledged Revenues</b>	<b>See Page</b>	<b>Current GO Bonds</b>	<b>Current GO Notes</b>	<b>Debt Before Sale of the Bonds*</b>	<b>This Sale of Bonds</b>	<b>Debt After Sale of the Bonds**</b>
Development Revenues	A-14	\$55,975,000	\$--	\$55,975,000	\$--	\$55,975,000
Sales Tax Revenues	A-14	79,320,000	--	79,320,000	--	79,320,000
Housing Improvement Area Fees	A-15	19,380,000	--	19,380,000	--	19,380,000
Park Board Revenues	A-15	5,725,000	--	5,725,000	--	5,725,000
Special Assessments	A-16	54,475,000	--	54,475,000	8,945,000	63,420,000
Property Tax Revenues	A-17	290,665,000	--	290,665,000	82,095,000	372,760,000
Parking Fund Revenues	A-18	25,905,000	26,335,000	52,240,000	--	52,240,000
Sanitary Sewer Fund Revenues	A-19	51,650,000	--	51,650,000	11,995,000	63,645,000
Storm Sewer Fund Revenues	A-20	39,515,000	--	39,515,000	8,445,000	47,960,000
Water Fund Revenues	A-21	90,495,000	53,350,000	143,845,000	12,110,000	155,955,000
Solid Waste Fund Revenues	A-23	18,770,000	--	18,770,000	--	18,770,000
<b>Total General Obligation Debt:</b>	A-24	<b>\$731,875,000</b>	<b>\$79,685,000</b>	<b>\$811,560,000</b>	<b>\$123,590,000</b>	<b>\$935,150,000</b>
<b>This Sale (the "Bonds")</b>		<b>Sale Amount**</b>				
General Obligation Bonds, Series 2024		\$123,590,000				

\* As of September 2, 2024.

\*\* Preliminary; subject to change.

**The debt tables set forth on the following pages of this APPENDIX A reflect the City's debt service requirements as of September 2, 2024. All debt tables that set forth estimated principal and interest requirements after the sale of the Bonds are preliminary and subject to change.**

**GENERAL OBLIGATION DEBT**

<b>Development Supported</b>				<b>Sales Tax Supported</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>		<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>
2024	\$--	\$--	\$--	2024	\$3,790,000	\$2,065,598	\$5,855,598
2025	1,290,000	2,484,256	3,774,256	2025	29,945,000	1,891,248	31,836,248
2026	1,395,000	2,435,740	3,830,740	2026	4,075,000	1,574,835	5,649,835
2027	1,425,000	2,382,716	3,807,716	2027	4,210,000	1,439,548	5,649,548
2028	1,550,000	2,324,461	3,874,461	2028	4,350,000	1,298,793	5,648,793
2029	1,690,000	2,258,590	3,948,590	2029	4,500,000	1,152,343	5,652,343
2030	1,830,000	2,183,758	4,013,758	2030	14,780,000	999,778	15,779,778
2031	1,990,000	2,100,120	4,090,120	2031	2,555,000	476,360	3,031,360
2032	2,155,000	2,009,365	4,164,365	2032	2,635,000	392,045	3,027,045
2033	2,325,000	1,911,275	4,236,275	2033	2,730,000	301,138	3,031,138
2034	2,510,000	1,805,413	4,315,413	2034	2,825,000	205,588	3,030,588
2035	2,700,000	1,687,965	4,387,965	2035	2,925,000	105,300	3,030,300
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	--	--	--
1043	4,705,000	341,273	5,046,273	2043	--	--	--
2044	5,020,000	116,188	5,136,188	2044	--	--	--
	<b>\$55,975,000</b>	<b>\$31,629,208</b>	<b>\$87,604,208</b>		<b>\$79,320,000</b>	<b>\$11,902,574</b>	<b>\$91,222,574</b>

**GENERAL OBLIGATION DEBT**

<b>Housing Improvement Area Fee Supported</b>				<b>Park Board Supported</b>			
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Debt Service</u></b>		<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Debt Service</u></b>
2024	\$975,000	\$456,423	\$1,431,423	2024	\$975,000	\$163,450	\$1,138,450
2025	1,000,000	439,473	1,439,473	2025	1,025,000	130,300	1,155,300
2026	1,010,000	421,118	1,431,118	2026	1,050,000	93,400	1,143,400
2027	1,030,000	402,018	1,432,018	2027	665,000	53,500	718,500
2028	1,055,000	381,330	1,436,330	2028	670,000	40,200	710,200
2029	1,075,000	358,900	1,433,900	2029	670,000	26,800	696,800
2030	1,635,000	334,965	1,969,965	2030	670,000	13,400	683,400
2031	1,060,000	290,365	1,350,365	2031	--	--	--
2032	1,170,000	266,380	1,436,380	2032	--	--	--
2033	1,025,000	237,088	1,262,088	2033	--	--	--
2034	1,045,000	213,713	1,258,713	2034	--	--	--
2035	1,070,000	170,270	1,240,270	2035	--	--	--
2036	1,100,000	176,933	1,276,933	2036	--	--	--
2037	1,400,000	134,915	1,534,915	2037	--	--	--
2038	890,000	96,980	986,980	2038	--	--	--
2039	915,000	73,840	988,840	2039	--	--	--
2040	1,925,000	50,050	1,975,050	2040	--	--	--
	<b>\$19,380,000</b>	<b>\$4,276,549</b>	<b>\$23,656,549</b>		<b>\$5,725,000</b>	<b>\$439,325</b>	<b>\$6,164,325</b>

**GENERAL OBLIGATION DEBT**

	<u>Assessment Supported</u>			<u>Assessment Supported</u>			<u>Assessment Supported</u>		
	<u>Current</u>	<u>Current</u>	<u>Current</u>	<u>This Sale</u>	<u>This Sale</u>	<u>This Sale</u>	<u>After This</u>	<u>After This</u>	<u>After This</u>
	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2024	\$7,900,000	\$1,604,634	\$9,504,634	\$1,160,000	\$54,936	\$1,214,936	\$9,060,000	\$1,659,570	\$10,719,570
2025	6,930,000	2,891,744	9,821,744	1,090,000	371,930	1,461,930	8,020,000	3,263,674	11,283,674
2026	7,085,000	1,311,519	8,396,519	1,090,000	317,430	1,407,430	8,175,000	1,628,949	9,803,949
2027	14,665,000	1,055,894	15,720,894	1,095,000	262,930	1,357,930	15,760,000	1,318,824	17,078,824
2028	1,465,000	584,994	2,049,994	1,095,000	208,180	1,303,180	2,560,000	793,174	3,353,174
2029	6,105,000	537,794	6,642,794	235,000	153,430	388,430	6,340,000	691,224	7,031,224
2030	1,105,000	738,081	1,843,081	235,000	141,680	376,680	1,340,000	879,761	2,219,761
2031	885,000	358,256	1,243,256	235,000	129,930	364,930	1,120,000	488,186	1,608,186
2032	890,000	321,369	1,211,369	235,000	118,180	353,180	1,125,000	439,549	1,564,549
2033	2,180,000	284,294	2,464,294	235,000	106,430	341,430	2,415,000	390,724	2,805,724
2034	650,000	208,619	858,619	235,000	94,680	329,680	885,000	303,299	1,188,299
2035	625,000	164,538	789,538	230,000	82,930	312,930	855,000	247,468	1,102,468
2036	635,000	155,388	790,388	230,000	71,430	301,430	865,000	226,818	1,091,818
2037	640,000	130,944	770,944	230,000	62,230	292,230	870,000	193,174	1,063,174
2038	645,000	106,019	751,019	225,000	53,030	278,030	870,000	159,049	1,029,049
2039	650,000	80,988	730,988	220,000	44,030	264,030	870,000	125,018	995,018
2040	650,000	55,850	705,850	220,000	35,230	255,230	870,000	91,080	961,080
2041	420,000	30,425	450,425	220,000	26,430	246,430	640,000	56,855	696,855
2042	350,000	14,000	364,000	215,000	17,630	232,630	565,000	31,630	596,630
2043	--	--	--	215,000	8,815	223,815	215,000	8,815	223,815
	<u>\$54,475,000</u>	<u>\$10,635,350</u>	<u>\$65,110,350</u>	<u>\$8,945,000</u>	<u>\$2,361,491</u>	<u>\$11,306,491</u>	<u>\$63,420,000</u>	<u>\$12,996,841</u>	<u>\$76,416,841</u>

**GENERAL OBLIGATION DEBT**

	<b>Existing Property Tax Supported</b>			<b>New Property Tax Supported</b>			<b>Total Property Tax Supported</b>		
	<b>Current Principal</b>	<b>Current Interest</b>	<b>Current Debt Service</b>	<b>This Sale Principal</b>	<b>This Sale Interest</b>	<b>This Sale Debt Service</b>	<b>After This Sale Principal</b>	<b>After This Sale Interest</b>	<b>After This Sale Debt Service</b>
2024	\$19,155,000	\$5,360,063	\$24,515,063	\$25,000,000	\$494,546	\$25,494,546	\$44,155,000	\$5,854,609	\$50,009,609
2025	19,490,000	9,934,652	29,424,652	3,005,000	2,620,360	5,625,360	22,495,000	12,555,012	35,050,012
2026	17,830,000	9,178,925	27,008,925	3,005,000	2,470,110	5,475,110	20,835,000	11,649,035	32,484,035
2027	13,480,000	8,494,525	21,974,525	3,005,000	2,319,860	5,324,860	16,485,000	10,814,385	27,299,385
2028	13,375,000	7,960,300	21,335,300	3,005,000	2,169,610	5,174,610	16,380,000	10,129,910	26,509,910
2029	12,830,000	7,424,225	20,254,225	3,005,000	2,019,360	5,024,360	15,835,000	9,443,585	25,278,585
2030	12,615,000	6,955,350	19,570,350	3,005,000	1,869,110	4,874,110	15,620,000	8,824,460	24,444,460
2031	12,795,000	6,519,425	19,314,425	3,005,000	1,718,860	4,723,860	15,800,000	8,238,285	24,038,285
2032	11,035,000	6,037,550	17,072,550	3,005,000	1,568,610	4,573,610	14,040,000	7,606,160	21,646,160
2033	11,270,000	5,607,351	16,877,351	3,005,000	1,418,360	4,423,360	14,275,000	7,025,711	21,300,711
2034	11,500,000	5,168,850	16,668,850	3,005,000	1,268,110	4,273,110	14,505,000	6,436,960	20,941,960
2035	11,725,000	4,757,788	16,482,788	3,005,000	1,117,860	4,122,860	14,730,000	5,875,648	20,605,648
2036	11,975,000	4,328,738	16,303,738	3,005,000	967,610	3,972,610	14,980,000	5,296,348	20,276,348
2037	11,650,000	3,909,063	15,559,063	3,005,000	847,410	3,852,410	14,655,000	4,756,473	19,411,473
2038	11,915,000	3,495,413	15,410,413	3,005,000	727,210	3,732,210	14,920,000	4,222,623	19,142,623
2039	12,190,000	3,061,669	15,251,669	3,005,000	607,010	3,612,010	15,195,000	3,668,679	18,863,679
2040	12,460,000	2,631,163	15,091,163	3,005,000	486,810	3,491,810	15,465,000	3,117,973	18,582,973
2041	12,235,000	2,177,875	14,412,875	3,005,000	366,610	3,371,610	15,240,000	2,544,485	17,784,485
2042	10,875,000	1,750,700	12,625,700	3,005,000	246,410	3,251,410	13,880,000	1,997,110	15,877,110
2043	9,565,000	1,371,250	10,936,250	3,005,000	123,205	3,128,205	12,570,000	1,494,455	14,064,455
2044	9,890,000	1,045,850	10,935,850	--	--	--	9,890,000	1,045,850	10,935,850
2045	10,225,000	709,150	10,934,150	--	--	--	10,225,000	709,150	10,934,150
2046	10,585,000	360,800	10,945,800	--	--	--	10,585,000	360,800	10,945,800
	<u>\$290,665,000</u>	<u>\$108,240,675</u>	<u>\$398,905,675</u>	<u>\$82,095,000</u>	<u>\$25,427,031</u>	<u>\$107,522,031</u>	<u>\$372,760,000</u>	<u>\$133,667,706</u>	<u>\$506,427,706</u>

**GENERAL OBLIGATION DEBT**

	<b>Parking Fund Supported</b>			<b>Parking Fund Supported</b>			<b>Parking Fund Supported</b>		
	<b>Bonds</b>	<b>Bonds</b>	<b>Bonds Debt</b>	<b>Notes</b>	<b>Notes</b>	<b>Notes Debt</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Service</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Service</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Debt Service</u></b>
2024	\$7,760,000	\$656,775	\$8,416,775	\$290,000	\$790,050	\$1,080,050	\$8,050,000	\$1,446,825	\$9,496,825
2025	5,355,000	447,475	5,802,475	2,825,000	781,350	3,606,350	8,180,000	1,228,825	9,408,825
2026	5,295,000	294,300	5,589,300	3,115,000	696,600	3,811,600	8,410,000	990,900	9,400,900
2027	3,295,000	144,425	3,439,425	3,445,000	603,150	4,048,150	6,740,000	747,575	7,487,575
2028	3,105,000	67,800	3,172,800	3,785,000	499,800	4,284,800	6,890,000	567,600	7,457,600
2029	1,095,000	16,425	1,111,425	2,180,000	386,250	2,566,250	3,275,000	402,675	3,677,675
2030	--	--	--	2,370,000	320,850	2,690,850	2,370,000	320,850	2,690,850
2031	--	--	--	2,565,000	249,750	2,814,750	2,565,000	249,750	2,814,750
2032	--	--	--	2,760,000	172,800	2,932,800	2,760,000	172,800	2,932,800
2033	--	--	--	3,000,000	90,000	3,090,000	3,000,000	90,000	3,090,000
	<u>\$25,905,000</u>	<u>\$1,627,200</u>	<u>\$27,532,200</u>	<u>\$26,335,000</u>	<u>\$4,590,600</u>	<u>\$30,925,600</u>	<u>\$52,240,000</u>	<u>\$6,217,800</u>	<u>\$58,457,800</u>

**GENERAL OBLIGATION DEBT**

	<b>Existing Sanitary Sewer Fund Supported</b>			<b>New Sanitary Sewer Fund Supported</b>			<b>Total Sanitary Sewer Fund Supported</b>		
	<b>Current Principal</b>	<b>Current Interest</b>	<b>Current Debt Service</b>	<b>This Sale Principal</b>	<b>This Sale Interest</b>	<b>This Sale Debt Service</b>	<b>After This Sale Principal</b>	<b>After This Sale Interest</b>	<b>After This Sale Total Debt Service</b>
2024	\$6,250,000	\$1,865,363	\$8,115,363	\$--	\$70,356	\$70,356	\$6,250,000	\$1,935,718	\$8,185,718
2025	6,245,000	1,621,688	7,866,688	635,000	550,610	1,185,610	6,880,000	2,172,298	9,052,298
2026	6,345,000	1,378,263	7,723,263	635,000	518,860	1,153,860	6,980,000	1,897,123	8,877,123
2027	6,345,000	1,189,538	7,534,538	635,000	487,110	1,122,110	6,980,000	1,676,648	8,656,648
2028	6,440,000	1,000,813	7,440,813	635,000	455,360	1,090,360	7,075,000	1,456,173	8,531,173
2029	4,635,000	810,288	5,445,288	635,000	423,610	1,058,610	5,270,000	1,233,898	6,503,898
2030	2,475,000	655,863	3,130,863	630,000	391,860	1,021,860	3,105,000	1,047,723	4,152,723
2031	2,470,000	559,338	3,029,338	630,000	360,360	990,360	3,100,000	919,698	4,019,698
2032	1,000,000	463,088	1,463,088	630,000	328,860	958,860	1,630,000	791,948	2,421,948
2033	1,000,000	410,938	1,410,938	630,000	297,360	927,360	1,630,000	708,298	2,338,298
2034	1,005,000	358,788	1,363,788	630,000	265,860	895,860	1,635,000	624,648	2,259,648
2035	1,005,000	317,800	1,322,800	630,000	234,360	864,360	1,635,000	552,160	2,187,160
2036	1,005,000	273,250	1,278,250	630,000	202,860	832,860	1,635,000	476,110	2,111,110
2037	1,000,000	231,550	1,231,550	630,000	177,660	807,660	1,630,000	409,210	2,039,210
2038	1,000,000	187,250	1,187,250	630,000	152,460	782,460	1,630,000	339,710	1,969,710
2039	1,000,000	142,950	1,142,950	630,000	127,260	757,260	1,630,000	270,210	1,900,210
2040	1,000,000	98,650	1,098,650	630,000	102,060	732,060	1,630,000	200,710	1,830,710
2041	1,000,000	97,350	1,097,350	630,000	76,860	706,860	1,630,000	174,210	1,804,210
2042	430,000	35,900	485,900	630,000	51,660	681,660	1,060,000	107,560	1,167,560
2043	--	--	--	630,000	25,830	655,830	630,000	25,830	655,830
	<b>\$51,650,000</b>	<b>\$11,718,668</b>	<b>\$63,368,668</b>	<b>\$11,995,000</b>	<b>\$5,301,216</b>	<b>\$17,296,216</b>	<b>\$63,645,000</b>	<b>\$17,019,884</b>	<b>\$80,664,884</b>

**GENERAL OBLIGATION DEBT**

	<b>Storm Sewer Fund Supported</b>			<b>Storm Sewer Fund Supported</b>			<b>Storm Sewer Fund Supported</b>		
	<b>Current Principal</b>	<b>Current Interest</b>	<b>Current Debt Service</b>	<b>This Sale Principal</b>	<b>This Sale Interest</b>	<b>This Sale Debt Service</b>	<b>After This Sale Principal</b>	<b>After This Sale Interest</b>	<b>After This Sale Total Debt Service</b>
2024	\$3,735,000	\$1,815,269	\$5,550,269	\$--	\$49,531	\$49,531	\$3,735,000	\$1,864,799	\$5,599,799
2025	3,735,000	1,644,444	5,379,444	445,000	387,630	832,630	4,180,000	2,032,074	6,212,074
2026	3,730,000	1,473,619	5,203,619	445,000	365,380	810,380	4,175,000	1,838,999	6,013,999
2027	1,850,000	1,302,994	3,152,994	445,000	343,130	788,130	2,295,000	1,646,124	3,941,124
2028	1,850,000	1,207,569	3,057,569	445,000	320,880	765,880	2,295,000	1,528,449	3,823,449
2029	1,850,000	1,112,144	2,962,144	445,000	298,630	743,630	2,295,000	1,410,774	3,705,774
2030	1,850,000	1,016,719	2,866,719	445,000	276,380	721,380	2,295,000	1,293,099	3,588,099
2031	1,850,000	921,294	2,771,294	445,000	254,130	699,130	2,295,000	1,175,424	3,470,424
2032	1,850,000	825,869	2,675,869	445,000	231,880	676,880	2,295,000	1,057,749	3,352,749
2033	1,850,000	730,444	2,580,444	445,000	209,630	654,630	2,295,000	940,074	3,235,074
2034	1,850,000	635,019	2,485,019	445,000	187,380	632,380	2,295,000	822,399	3,117,399
2035	1,850,000	563,075	2,413,075	445,000	165,130	610,130	2,295,000	728,205	3,023,205
2036	1,850,000	483,225	2,333,225	445,000	142,880	587,880	2,295,000	626,105	2,921,105
2037	1,850,000	409,700	2,259,700	445,000	125,080	570,080	2,295,000	534,780	2,829,780
2038	1,850,000	329,850	2,179,850	445,000	107,280	552,280	2,295,000	437,130	2,732,130
2039	1,845,000	250,000	2,095,000	445,000	89,480	534,480	2,290,000	339,480	2,629,480
2040	1,845,000	170,350	2,015,350	445,000	71,680	516,680	2,290,000	242,030	2,532,030
2041	1,845,000	90,700	1,935,700	445,000	53,880	498,880	2,290,000	144,580	2,434,580
2042	580,000	23,200	603,200	440,000	36,080	476,080	1,020,000	59,280	1,079,280
2043	--	--	--	440,000	18,040	458,040	440,000	18,040	458,040
	<b>\$39,515,000</b>	<b>\$15,005,484</b>	<b>\$54,520,484</b>	<b>\$8,445,000</b>	<b>\$3,734,111</b>	<b>\$12,179,111</b>	<b>\$47,960,000</b>	<b>\$18,739,595</b>	<b>\$66,699,595</b>



**GENERAL OBLIGATION DEBT**

	<b>Water Fund Supported Bonds</b>			<b>Water Fund Supported – State PFA Notes</b>			<b>Water Fund Supported</b>		
	<b>Current Bonds Principal</b>	<b>Current Bonds Interest</b>	<b>Current Bonds Debt Service</b>	<b>Current State PFA Notes Principal*</b>	<b>Current Notes Interest</b>	<b>Current Notes Debt Service</b>	<b>Current Total Principal</b>	<b>Current Total Interest</b>	<b>Current Total Debt Service</b>
2024	\$9,835,000	\$3,302,213	\$13,137,213	\$--	\$--	\$--	\$9,835,000	\$3,302,213	\$13,137,213
2025	8,840,000	2,938,488	11,778,488	8,610,000	888,630	9,498,630	17,450,000	3,827,118	21,277,118
2026	8,790,000	2,589,063	11,379,063	8,770,000	737,723	9,507,723	17,560,000	3,326,786	20,886,786
2027	8,790,000	2,324,238	11,114,238	8,980,000	524,861	9,504,861	17,770,000	2,849,099	20,619,099
2028	7,940,000	2,059,413	9,999,413	4,130,000	336,323	4,466,323	12,070,000	2,395,736	14,465,736
2029	7,765,000	1,811,588	9,576,588	4,190,000	287,393	4,477,393	11,955,000	2,098,981	14,053,981
2030	4,760,000	1,567,438	6,327,438	4,240,000	237,767	4,477,767	9,000,000	1,805,205	10,805,205
2031	4,760,000	1,389,938	6,149,938	4,300,000	187,543	4,487,543	9,060,000	1,577,481	10,637,481
2032	4,760,000	1,200,138	5,960,138	4,350,000	136,576	4,486,576	9,110,000	1,336,714	10,446,714
2033	3,450,000	1,010,338	4,460,338	1,900,000	84,966	1,984,966	5,350,000	1,095,304	6,445,304
2034	3,115,000	859,938	3,974,938	1,930,000	57,036	1,987,036	5,045,000	916,974	5,961,974
2035	3,115,000	739,525	3,854,525	1,950,000	28,665	1,978,665	5,065,000	768,190	5,833,190
2036	3,115,000	613,675	3,728,675	--	--	--	3,115,000	613,675	3,728,675
2037	2,055,000	501,450	2,556,450	--	--	--	2,055,000	501,450	2,556,450
2038	2,055,000	407,400	2,462,400	--	--	--	2,055,000	407,400	2,462,400
2039	2,055,000	313,350	2,368,350	--	--	--	2,055,000	313,350	2,368,350
2040	2,055,000	219,300	2,274,300	--	--	--	2,055,000	219,300	2,274,300
2041	2,055,000	125,250	2,180,250	--	--	--	2,055,000	125,250	2,180,250
2042	1,185,000	47,400	1,232,400	--	--	--	1,185,000	47,400	1,232,400
2043	--	--	--	--	--	--	--	--	--
	<b>\$90,495,000</b>	<b>\$24,020,143</b>	<b>\$114,515,143</b>	<b>\$53,350,000</b>	<b>\$3,507,483</b>	<b>\$56,857,483</b>	<b>\$143,845,000</b>	<b>\$27,527,626</b>	<b>\$171,372,626</b>

\* State PFA Note principal reflects the full amortization of all PFA Notes as of the dated date of the Bonds. See page A-9 for PFA Note balances drawn and the remaining amount of principal that may be drawn down on the PFA Notes.

**GENERAL OBLIGATION DEBT**

	<b>Water Fund Supported</b>			<b>Water Fund Supported</b>		
	<b><u>This Sale Principal</u></b>	<b><u>This Sale Interest</u></b>	<b><u>This Sale Debt Service</u></b>	<b><u>After This Sale Principal</u></b>	<b><u>After This Sale Interest</u></b>	<b><u>After This Sale Total Debt Service</u></b>
2024	\$--	\$71,041	71,041	9,835,000	3,373,253	13,208,253
2025	640,000	555,970	1,195,970	18,090,000	4,383,088	22,473,088
2026	640,000	523,970	1,163,970	18,200,000	3,850,756	22,050,756
2027	640,000	491,970	1,131,970	18,410,000	3,341,069	21,751,069
2028	640,000	459,970	1,099,970	12,710,000	2,855,706	15,565,706
2029	640,000	427,970	1,067,970	12,595,000	2,526,951	15,121,951
2030	640,000	395,970	1,035,970	9,640,000	2,201,175	11,841,175
2031	640,000	363,970	1,003,970	9,700,000	1,941,451	11,641,451
2032	640,000	331,970	971,970	9,750,000	1,668,684	11,418,684
2033	640,000	299,970	939,970	5,990,000	1,395,274	7,385,274
2034	635,000	267,970	902,970	5,680,000	1,184,944	6,864,944
2035	635,000	236,220	871,220	5,700,000	1,004,410	6,704,410
2036	635,000	204,470	839,470	3,750,000	818,145	4,568,145
2037	635,000	179,070	814,070	2,690,000	680,520	3,370,520
2038	635,000	153,670	788,670	2,690,000	561,070	3,251,070
2039	635,000	128,270	763,270	2,690,000	441,620	3,131,620
2040	635,000	102,870	737,870	2,690,000	322,170	3,012,170
2041	635,000	77,470	712,470	2,690,000	202,720	2,892,720
2042	635,000	52,070	687,070	1,820,000	99,470	1,919,470
2043	635,000	26,035	661,035	635,000	26,035	661,035
	<u>\$12,110,000</u>	<u>\$5,350,886</u>	<u>\$17,460,886</u>	<u>\$155,955,000</u>	<u>\$32,878,506</u>	<u>\$188,833,501</u>

**GENERAL OBLIGATION DEBT**

	<b>Solid Waste Fund Supported</b>		
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Debt Service</u></b>
2024	\$595,000	\$753,360	\$1,348,360
2025	685,000	727,706	1,412,706
2026	1,355,000	697,556	2,052,556
2027	1,400,000	633,906	2,033,906
2028	1,450,000	567,956	2,017,956
2029	1,500,000	499,506	1,999,506
2030	1,545,000	439,506	1,984,506
2031	1,590,000	381,756	1,971,756
2032	1,640,000	322,206	1,962,206
2033	1,685,000	260,656	1,945,656
2034	1,740,000	197,306	1,937,306
2035	1,790,000	131,756	1,921,756
2036	1,795,000	64,206	1,859,206
	<u>\$18,770,000</u>	<u>\$5,677,378</u>	<u>\$24,447,378</u>

**GENERAL OBLIGATION DEBT**

	<b>Total General Obligation Debt</b>			<b>Total General Obligation Debt</b>			<b>Total General Obligation Debt</b>		
	<b>Current</b>	<b>Current</b>	<b>Current</b>	<b>Current</b>	<b>Current</b>	<b>Current</b>	<b>Total</b>	<b>Total</b>	<b>Total Current</b>
	<b>Bonds</b>	<b>Bonds</b>	<b>Bonds</b>	<b>Notes</b>	<b>Notes</b>	<b>Notes</b>	<b>Current</b>	<b>Current</b>	<b>Current</b>
	<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>	<b>Principal</b>	<b>Interest</b>	<b>Debt Service</b>
2024	\$60,970,000	\$17,558,857	\$78,528,857	\$290,000	\$ 790,050	\$1,080,050	\$61,260,000	\$ 18,348,907	\$79,608,907
2025	84,540,000	25,114,572	109,654,572	11,435,000	1,669,980	13,104,980	95,975,000	26,784,552	122,759,552
2026	57,960,000	21,408,436	79,368,436	11,885,000	1,434,323	13,319,323	69,845,000	22,842,759	92,687,759
2027	57,155,000	19,410,000	76,565,000	12,425,000	1,128,011	13,553,011	69,580,000	20,538,011	90,118,011
2028	43,250,000	17,480,228	60,730,228	7,915,000	836,123	8,751,123	51,165,000	18,316,351	69,481,351
2029	43,715,000	15,995,201	59,710,201	6,370,000	673,643	7,043,643	50,085,000	16,668,844	66,753,844
2030	43,265,000	14,891,458	58,156,458	6,610,000	558,617	7,168,617	49,875,000	15,450,075	65,325,075
2031	29,955,000	12,996,851	42,951,851	6,865,000	437,293	7,302,293	36,820,000	13,434,144	50,254,144
2032	27,135,000	11,838,009	38,973,009	7,110,000	309,376	7,419,376	34,245,000	12,147,385	46,392,385
2033	27,515,000	10,753,520	38,268,520	4,900,000	174,966	5,074,966	32,415,000	10,928,486	43,343,486
2034	26,240,000	9,653,232	35,893,232	1,930,000	57,036	1,987,036	28,170,000	9,710,268	37,880,268
2035	26,805,000	8,638,016	35,443,016	1,950,000	28,665	1,978,665	28,755,000	8,666,681	37,421,681
2036	24,385,000	7,631,010	32,016,010	--	--	--	24,385,000	7,631,010	32,016,010
2037	21,725,000	6,848,172	28,573,172	--	--	--	21,725,000	6,848,172	28,573,172
2038	21,715,000	5,985,076	27,700,076	--	--	--	21,715,000	5,985,076	27,700,076
2039	22,255,000	5,123,872	27,378,872	--	--	--	22,255,000	5,123,872	27,378,872
2040	23,790,000	4,253,892	28,043,892	--	--	--	23,790,000	4,253,892	28,043,892
2041	21,680,000	3,365,432	25,045,432	--	--	--	21,680,000	3,365,432	25,045,432
2042	17,830,000	2,521,290	20,351,290	--	--	--	17,830,000	2,521,290	20,351,290
2043	14,270,000	1,759,923	16,029,923	--	--	--	14,270,000	1,759,923	16,029,923
2044	14,910,000	1,162,038	16,072,038	--	--	--	14,910,000	1,162,038	16,072,038
2045	10,225,000	709,150	10,934,150	--	--	--	10,225,000	709,150	10,934,150
2046	10,585,000	360,800	10,945,800	--	--	--	10,585,000	360,800	10,945,800
	<b>\$731,875,000</b>	<b>\$225,459,035</b>	<b>\$957,334,035</b>	<b>\$79,685,000</b>	<b>\$8,098,083</b>	<b>\$87,783,083</b>	<b>\$811,560,000</b>	<b>\$233,557,118</b>	<b>\$1,045,117,118</b>

**GENERAL OBLIGATION DEBT**

	<b>Total General Obligation Debt</b>			<b>Total General Obligation Debt</b>		
	<b>This Sale Principal</b>	<b>This Sale Interest</b>	<b>This Sale Debt Service</b>	<b>Total After This Sale Principal</b>	<b>Total After This Sale Interest</b>	<b>Total After This Sale Debt Service</b>
2024	\$26,160,000	\$740,408	\$26,900,408	\$87,420,000	\$19,089,315	\$106,509,315
2025	5,815,000	4,486,500	10,301,500	101,790,000	31,271,052	133,061,052
2026	5,815,000	4,195,750	10,010,750	75,660,000	27,038,509	102,698,509
2027	5,820,000	3,905,000	9,725,000	75,400,000	24,443,011	99,843,011
2028	5,820,000	3,614,000	9,434,000	56,985,000	21,930,351	78,915,351
2029	4,960,000	3,323,000	8,283,000	55,045,000	19,991,844	75,036,844
2030	4,955,000	3,075,000	8,030,000	54,830,000	18,525,075	73,355,075
2031	4,955,000	2,827,250	7,782,250	41,775,000	16,261,394	58,036,394
2032	4,955,000	2,579,500	7,534,500	39,200,000	14,726,885	53,926,885
2033	4,955,000	2,331,750	7,286,750	37,370,000	13,260,236	50,630,236
2034	4,950,000	2,084,000	7,034,000	33,120,000	11,794,268	44,914,268
2035	4,945,000	1,836,500	6,781,500	33,700,000	10,503,181	44,203,181
2036	4,945,000	1,589,250	6,534,250	29,330,000	9,220,260	38,550,260
2037	4,945,000	1,391,450	6,336,450	26,670,000	8,239,622	34,909,622
2038	4,940,000	1,193,650	6,133,650	26,655,000	7,178,726	33,833,726
2039	4,935,000	996,050	5,931,050	27,190,000	6,119,922	33,309,922
2040	4,935,000	798,650	5,733,650	28,725,000	5,052,542	33,777,542
2041	4,935,000	601,250	5,536,250	26,615,000	3,966,682	30,581,682
2042	4,925,000	403,850	5,328,850	22,755,000	2,925,140	25,680,140
2043	4,925,000	123,205	5,126,925	19,195,000	1,883,128	21,078,128
2044	--	--	--	14,910,000	1,162,038	16,072,038
2045	--	--	--	10,225,000	709,150	10,934,150
2046	--	--	--	10,585,000	360,800	10,945,800
	<b>\$123,590,000</b>	<b>\$42,174,733</b>	<b>\$165,764,733</b>	<b>\$935,150,000</b>	<b>\$275,731,848</b>	<b>\$1,210,881,851</b>

	<b><u>Principal</u></b>	<b><u>Interest</u></b>
Principal and Interest Due through 12/31/29	\$452,300,000	\$143,764,081
Percentage of Debt Due	48.37%	52.14%
Principal and Interest Due through 12/31/34	\$658,595,000	\$218,331,938
Percentage of Debt Due	70.43%	79.18%

**CERTAIN OTHER INDEBTEDNESS**

**Common Bond Fund (CBF) Obligations**

The City has pledged to levy an ad valorem tax at the rate of up to 0.5% 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 31, 2023, the Common Bond Fund program had \$9,560,000 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 the County. The Common Bond Fund has typically provided financing for companies with businesses located in the City and the greater 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 September 2, 2024:

<b>Issues Outstanding</b>	<b>Interest Rates</b>	<b>Issue Date</b>	<b>Final Maturity Date</b>	<b>Issued (in Thousands)</b>	<b>Retired (in Thousands)</b>	<b>Outstanding (in Thousands)</b>
Life Source Project	3.00-4.00%	10/17/13	06/01/39	\$12,595	\$3,465	\$9,130

**Conduit Debt**

As of December 31, 2023, the City had \$1,707,925,154 outstanding of conduit revenue bonds for commercial, industrial, housing, education, and health care purposes, all of which are payable solely from payments required to be made by the respective borrowers and the bonds 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 Debt Limit

The City has the power to incur indebtedness for purposes specified by statute and the City Charter so long as the net debt of the City does not exceed 3-2/3% 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.

<b>Total Market Value of Taxable Property Located within the City</b>	<b>December 31, 2023 Actual</b>
Applicable to Debt Limit Computation	\$ 64,511,352,000
Legal Debt Percentage Allowed	<u>3.66%</u>
Legal Debt Limit	\$ 2,365,416,000
General Obligation Bonds Outstanding Subject to Debt Limit (Net Debt)*	<u>( 271,567,000)</u>
Unused Margin of Indebtedness	\$ 2,093,849,000
Percentage of Legal Debt Incurred	11.48%

\* From the aggregate principal amount of general obligation bonds subject to the debt limit outstanding as of December 31, 2023, there has been subtracted the estimated moneys in the sinking fund for such bonds.

### 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, 2023.

	<b>Net General Obligation Bonded Debt</b>	<b>Applicable Percent of Debt*</b>	<b>Direct Overlapping Share of Debt</b>
Special School District 1	\$536,527,610	100.00%	\$536,527,610
Hennepin County <sup>(1)</sup>	1,056,334,526	27.48	290,280,728
Regional Railroad Authority	80,622,443	27.48	22,155,047
Met Council	89,723,130	13.62	12,220,290
<b>Total</b>	<b>\$1,763,207,709</b>		<b>\$861,183,675</b>

<sup>(1)</sup> 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, 2020 through 2023 using the Applicable Percent of Debt for each respective year.

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Special School District 1	\$536,527,610	\$494,565,139	\$541,479,000	\$528,127,000
Hennepin County	290,280,728	284,371,089	307,687,988	303,931,797
Regional Railroad Authority	22,155,047	23,853,225	26,505,101	28,561,294
Metropolitan Council	12,220,290	12,616,722	10,577,640	15,948,263
<b>Total</b>	<b>\$861,183,675</b>	<b>\$815,406,176</b>	<b>\$886,249,729</b>	<b>\$876,568,354</b>

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**STATISTICAL SUMMARY RELATING TO GENERAL OBLIGATION  
INDEBTEDNESS OF THE CITY**

	<b>Actual 2023</b>	<b>Actual 2022</b>	<b>Actual 2021</b>	<b>Actual 2020</b>
Assessor's Estimated Market Value of Taxable Property in the City <sup>(1)</sup>	\$64,093,792,654	\$59,717,760,948	\$58,493,205,502	\$55,348,967,846
Direct Indebtedness <sup>(2)</sup>	765,474,423	762,078,423	738,253,504	706,466,345
Adjusted Direct Indebtedness <sup>(3)</sup>	284,584,000	271,930,000	250,983,055	255,452,279
Direct Indebtedness and Direct Overlapping Indebtedness Chargeable to the City	1,626,658,098	1,577,484,598	1,624,503,233	1,535,898,114
Adjusted Direct Indebtedness and Adjusted Overlapping Indebtedness Chargeable to the City	1,145,767,675	1,087,336,176	1,137,232,784	1,084,884,048
Direct Indebtedness as a Percentage of Estimated Full Market Value of Taxable Property	1.19%	1.28%	1.26%	1.28%
Adjusted Direct Indebtedness as a Percentage of Estimated Market Value of Taxable Property <sup>(3)</sup>	0.44%	0.46%	0.43%	0.46%
Direct Indebtedness and Direct Overlapping Indebtedness as a Percentage of Estimated Full Market Value	2.54%	2.64%	2.78%	2.77%
Adjusted Direct Indebtedness and Direct Overlapping Indebtedness as a Percentage of Estimated Full Market Value	1.79%	1.82%	1.94%	1.96%
Estimated Population of the City	436,934	436,934	434,346	429,954
Direct Indebtedness Per Capita	\$1,751	\$1,744	\$1,699	\$1,643
Adjusted Direct Indebtedness Per Capita	\$651	\$622	\$577	\$594
Direct Indebtedness and Overlapping per Capita	\$3,722	\$3,610	\$3,740	\$3,572
Adjusted Direct Indebtedness and Overlapping	\$2,622	\$2,488	\$2,618	\$2,523

- (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 "APPENDIX F – GENERAL INFORMATION REGARDING MINNESOTA PROPERTY TAX SYSTEM – SUMMARY OF TAX LEVIES, PAYMENT PROVISIONS, AND MINNESOTA REAL PROPERTY VALUATION – Metropolitan Fiscal Disparities Act").
- (2) Direct indebtedness is total General Obligation debt less related sinking funds.
- (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 of each year, respectively.

## INVESTMENT POLICY

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 the City’s 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 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 last amended by the Mayor and City Council in April of 2019.

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.

Derivative securities shall only be used after careful evaluation by knowledgeable, professional investment advisors regarding the benefits of the instruments as well as understanding all the associated risks including counterparty credit risk, market risk, settlement risk and operating risk.

The City pools the cash balances from its various funds into the investment portfolio. A summary of the portfolio’s holdings (unaudited) by sector as of June 30, 2024 follows:

<b>Market Value</b>	<b>June 30, 2024 (in Millions)*</b>	<b>% of Portfolio</b>
Cash and Equivalents	199,088	18.48%
Commercial Paper	-	0.00%
Federal Agency	76,062	7.06%
Mortgage Backed	137,431	12.76%
Municipals	51,963	4.82%
US Treasuries	612,892	56.88%
<b>Total</b>	<b>\$1,077,435</b>	<b>100.00%</b>

\* Total cash and investments include \$29.9 million of debt service reserves held by a trustee for the General Agency Reserve Fund (debt associated with the Common Bond Fund) and \$2.2 million in other development debt service reserves.

## 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, 2023 are available upon request from the office of the Finance Officer, 325M City Hall, Minneapolis, Minnesota. The report can be requested by phone at 612-673-2079 or email at “[finance@minneapolismn.gov](mailto:finance@minneapolismn.gov)”.

The complete report is available for viewing at the following website:

<https://www2.minneapolismn.gov/government/departments/finance/financial-reports/annual-comprehensive-financial-report/>

APPENDIX E contains certain information from the Annual Comprehensive Financial Report (“ACFR”) for the fiscal year ended December 31, 2023.

A financial status report for the interim period ending June 30, 2024, can be viewed at:

<https://www2.minneapolismn.gov/government/departments/finance/financial-reports/financial-status-reports/>

### Schedule of Cash, Cash Equivalents and Fund Investments (Amounts in Thousands)

A comparison of combined cash and cash equivalents as of December 31 for the years 2020-2023 follows:

Fund Type	2023	2022	2021	2020
<b>Government Funds</b>				
General	\$230,837	\$195,389	\$159,400	\$184,462
Community Planning and Economic Development	208,595	197,256	209,656	212,832
Special Revenue Fund				
Permanent Improvement Capital Projects	70,883	82,575	74,200	101,162
Special Assessment Debt Service	21,190	18,370	16,359	11,285
Non-Major Governmental	184,153	155,047	148,180	120,848
<b>Proprietary Funds</b>				
Enterprise Funds	127,585	131,158	119,730	105,269
Internal Service Funds	179,971	177,603	166,787	154,966
<b>Fiduciary Funds</b>	2,246	2,240	1,958	1,708
<b>Discrete Component Units</b>				
Minneapolis Park and Recreation Board	84,587	73,881	74,632	74,632
Municipal Building Commission	3,774	1,859	2,759	603
Meet Minneapolis	1,953	3,841	5,397	5,135
Minneapolis Telecommunications Network	--	--	--	--
<b>Total</b>	<b>\$1,115,774</b>	<b>\$1,039,219</b>	<b>\$979,058</b>	<b>\$972,902</b>

### PENSION OBLIGATIONS

#### Overview

The City of Minneapolis annually contributes to the following three pension plans:

- Minnesota Teachers Retirement Association (“TRA”).
- Minneapolis Community Development Agency (“MCDA”) plan at Union Central Life Insurance Company.
- Public Employee Retirement Association (“PERA”).

Minnesota state statutes govern each fund's contribution rates, benefit levels and auxiliary benefits. 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.

Below are the City's contributions to pension funds, some of which are non-employer contributions. The City's closed pension funds have been fully merged with PERA.

	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
Minneapolis Employees Retirement Fund (MERF) Supplemental Contribution	\$14,265,300	\$14,265,300	\$14,265,300
Minneapolis Firefighters Relief Association (MFRA)	3,188,734	3,188,735	3,188,735
Minneapolis Police Relief Association (MPRA)	4,489,837	4,489,837	4,489,837
<b>Total Closed Funds</b>	<b>\$21,943,871</b>	<b>\$21,943,872</b>	<b>\$21,943,872</b>

The City's contributions to PERA for the closed pension funds listed in the table above are set in State statute to end in 2031. The annual amount of the City's contributions listed above are fixed unless the State of Minnesota changes State pension aids or if the statutory discount rate is altered by the Legislature. Contribution amounts in 2023 were unchanged from prior years.

The City's open pension funds are administered by PERA. The contributions made to the open pension funds are based on payroll.

	<b>2023</b>	<b>2022</b>	<b>2021</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
General Employees Retirement Fund Coordinated (GERF)	\$17,944,118	\$15,693,255	\$15,288,232
Public Employees Police and Fire Fund (PEPFF)	23,314,904	21,466,383	21,033,978
<b>Total Open Funds</b>	<b>\$41,259,022</b>	<b>\$37,159,638</b>	<b>\$36,322,210</b>

Beginning in 2017, the City began using an alternative methodology to calculate the Net Pension Liability as permitted by GASB 68. This alternative calculation more accurately reflects the City's Net Pension Liability because it employs a methodology (encouraged by GASB) of measuring the net present value of the City's additional (non-payroll related) contributions and combining that amount with the remaining proportional share of the City's payroll related contributions.

City's Net Pension Liability as of December 31 of the following years:

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
General Employees Retirement Fund Coordinated (GERF)	\$247,935,382	\$317,868,864	\$216,387,375	\$283,265,679
Public Employees Police & Fire Fund (PEPFF)	\$227,585,998	\$526,041,083	\$144,333,304	\$218,459,926
Minnesota Teachers Retirement Association	\$28,390,414	\$28,390,414	\$29,137,837	\$27,248,395

**Minnesota Teachers Retirement Association** – The City has no employees or retirees in the TRA pension plan. Minneapolis annually levies a property tax to provide its annual contributions to the 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 until the TRA plan is fully funded. Further information on TRA can be found at its website: <http://www.minnesotatra.org>.

**Minneapolis Community Development Agency Plan** – Qualified employees of the MCDA belong 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 MCDA pension plan years ending September 30 of:

2023	\$74,021
2022	73,945
2021	80,434
2020	86,419
2019	107,636

### **General Information Regarding State Pension Plans**

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”), PERA and TRA (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.

MSRS, PERA and TRA each prepare and publish their own annual comprehensive financial report, consisting of financial statements and required supplementary information and containing detailed financial and actuarial information. These Annual Comprehensive financial reports for the Fiscal Year ended June 30, 2023 are available from the following public websites:

- MSRS: <http://www.msrs.state.mn.us/annual-reports>
- PERA: <https://mnpera.org/financial>
- TRA: <http://www.minnesotatra.org/financial/annual-reports>

For more information regarding the pension plans the City contributes to, the plan descriptions, the benefits provided, the City’s contributions, actuarial assumptions, and the City’s defined contribution plan, please see Note 11 and Note 12 of the City’s ACFR for the fiscal year ended December 31, 2023 set forth in APPENDIX E or at the website below.

<https://www2.minneapolismn.gov/government/departments/finance/financial-reports/annual-comprehensive-financial-report/>

## **OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB) AND HEALTHCARE PLAN**

The City, the Park Board, and MBC provide a single employer defined benefit healthcare plan to eligible retirees and their spouses. The plan offers medical and dental coverage. Information regarding this plan and the contributions required and made by the City, the Park Board, and MBC in the fiscal year ending December 31, 2023, can be found in Note 13 of the City's ACFR for the fiscal year ended December 31, 2023. A link to the ACFR is set forth below.

<https://www2.minneapolismn.gov/government/departments/finance/financial-reports/annual-comprehensive-financial-report/>

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## ANNUAL BUDGET PROCESS

### *Capital Improvement Budget Development (April-July)*

The City has a six-year capital improvement plan. Annually, departments prepare and modify capital improvement proposals. The Capital Long Range Improvement Committee (CLIC) is the citizen advisory committee to the Mayor and City Council on capital programming. CLIC may have up to 33 members who 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 for 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 must be certified to the County on or before September 30. The maximum property tax levies are set by the Board of Estimate and Taxation 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 Budget Committee. Following departmental budget hearings, the Budget Committee approves and recommends a final budget to the City Council. The recommended budget includes 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 the 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 appropriate Council 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.

## City Sources of Revenue

For 2024, the City forecasts \$1.8 billion in revenue from a variety of sources. Many of the City’s revenue sources are restricted, meaning they are required to be spent in defined areas or on specific programs or projects. These restrictions limit the City’s ability to raise additional funds and to apply the revenue to other departments or programs.

Grants and allocations from the federal government and other units of government are usually designated for specific needs and purposes. If the City does not spend these resources for their designated purpose, the City will not receive the grants. Bond proceeds must go to purposes for which the debt was incurred.

Below is a summary of the 2024 Adopted Budget revenues by major category with a comparison to the 2023 Adopted Budget.

### Revenue by Category (in Millions)

Revenue Category	2023 Adopted vs 2024 Adopted			
	2023 Adopted	2024 Adopted	\$ Change	% Change
Charges for Services/Sales	\$643.2	\$661.5	\$18.3	2.8%
Federal Government	37.8	49.5	11.7	31.0%
Fines and Forfeits	5.8	5.6	-0.2	-3.4%
Franchise Fees	34.1	47.5	13.4	39.3%
License and Permits	43.5	48.4	4.9	11.3%
Local Government	10.1	13.0	2.9	28.6%
Long Term Liabilities Proceeds	119.3	149.0	29.8	25.0%
Other Miscellaneous Revenues	70.4	73.8	3.5	5.0%
Property Taxes/General	402.7	430.8	28.0	7.0%
Property Taxes/Other	80.1	87.4	7.2	9.0%
Sales and Other User Taxes	51.4	86.9	35.5	69.0%
Special Assessments	33.9	37.6	3.7	10.9%
Local Government Aid	65.5	71.7	6.2	9.5%
Other State Government	52.5	78.4	25.9	49.3%
<b>Total Revenue</b>	<b>\$1,650.3</b>	<b>\$1,841.1</b>	<b>\$190.8</b>	<b>11.6%</b>

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## City Spending

For 2024, the budget includes expenditure appropriations corresponding to priorities outlined in the 2024 Adopted Budget as well as ongoing projects and current City-provided services.

Below is a summary of the 2024 Adopted Budget by departmental activity, excluding transfers, with a comparison to the 2023 Adopted Budget.

### Expenditures by Service (in Millions)

Expense Category	2023 Adopted vs 2024 Adopted			
	2023 Adopted	2024 Adopted	\$ Change	% Change
Attorney	\$19.8	\$21.7	\$1.9	9.7%
Coordinator*	233.3	174.0	-59.3	-25.4%
CPED	114.3	127.6	13.3	11.6%
Convention Center	50.4	53.8	3.4	6.6%
Fire	74.8	82.4	7.6	10.2%
Health	30.6	39.6	9.0	29.3%
Police	198.5	216.9	18.4	9.3%
Regulatory Services	26.5	30.1	3.6	13.9%
Public Works	417.0	439.5	22.5	5.4%
Other City Services**	55.9	62.4	6.5	11.6%
Debt Service	136.1	122.8	-13.3	-9.8%
Capital Improvement	204.3	274.2	69.9	34.2%
Other***	103.6	337.3	233.7	225.7%
<b>Total Spending</b>	<b>\$1,665.1</b>	<b>\$1,982.3</b>	<b>\$317.2</b>	<b>19.0%</b>

\* 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, Mayor, Pensions and Workers Compensation.

\*\*\* Includes Non-Departmental, Health and Welfare, Liability, Contingency, Pensions, and Independent Boards.

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

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**Expense and Revenue by Fund Type (in Millions)**

<b>Expenses</b>	<b>2023 Adopted vs 2024 Adopted</b>			
	<b>2023 Adopted</b>	<b>2024 Adopted</b>	<b>\$ Change</b>	<b>% Change</b>
General	\$574.6	\$668.2	\$93.6	16.3%
Special Revenue	189.9	197.5	7.6	4.0
Capital Project	136.1	181.5	45.4	33.3
Debt Service	83.4	83.8	0.4	0.5
Internal Service	251.2	251.5	0.3	0.1
Component Units	29.8	32.1	2.2	7.4
Enterprise	397.7	413.5	15.7	4.0
<b>Total</b>	<b>\$1,662.7</b>	<b>\$1,828.1</b>	<b>\$165.3</b>	<b>9.9%</b>

<b>Revenues</b>				
	<b>2023 Adopted</b>	<b>2024 Adopted</b>	<b>\$ Change</b>	<b>% Change</b>
General	\$534.0	\$625.4	\$91.4	17.1%
Special Revenue	230.0	258.5	28.5	0.1
Capital Project	133.7	186.9	53.2	0.4
Debt Service	67.8	70.3	2.5	0.0
Internal Service	248.9	251.7	2.8	0.0
Component Units	30.3	32.2	1.9	0.1
Enterprise	405.6	415.9	10.4	0.0
<b>Total</b>	<b>\$1,650.3</b>	<b>\$1,840.9</b>	<b>\$190.8</b>	<b>11.6%</b>

The largest portion of the City’s budget is spent on personnel, which comprises \$588.0 million or 32.2% of the total 2024 budget of \$1,828.1 million.

**Expense by Category (in Millions)**

<b>Expenses</b>	<b>2023 Adopted vs 2024 Adopted</b>			
	<b>2023 Adopted</b>	<b>2024 Adopted</b>	<b>\$ Change</b>	<b>% Change</b>
Salaries and Wages	\$372.3	\$414.9	\$42.6	11.4%
Fringe Benefits	160.6	173.2	\$12.5	7.8
Contractual Services	537.1	598.3	\$61.2	11.4
Operating Costs	187.8	180.2	(\$7.6)	-4.0
Capital*	404.9	461.5	\$56.6	14.0
Total Expense	\$1,662.7	\$1,828.1	\$165.3	9.9%

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

## CITY EMPLOYEES AND LABOR RELATIONS

Twenty-three bargaining units represent approximately 90% of the employees in the City. Listed below is the current contract status of the largest bargaining units as of August 31, 2024.

<u>Employee Group</u>	<u>Approximate Number of Employees</u>	<u>Contract Expiration Date</u>
Clerical & Technical	691	12/31/2024
Professional Employees	650	12/31/2025
Police Officers	559	12/31/2025
Laborers	431	12/31/2026
Fire Fighters (Non-Supervisory)	429	12/31/2025
City Supervisors	131	12/31/2024
Construction Equip. Operators & Mechanics	108	12/31/2026
Convention Center Teamsters	73	12/31/2024

## 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 2019 is set forth below.

### Population

<u>Year</u>	<u>City</u>	<u>Seven-County Metropolitan Area</u>
2023 (Metropolitan Council)	433,633	3,222,455
2022 (Metropolitan Council)	436,934	3,196,233
2021 (Metropolitan Council)	434,346	3,185,449
2020 (U.S. Census Bureau)	429,954	3,163,104
2019 (Metropolitan Council)	435,885	3,152,317

### Household Size

<u>Year</u>	<u>City</u>	<u>Seven-County Metropolitan Area</u>
2023 (State Demographic Center)	Not Yet Available	
2022 (State Demographic Center)	2.12	2.47
2021 (State Demographic Center)	2.28	2.49
2020 (State Demographic Center)	2.29	2.55
2019 (State Demographic Center)	2.25	2.52

**Labor Force**

The Minneapolis labor force totaled 244,890 in May 2024, showing a decrease of 2,785 (-1.1%) from the May 2023 total of 247,675. The labor force is made up of City residents who are working or seeking employment.

The May 2024 labor force was composed of 244,890 employed residents and based on a 2.5% unemployment rate, approximately 6,060 unemployed persons.

**Minneapolis Resident Labor Force and Population May 2020-2024**

<b>Year</b>	<b>Population</b>	<b>Labor Force</b>	<b>Number Employed</b>	<b>Percent Employed</b>
2024	433,633	244,890	238,830	97.5%
2023	433,633	247,675	240,878	97.3
2022	436,934	245,441	239,974	97.8
2021	434,346	243,078	232,024	95.5
2020	429,954	246,575	212,922	86.4

Source: Minnesota Department of Employment and Economic Development

A summary of the annual average number and percent of City residents who are members of the civilian labor force who were unemployed for the years 2020 through 2023 is set forth below.

<b>Monthly Averages</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Total Labor Force	246,055	244,627	240,272	244,872
Total Employment	239,559	238,268	230,527	227,579
Unemployment	6,496	6,359	9,745	17,293
Percent of Civilian Labor Force Unemployed	2.6%	2.6%	4.10%	7.10%

Source: Minnesota Department of Employment and Economic Development

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## Unemployment

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

Year	Month	Minneapolis				Comparative	
		Labor Force	Employment	Unemployment Number	Unemployment Rate	Unemployment Rates MN	US
2024	5	244,890	238,830	6,060	2.5%	2.7%	3.7%
2024	4	245,766	239,742	6,024	2.5%	2.7%	3.5%
2024	3	245,194	238,673	6,521	2.7%	3.2%	3.9%
2024	2	245,420	237,972	7,448	3.0%	3.6%	4.2%
2024	1	243,799	237,176	6,623	2.7%	3.3%	4.1%
<b>2023</b>	<b>Ann Avg</b>	<b>246,055</b>	<b>239,559</b>	<b>6,496</b>	<b>2.6%</b>	<b>2.8%</b>	<b>3.6%</b>
<b>2022</b>	<b>Ann Avg</b>	<b>244,627</b>	<b>238,268</b>	<b>6,359</b>	<b>2.6%</b>	<b>2.7%</b>	<b>3.7%</b>
<b>2021</b>	<b>Ann Avg</b>	<b>240,272</b>	<b>230,527</b>	<b>9,745</b>	<b>4.1%</b>	<b>3.8%</b>	<b>5.3%</b>
<b>2020</b>	<b>Ann Avg</b>	<b>244,872</b>	<b>227,579</b>	<b>17,293</b>	<b>7.1%</b>	<b>6.3%</b>	<b>8.1%</b>
<b>2019</b>	<b>Ann Avg</b>	<b>244,223</b>	<b>237,209</b>	<b>7,014</b>	<b>2.9%</b>	<b>3.3%</b>	<b>3.7%</b>

## Average Number of Jobs by Industry in Minneapolis

All Jobs Without Regards to Residence (as of the fourth quarter of each year)

	2023	2022	2021	2020	2019
Total, all industries	323,013	317,776	320,892	309,070	339,598
Construction	7,803	7,833	7,719	7,502	7,762
Manufacturing	12,774	12,294	12,445	12,263	13,406
Utilities	3,109	3,074	2,904	2,857	2,881
Wholesale Trade	7,431	7,692	7,478	6,964	7,784
Retail Trade	13,642	13,380	14,245	13,508	15,132
Transportation and Warehousing	8,434	8,241	8,559	8,807	10,006
Information	9,408	9,935	10,614	10,503	10,818
Finance and Insurance	31,987	30,986	35,563	36,223	34,918
Real Estate and Rental Leasing	5,730	5,591	5,519	5,380	5,640
Professional and Technical Services	37,558	38,625	37,015	35,578	37,906
Management of Companies & Enterprises	19,680	18,796	18,685	20,526	18,047
Administrative and Waste Services	10,391	11,949	12,853	12,660	14,986
Educational Services	35,243	33,918	33,906	33,533	35,835
Health Care and Social Assistance	63,399	60,827	62,483	61,636	63,013
Leisure and Hospitality	31,363	29,786	27,704	17,585	35,703
Other Services	9,678	9,323	8,726	8,641	10,371
Public Administration	15,383	14,896	14,474	14,734	15,216

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

## Occupational Employment Statistics Wage Data

Minneapolis-St. Paul-Bloomington, MN-WI Metro (as of March 2024)

	Median Hourly Wage			Employment		
	MSA	MN	US	MSA	MN	US
All Occupations	\$27.19	\$25.22	\$23.83	1,911,030	2,881,100	151,853,870
Management	62.82	57.75	57.56	140,870	201,710	10,495,770
Business & Financial						
Operations	40.28	39.26	38.92	154,580	202,700	10,087,830
Computer & Mathematical	51.97	50.83	51.61	78,370	98,240	5,177,400
Architecture and Engineering	46.43	42.97	45.28	44,090	58,320	2,539,660
Life, Physical & Social						
Science	42.02	39.93	38.77	20,410	29,220	1,389,430
Community & Social						
Services	28.08	27.92	25.76	36,610	57,930	2,418,130
Legal	53.84	51.15	49.14	15,730	19,040	1,240,630
Education, Training &						
Library	29.04	28.22	29.69	106,470	163,340	8,744,560
Arts, Design, Entertainment,						
Sports, & Media	30.58	29.01	29.19	25,580	36,160	2,106,490
Healthcare Practitioners &						
Technical Operations	46.03	43.01	40.03	108,790	184,410	9,284,210
Healthcare Support	17.94	18.07	17.92	113,490	169,580	7,063,530
Protective Services	29.71	28.87	23.67	30,440	45,860	3,504,330
Food Preparation & Serving	15.57	15.07	15.98	153,950	232,190	13,247,870
Building & Grounds Cleaning						
& Maintenance	19.14	18.83	17.83	50,380	79,660	4,429,070
Personal Care and Service	17.76	17.60	16.98	41,150	59,420	3,040,630
Sales & Related	20.24	18.82	18.26	158,540	242,440	13,380,660
Office & Administrative						
Support	24.41	23.86	22.07	233,400	352,250	18,533,450
Farming, Fishing and						
Forestry	22.25	22.13	17.52	1,240	3,520	432,200
Construction & Extraction	36.97	32.44	27.47	68,240	110,960	6,225,630
Installation, Maintenance &						
Repair	30.20	29.54	26.98	62,050	104,530	5,989,460
Production	23.49	23.05	21.70	121,950	203,810	8,770,170
Transportation & Material						
Moving	23.28	22.86	20.15	144,720	225,820	13,752,760

Source: Minnesota Department of Employment and Economic Development

## 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. Revenues are shown in billions.

<b>Company</b>	<b>Revenues</b>	<b>Rank</b>	<b>Industry Grouping</b>
United Health Group	371.6	5	Health Care Insurance and Managed Care
Target	107.4	33	General Merchandisers
CHS	45.6	90	Food Production
Best Buy	43.5	94	Specialty Retailers
U.S. Bancorp	40.6	149	Commercial Banks
3M	32.7	116	Chemicals
General Mills	20.1	219	Food and Consumer Products
C.H. Robinson Worldwide	17.6	160	Transportation and Logistics
Land O'Lakes	16.8	213	Food and Consumer Products
Ameriprise Financial	16.1	289	Diversified Financials
Ecolab	15.3	330	Chemicals
Xcel Energy	14.2	271	Gas and Electric
Thrivent Financial	9.7	412	Insurance Life and Health (Mutual)
Polaris Industries	9.0	424	Transportation Equipment

Source: Fortune June 1, 2024

## Educational Institutions

The largest four-year Colleges and Universities located within the Minneapolis-St. Paul metropolitan area, based on enrollment (as reported by each institution) are as follows:

<b>Colleges/Universities</b>	<b>Enrollment</b>	<b>Colleges/Universities</b>	<b>Enrollment</b>
1. University of Minnesota – Twin Cities	54,955	7. St. Catherine University	3,577
2. Walden University*	42,312	8. Bethel University	3,546
3. Capella University*	37,708	9. University of Northwestern	3,253
4. University of St. Thomas	9,025	10. Augsburg University	3,088
5. Metropolitan State University	6,294	11. Hamline University	2,638
6. Concordia University	5,544	12. Macalester College	2,142

\* Online universities.

## Major Development Projects Permitted in Minneapolis as of March 31, 2024 (\$5.0 million+)

<b>Quarter Permitted</b>	<b>Estimated Construction Cost*</b>	<b>Project Description</b>	<b>Neighborhood/Area</b>
Q1	\$48,000,000	New Construction	Midtown Phillips
Q1	24,191,782	Renovation/Addition	Downtown West
Q1	8,893,181	Renovation/Addition	Prospect Park
Q1	6,549,000	New Construction	North Loop

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

Source: City of Minneapolis CPED staff.

**Major Development Projects Permitted in Minneapolis in 2023 (\$5.0 million+)**

<b>Quarter Permitted</b>	<b>Estimated Construction Cost*</b>	<b>Project Description</b>	<b>Neighborhood/Area</b>
Q1	\$135,000,000	New Construction	Prospect Park - East River Rd
Q3	132,853,304	New Construction	Marcy Holmes
Q2	55,303,406	New Construction	Downtown West
Q4	36,650,000	New Construction	Seward
Q2	29,152,175	Renovation/Addition	Downtown West
Q4	28,000,000	New Construction	Whittier
Q2	23,600,000	Renovation/Addition	Near - North
Q1	23,000,000	New Construction	Midtown Phillips
Q2	20,000,000	New Construction	Whittier
Q4	17,072,000	Renovation/Addition	Phillips West
Q3	17,000,000	New Construction	Midtown Phillips
Q2	16,752,667	New Construction	Near - North
Q3	16,262,000	New Construction	Near - North
Q1	15,791,205	Renovation/Addition	Longfellow
Q2	15,771,604	New Construction	North Loop
Q3	15,655,412	Renovation/Addition	Downtown West
Q2	14,793,000	New Construction	Mid - City Industrial
Q3	14,700,000	Renovation/Addition	Downtown West
Q3	13,812,000	Renovation/Addition	Loring Park
Q1	13,435,279	Renovation/Addition	North Loop
Q1	13,293,615	New Construction	Whittier
Q2	13,274,831	New Construction	Fulton
Q1	12,500,000	Renovation/Addition	Longfellow
Q2	9,556,774	Renovation/Addition	Downtown East
Q3	9,418,175	Renovation/Addition	Loring Park
Q2	9,329,360	New Construction	Willard - Hay
Q3	8,750,000	New Construction	Regina
Q3	8,444,489	New Construction	Hale
Q3	7,590,854	Renovation/Addition	Elliot Park
Q1	6,857,000	Renovation/Addition	Downtown West
Q4	6,000,000	New Construction	Downtown East
Q3	5,690,000	Renovation/Addition	Downtown West
Q3	5,600,000	Renovation/Addition	Columbia Park
Q2	5,517,500	Renovation/Addition	Downtown West
Q1	5,273,540	New Construction	Phillips West
Q2	5,183,640	New Construction	Willard – Hay

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



## APPENDIX B

### TERMS OF PROPOSAL

#### OFFICIAL TERMS OF PROPOSAL

**\$123,590,000\***  
**CITY OF MINNEAPOLIS, MINNESOTA**  
**GENERAL OBLIGATION BONDS**  
**SERIES 2024**

#### (BOOK ENTRY ONLY)

Proposals for the General Obligation Bonds, Series 2024 (the “Bonds”) will be received on Tuesday, October 1, 2024, until 10:00 a.m., Central Time, at the offices of Ehlers and Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, after which time they will be opened and tabulated. Consideration for award of the Bonds will be by the Bond Committee (comprised of the Finance Officer of the City and the Director—Banking, Investments and Debt of the City) at 3:00 p.m., Central Time, the same day.

#### SUBMISSION OF PROPOSALS

Ehlers and Associates, Inc. will assume no liability for the inability of the bidder to reach Ehlers and Associates, Inc. prior to the time of sale specified above. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Bonds regardless of the manner in which the proposal is submitted.

(a) **Sealed Bidding.** Proposals may be submitted in a sealed envelope to Ehlers and Associates, Inc. address listed above. Signed proposals, without final prices or coupons, may be submitted to Ehlers and Associates, Inc. prior to the time of sale. The bidder shall be responsible for submitting to Ehlers and Associates, Inc. the final proposal prices and coupons by telephone (651) 697-8500 for inclusion in the submitted proposal.

**OR**

(b) **Electronic Bidding.** Notice is hereby given that electronic proposals will be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all bids submitted to PARITY®. Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic bid in a timely manner and in compliance with the requirements of the Official Terms of Proposal. Neither the City, its agents nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents nor PARITY® shall be responsible for a bidder’s failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The City is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Bonds, and PARITY® is not an agent of the City.

If any provisions of this Official Terms of Proposal conflict with information provided by PARITY®, the Official Terms of Proposal shall control. Further information about PARITY®, including any fee charges, may be obtained from:

PARITY®, 1359 Broadway, 2nd Floor, New York City, New York 10018, Customer Support, (212) 849-5021.

### **DETAILS OF THE BONDS**

The Bonds will be dated as of the date of closing and will bear interest payable on June 1 and December 1 of each year, commencing December 1, 2024. 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 2024 through 2043 in the amounts set forth below:

<b>Year</b>	<b>Amount*</b>	<b>Year</b>	<b>Amount*</b>
2024	\$26,160,000	2034	\$4,950,000
2025	5,815,000	2035	4,945,000
2026	5,815,000	2036	4,945,000
2027	5,820,000	2037	4,945,000
2028	5,820,000	2038	4,940,000
2029	4,960,000	2039	4,935,000
2030	4,955,000	2040	4,935,000
2031	4,955,000	2041	4,935,000
2032	4,955,000	2042	4,925,000
2033	4,955,000	2043	4,925,000

*\* Preliminary; subject to change.* The City reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will also be adjusted to maintain the same gross spread.

Proposals for the Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption and must conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify term maturities in the spaces provided on the Proposal Form.

The principal amounts of the Bonds due on any term date set by the successful underwriter required to be redeemed on each mandatory redemption date as set forth above may be reduced through earlier optional redemption. In case a Bond subject to sinking fund, redemption is of a denomination larger than \$5,000, a portion of such Bond (\$5,000 or any multiple thereof) may be redeemed, but Bonds shall be redeemed only in the principal amount of \$5,000 each or any integral multiple thereof.

### **BOOK-ENTRY SYSTEM**

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one bond, representing the aggregate principal amount of the bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of \$5,000

or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The purchaser, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC.

### **REGISTRAR AND PAYING AGENT**

The City will serve as Registrar and Paying Agent for the Bonds. In the event a successor registrar and paying agent is named for the Bonds, the City will pay for the services of such registrar and paying agent.

### **OPTIONAL REDEMPTION**

The City may elect on December 1, 2033, and on any day thereafter, to prepay the Bonds due on or after December 1, 2034. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all the Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All prepayments shall be at a price of par plus accrued interest.

### **SECURITY AND PURPOSE**

The Bonds will be sold by the City and will be issued pursuant to the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapters 429, 444, and 475, as amended, including, Section 9.4 of Article IX of the City's Charter, resolutions adopted by the City Council and the Board of Estimate and Taxation, and other proceedings and determinations related thereto.

The Bonds are general obligations of the City and the full faith and credit and taxing powers of the City are pledged to the payment of the principal of and interest on the Bonds as the same shall become due. Special assessments pledged against property specially benefited by the improvement projects financed with the proceeds of the Bonds, water, sanitary sewer, and storm sewer systems of the City, and other revenues pledged by the City will also be pledged to the payment of the principal of and interest on the Bonds.

Proceeds of the Bonds will be used to finance the construction of various assessable public projects, various utility system improvements, and various capital projects.

### **BIDDING PARAMETERS**

Proposals shall be for not less than \$127,771,878.15, plus accrued interest on the principal sum of \$123,590,000 from date of original issue of the Bonds. No proposal can be withdrawn or amended after the time set for receiving proposals unless the award of the Bonds is not made on October 1, 2024. Rates shall be in integral multiples of 5/100 or 1/8 of 1%. Rates may be no greater than 5%. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity. No conditional proposals will be accepted.

## REOFFERING PRICE CERTIFICATION

The successful bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an “issue price” or similar certificate setting forth the reasonably expected initial offering prices of the Bonds to the public, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the City, and Kennedy & Graven, Chartered, Bond Counsel. All actions to be taken by the City under the Official Terms of Proposal to establish the issue price of the Bonds may be taken on behalf of the City by the City’s municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City’s municipal advisor.

The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (the “Regulation”), defining “competitive sale” for purposes of establishing the issue price of the Bonds, will apply to the initial sale of the Bonds (the “competitive sale requirements”) because (i) the City shall disseminate the Official Terms of Proposal to potential underwriters in a manner that is reasonably designed to reach potential underwriters; (ii) all bidders shall have an equal opportunity to bid; (iii) the City expects to receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and (iv) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or the lowest interest cost), as set forth in the Official Terms of Proposal. Any bid submitted pursuant to the Official Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

If all of the “competitive sale requirements” are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the underwriter. In such event, any proposal submitted shall not be subject to cancellation or withdrawal. At the time of the notice of the award of the sale of the Bonds, the underwriter shall advise the City and the municipal advisor if a “substantial amount” (10%) of any maturity of the Bonds has been sold to the public and the price at which such substantial amount was sold. The City will treat such sale price as the “issue price” for such maturity, applied on a maturity-by-maturity basis.

For any maturity of the Bonds for which a substantial amount has not been sold, the “hold-the-offering-price” requirement shall apply and the underwriter will neither offer nor sell unsold maturities of the Bonds to any person at a price that is higher than the initial offering price during the period starting on the sale date and ending on the earlier of the following: (i) the close of the fifth (5th) business day after the sale date; or (ii) the date on which the underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of the Official Terms of Proposal. Further, for purposes of the Official Terms of Proposal:

- (a) “public” means any person other than an underwriter or a related party;
- (b) “underwriter” means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public);

(c) a purchase of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

(d) “sale date” means the date that the Bonds are awarded by the City to the winning bidder.

### **GOOD FAITH DEPOSIT**

A good faith deposit (the “Deposit”) in the amount of \$2,000,000 in the form of a federal wire transfer (payable to the order of the City) is only required from the apparent winning bidder and must be received within two hours after the time stated for the receipt of proposals. The apparent winning bidder will receive notification from the Municipal Advisor promptly after the sale. If the Deposit is not received from the apparent winning bidder in the time allotted, the City may choose to reject its proposal and then proceed to offer the Bonds to the next lowest bidder based on the terms of its original proposal, so long as said bidder wires funds for the Deposit amount within two hours of said offer.

Wire instructions for the Deposit will be provided on the day of sale to the winning bidder. Contemporaneously with such wire transfer, the bidder shall send an email to [bondsale@ehlers-inc.com](mailto:bondsale@ehlers-inc.com), including the following information: (i) indication that a wire transfer has been made, (ii) the amount of the wire transfer and (iii) the issue to which it applies.

The City will retain the Deposit of the successful bidder, the amount of which will be deducted at settlement and no interest will accrue to the successful bidder. In the event the successful bidder fails to comply with the accepted proposal, the Deposit will be forfeited and said amount will be retained by the City as liquidated damages. No proposal can be withdrawn or amended after the time set for receiving proposals unless the award of the Bonds is not made on October 1, 2024.

### **AWARD**

The Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis. The City’s computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City reserves the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal which the City determines to have failed to comply with the terms herein.

### **BOND INSURANCE AT PURCHASER’S OPTION**

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the purchaser, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the purchaser, except that, if the City has requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any other rating agency fees shall be the responsibility of the purchaser.

Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the purchaser shall not constitute cause for failure or refusal by the purchaser to accept delivery of the Bonds.

### **CUSIP NUMBERS**

If the Bonds qualify for assignment of CUSIP numbers, such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the purchaser to accept delivery of the Bonds. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the purchaser.

### **SETTLEMENT**

The Bonds will be delivered without cost to the purchaser through DTC in New York, New York on or about October 23, 2024. Delivery will be subject to receipt by the purchaser of an approving legal opinion of Kennedy & Graven, Chartered of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Bonds shall be made in federal, or equivalent, funds which shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Bonds has been made impossible by action of the City, or its agents, the purchaser shall be liable to the City for any loss suffered by the City by reason of the purchaser's non-compliance with said terms for payment.

### **CONTINUING DISCLOSURE**

On the date of actual issuance and delivery of the Bonds, the City will execute and deliver a Continuing Disclosure Certificate under which the City will covenant for the benefit of the owners of the Bonds to provide certain financial and other information about the City and notices of certain occurrences to the Electronic Municipal Market Access service of the Municipal Securities Rulemaking Board as specified in and required by SEC Rule 15c2-12(b)(5).

### **OFFICIAL STATEMENT**

The City has prepared this Preliminary Official Statement containing material information relative to the Bonds, and this Preliminary Official Statement is deemed to serve as a nearly final Official Statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts and interest rates of the Bonds, together with any other information required by law. By awarding the Bonds to any underwriter or underwriting syndicate submitting a proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded, the Final Official Statement in an electronic format only as prescribed by the Municipal Securities Rulemaking Board. The City designates the senior managing underwriter of the syndicate to which the Bonds are awarded as its agent for purposes of distributing the Final Official Statement to each participating underwriter. Any underwriter delivering a proposal with respect to the Bonds agrees thereby that if its proposal is accepted by the City (i) it shall accept such designation and (ii) it shall enter into a contractual relationship with all participating underwriters of the Bonds for purposes of assuring the receipt by each such participating underwriter of the Final Official Statement.

The City has authorized the distribution of this Preliminary 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

purchaser of the Bonds a certificate signed by the authorized representative of the City stating that the information contained in the Final 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.

Copies of this Preliminary Official Statement and the official form of proposal may be downloaded from Ehlers at [www.ehlers-inc.com](http://www.ehlers-inc.com). For any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, Ehlers and Associates, Inc., 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, telephone (651) 697-8500.



**APPENDIX C**

**FORM OF BOND COUNSEL OPINION**

**§ \_\_\_\_\_  
City of Minneapolis, Minnesota  
General Obligation Bonds  
Series 2024**

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 Bonds, Series 2024 (the “Bonds”), issued by the City in the aggregate principal amount of \$ \_\_\_\_\_, dated October \_\_, 2024.

The Bonds mature on December 1 in the years 2024 through 2043 and bear interest at fixed rates payable on each June 1 and December 1, commencing December 1, 2024. The Bonds maturing on and after December 1, 2034, are subject to optional redemption by the City, in whole or in part, on December 1, 2033, and any date thereafter for which proper notice can be given at the redemption price of par plus accrued interest to the date of redemption.

The Bonds are issued pursuant to resolutions of the Board of Estimate and Taxation of the City adopted on August 21, 2024 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, Minnesota Statutes, Chapters 429, 444, and 475, as amended.
2. The Bonds are payable in part from special assessments pledged to the Bonds, net revenues of the water, sanitary sewer, and storm sewer systems of the City, 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. Interest on the Bonds is excludable from gross income of the recipient for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the federal alternative minimum tax, or the computation of the Minnesota alternative minimum tax imposed on individuals, trusts and estates. However, such interest is included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”)) of applicable corporations (as defined in Section 59(k) of the Code) for purposes of computing the alternative minimum tax imposed on such applicable corporations and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. The opinion set forth in this paragraph is subject to the condition that the Issuer comply with all



requirements of the Code 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 Issuer 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 October \_\_\_, 2024.

**APPENDIX D**  
**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

§ \_\_\_\_\_  
**City of Minneapolis, Minnesota**  
**General Obligation Bonds**  
**Series 2024**

**CONTINUING DISCLOSURE CERTIFICATE**

**October \_\_, 2024**

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 Bonds, Series 2024 (the “Bonds”), in the original aggregate principal amount of \$ \_\_\_\_\_. 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 \_\_\_\_\_ (the “Purchaser”) on the date hereof.

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 of the Bonds in order to assist the Participating Underwriters in complying with the Rule. 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 deemed Final Official Statement, dated \_\_\_\_\_, 2024, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“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 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, 2024, 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 such 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;
14.     Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15.     Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(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 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 as of the date and year first written above.

**CITY OF MINNEAPOLIS, MINNESOTA**

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Finance Officer

## APPENDIX E

### EXCERPTS OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

Copies of the City's complete audited financial statements for the fiscal year ended December 31, 2023 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 is also available for viewing on the following website:

<https://www2.minneapolismn.gov/government/departments/finance/financial-reports/annual-comprehensive-financial-report/>



# ANNUAL COMPREHENSIVE FINANCIAL REPORT



CITY OF  
MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2023

**FINANCE AND PROPERTY SERVICES DEPARTMENT**

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July 31, 2024

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

## **TRANSMITTAL**

We are pleased to present the Annual Comprehensive Financial Report (the report) for the City of Minneapolis (the City) for the year ended December 31, 2023. This report presents the financial position of the City and the results of its operations for the year 2023. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA) and other rule-making bodies, and audited in accordance with generally accepted auditing standards by the Office of the State Auditor (OSA).

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

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

## **INDEPENDENT AUDIT**

Minnesota law requires that the Office of the State Auditor perform the City's annual audit. The OSA's report on the City's financial statements is based on its audit in accordance with generally accepted auditing standards. The State Auditor issued an unmodified or "clean" opinion on the City's financial statements for the year ended December 31, 2023. The State Auditor's opinion is included as page one through four in the financial section of this report.

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

## **STEWARDSHIP**

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



## **INTERNAL CONTROLS**

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

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

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

## **THE REPORTING ENTITY**

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

## **THE CITY AND ITS SERVICES**

### **City Profile**

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

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

Riding a bicycle is one of the more popular ways of getting around Minneapolis year-round. The City is consistently ranked as one of the best bicycling cities in the nation including being named to numerous lists for bike-friendly amenities and infrastructure. The city has also been awarded with the Gold Level Bicycle Friendly Community Award from the League of American Bicyclists. Minneapolis is also home to such popular walking destinations as the newly renovated Nicollet, (formally known as Nicollet Mall), the Stone Arch Bridge, the Grand Rounds, and Milwaukee Avenue. In addition to the 57 miles of parkways, nearly 92% of the City's streets have sidewalks on both sides of the street providing over 1,900 miles of sidewalks. The City has developed both a Bicycle Master Plan and Pedestrian Master Plan for long range planning to both grow and support these low-polluting, cost effective and healthy ways to travel around the City. In 2016, the City Council approved a 20-year plan to provide a progressively increasing amount of funding per year, ranging from \$33.0 million to \$65.1 million to ensure funding of the City's streets and neighborhood parks including its bikeways and pedestrian programs.

There are 87 residential neighborhoods within the City offering a broad range of housing to more than 176,000 households. The City is well known for its concerned and active citizenry which has engaged in partnerships with government and business to improve neighborhoods and create economic opportunities. Minneapolis is second only to New York City in per capita attendance at theater and arts events. Minneapolis has more than thirty theaters; the Guthrie Theater and the Children's Theatre Company are recognized as two of the country's best. The City boasts two world-class art museums and is home to the internationally acclaimed Minnesota Orchestra.

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

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

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

### **Form of Government and Organization**

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

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

#### *City Council*

Under the charter amendment, the City Council governs Minneapolis through its legislative power over City functions. The Council levies taxes, enacts ordinances and resolutions, licenses businesses, and exercises budgetary control over City departments.

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

#### *Mayor*

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

## *Departments*

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

## **FINANCIAL POLICES**

Each year during the budget process, the Council adopts a comprehensive set of financial policies. Of particular relevance to the City budget process is the policy to maintain a minimum unassigned fund balance in the General Fund equal to 17% of the following year's General Fund budgeted expenditures. This balance is to be used for cash flow purposes, unanticipated expenditures of a non-recurring nature, unexpected increases in service delivery costs, or unexpected revenue shortfalls. The unassigned fund balance of the General Fund at December 31, 2023, was \$139.3 million, which is \$38.7 million more than policy requires. Additional information regarding the 2023 fund balance in the General Fund is available in the MD&A.

Separate from the unassigned General Fund reserve balance, the City also has a policy to budget an operating budget contingency in the General Fund of not less than 1% of all budgeted General Fund expenditures in each of the applicable years planned for in the City's Five-Year Financial Direction. The contingency reserve was \$5.8 million in 2022 and \$6.0 million in 2023.

## **ECONOMIC CONDITION AND OUTLOOK**

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

## **LONG-TERM FINANCIAL PLANNING**

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

## **DEBT MANAGEMENT**

The primary goal of the City's debt management practices is to maintain its ability to access capital markets at the lowest possible cost (interest rate) without endangering its ability to finance essential services. The City's conservative financial practices have earned its general obligation debt the highest ratings available from national bond rating services as shown below. The Fitch Rating Services upgraded the City's rating in August of 2023.

Fitch – AAA  
S&P Global Ratings – AAA

## **AWARDS AND ACKNOWLEDGEMENTS**

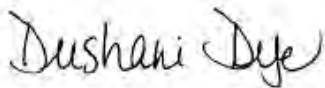
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2022. A Certificate of Achievement is valid for a period of one year only. The City has received this prestigious award for 49 years.



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

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

Respectfully submitted,

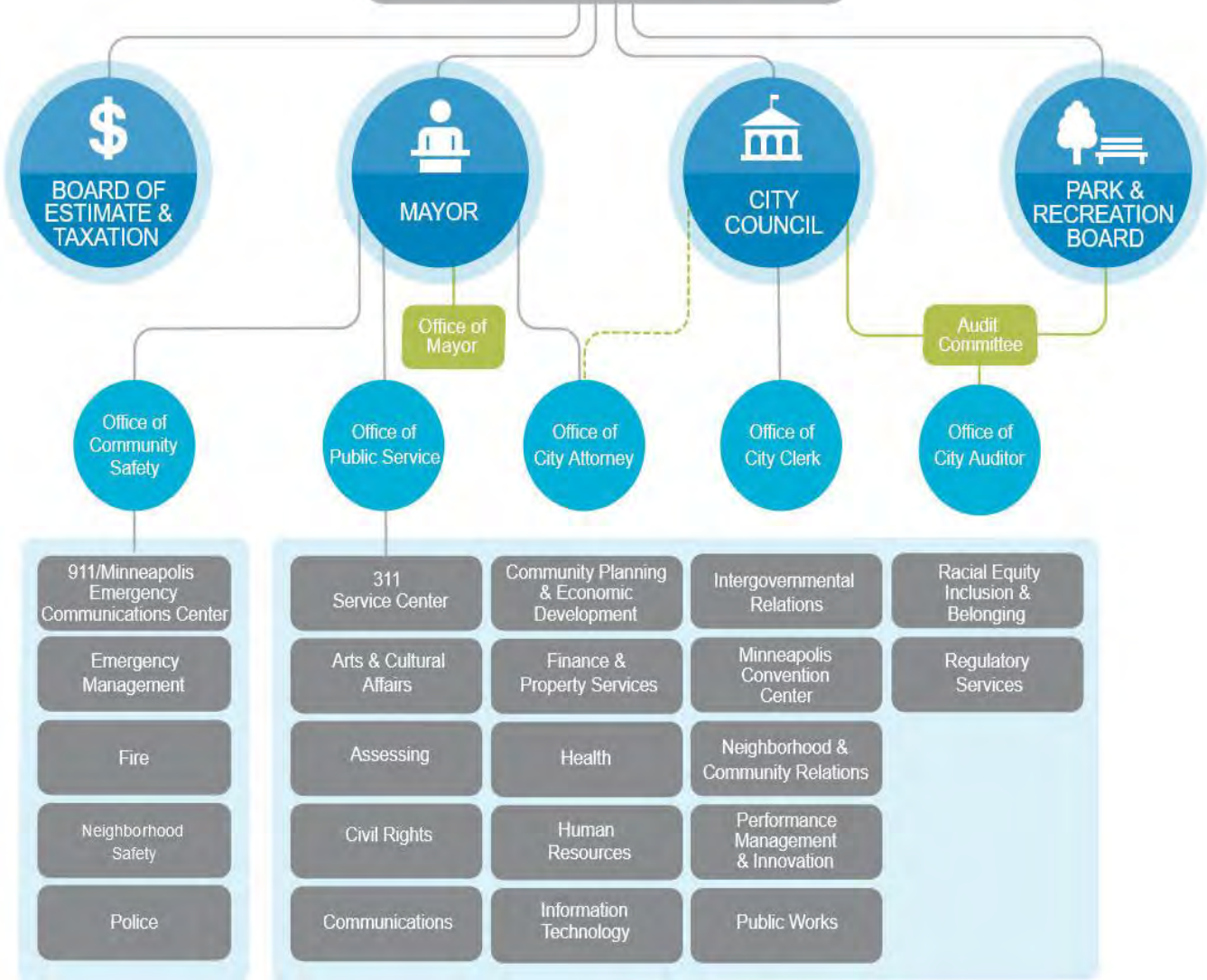


Dushani Dye  
Chief Financial Officer



Ra Chhoth  
Deputy Chief Financial Officer

RESIDENTS OF MINNEAPOLIS



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

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

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

Ward 7	KATIE CASHMAN	
Ward 12	AURIN CHOWDHURY	



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Minneapolis  
Minnesota**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2022

*Christopher P. Morill*

Executive Director/CEO



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## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Minneapolis, Minnesota, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Minneapolis as of December 31, 2023, and the respective changes in financial position, and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical

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

***Emphasis of Matter – Change in Accounting Principle***

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

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor’s Responsibilities for the Audit of the Financial Statements***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, no such opinion is expressed;
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements; and
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for a reasonable period of time.



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

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison schedules for the General Fund and each major special revenue fund, PERA retirement plan schedules, Teachers Retirement Association schedules, Schedules of Changes in Total OPEB Liability and Related Ratios, and Notes to the Required Supplemental Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Minneapolis' basic financial statements. The Combining and Individual Fund Statements and Schedules; Schedule of Governmental Activity Bonds and Notes; Schedule of Business-Type Activity Bonds and Notes; Schedule of Expenditures of Federal Awards – All Fund Types and related notes, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and Municipal Building Commission financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our reports dated July 31, 2024, on our consideration of the City of Minneapolis' and the Municipal Building Commission component unit's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of these reports is solely to describe the scope of our testing



of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Minneapolis' and the Municipal Building Commission component unit's internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Minneapolis' and the Municipal Building Commission component unit's internal control over financial reporting and compliance. The reports do not include the Minneapolis Park and Recreation Board component unit, which was issued as a separate report. The financial statements of the Meet Minneapolis component unit and the Minneapolis Parks Foundation, a component unit the Minneapolis Park Board component unit, were not audited in accordance with *Government Auditing Standards* and, accordingly, the reports do not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Meet Minneapolis and the Minneapolis Parks Foundation.



Julie Blaha  
State Auditor



Chad Struss, CPA  
Deputy State Auditor

July 31, 2024

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

This section of the Annual Comprehensive Financial Report (ACFR) for the City of Minneapolis presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2023. Please read it in conjunction with the transmittal letter at the front of this report and the City's basic financial statements following this section. **All dollar amounts are expressed in thousands unless otherwise indicated.**

**FINANCIAL HIGHLIGHTS**

- At the close of the 2023 calendar year, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$2,921,312 (net position). Of this amount, \$2,553,173 is the City's net investment in capital assets and \$370,126 is restricted for specific purposes (restricted net position) leaving a deficit of \$(1,987) in unrestricted net position. The deficit balance is not an indication that the City lacks the resources to satisfy its financial obligations in the near future. Rather, the deficit is the result of long-term, actuarially determined liabilities associated with pensions which are managed by the respective retirement systems and the State Legislature, as well as legal obligations arising from lawsuits and workers' compensation claims.
- The City's total net position increased by \$149,829 in 2023. Governmental activities increased the City's net position by \$106,186 and business-type activities increased the net position by \$43,643.
- As of December 31, 2023, total fund balance in the General Fund was \$210,370, of which \$19,000 was restricted, \$52,051 was assigned, and \$139,319 was unassigned.
- The City's total long-term bond and note liability increased by \$4,928 from the prior year. Total bonds and notes issued in 2023 was \$116,913. Total debt retirement was \$111,985. The primary debt issuance in 2023 included bonds of \$114,925 for a variety of special assessment improvements, general infrastructure, sanitary and storm sewer, water, and parking and solid waste projects.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

The government-wide financial statements can be found on pages 31-32 of this report.

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

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

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

The City of Minneapolis maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Community Planning and Economic Development Special Revenue Fund, the Grants Federal Special Revenue Fund, the HUD Consolidated Plan Special Revenue Fund, the Permanent Improvement Capital Projects Fund, and the Special Assessment Debt Service Fund, all of which are considered to be major funds. Data from the other 13 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the Other Supplemental Information section of this report beginning on page 126.

The governmental funds' financial statements can be found on pages 33-36 of this report.

**Proprietary Funds**—The City of Minneapolis maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Minneapolis uses the enterprise funds to account for its sanitary sewer, stormwater, water treatment and distribution services, municipal parking, solid waste and recycling, and community planning and economic development (CPED) activities. The City uses internal service funds to account for its property management services, fleet services, information technology services, central and traffic stores inventories, engineering lab testing and asphalt and cement services, workers' compensation, unemployment benefits, and self-insurance related services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The proprietary funds' financial statements can be found on pages 35-40 of this report.

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

The custodial fund financial statements can be found on page 41-42 of this report.

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

The notes to the financial statements can be found on pages 45-104 of this report.

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

The required supplemental information can be found on pages 105-122 of this report.

The combining statements referred to earlier, in connection with non-major governmental funds and internal service funds, are presented immediately following the required supplemental information beginning on page 126.

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## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Statement of Net Position**—The following table presents the primary government’s net position as of December 31, 2023 with a comparison to 2022.

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

The largest portion of the City’s net position reflects its \$2,553,173 investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. As a result, these assets are not available for future spending. Although the City’s investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position increased \$39,701 to \$370,126 in 2023 in part due to the \$19,000 increase in public safety aid in governmental funds. Net position is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation (City ordinances).

The remaining deficit of \$(1,987) represents the unrestricted portion of the City’s net position. This is a increase of \$13,047 from the 2022 unrestricted net position. The increase in unrestricted net position is the result of a multitude of factors, including additional restrictions to net position as noted above. As noted in the following section, overall net position of the City increased by \$149,829 in 2023.

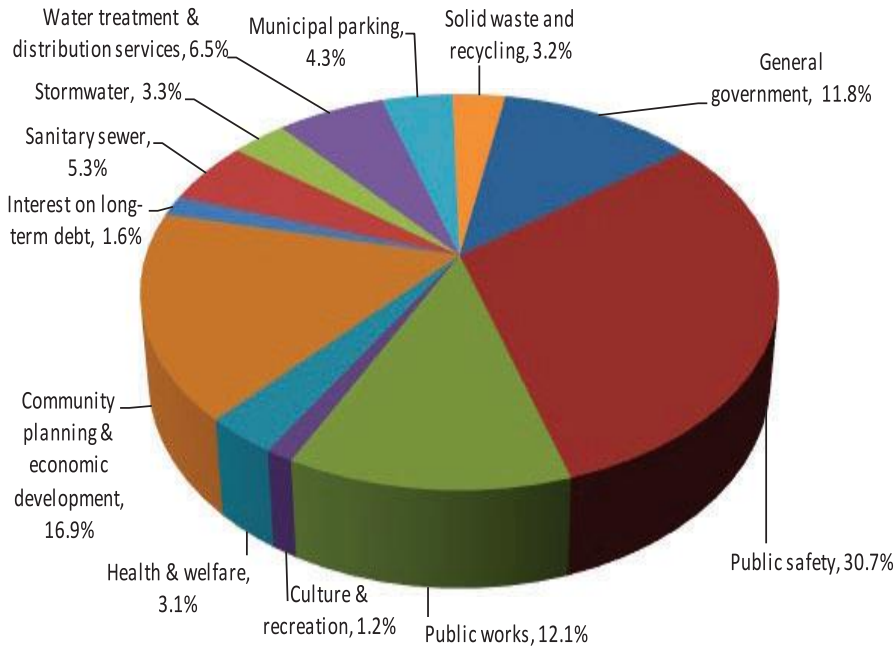
**Statement of Activities**—The following table presents the changes in net position for governmental and business-type activities. The governmental activities net position increased by \$106,186 while the business-type activities net position increased by \$43,643.

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

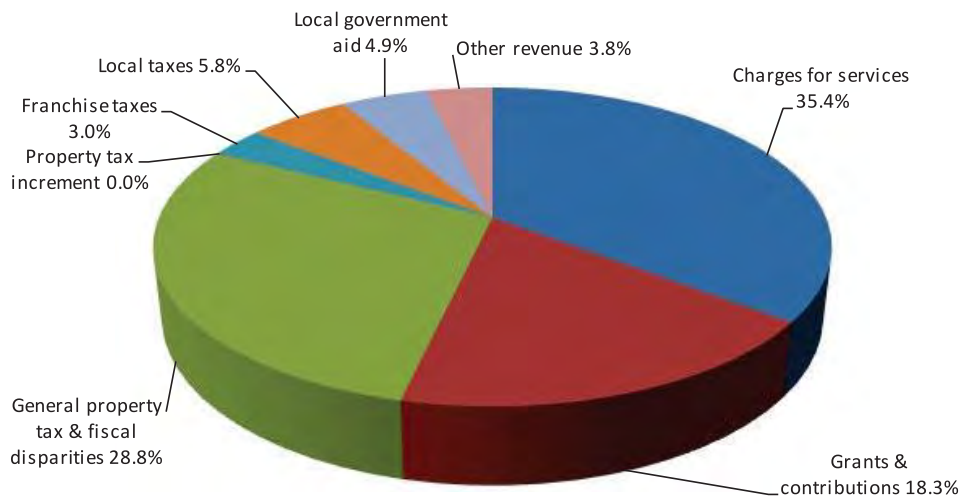
\* Governmental activities beginning balance was restated for software subscription activity due to the implementation of GASB 96.

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

### Government-wide Expenses



### Government-wide Revenues





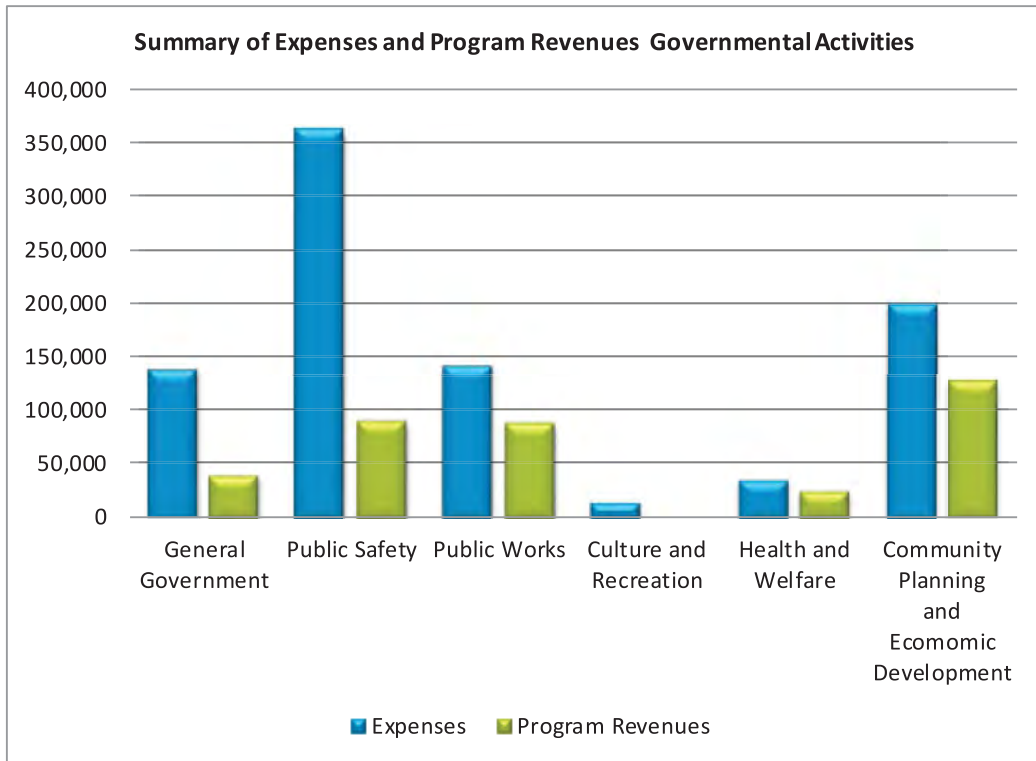
**Governmental Activities**—Governmental activities increased the City’s net position by \$106,186 compared to an increase of \$137,564 in 2022. Total governmental revenue increased by 3.7% between 2022 to 2023 from \$948,810 to \$983,848. Total expenses increased by 7.9% over that same period from \$845,701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

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

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

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

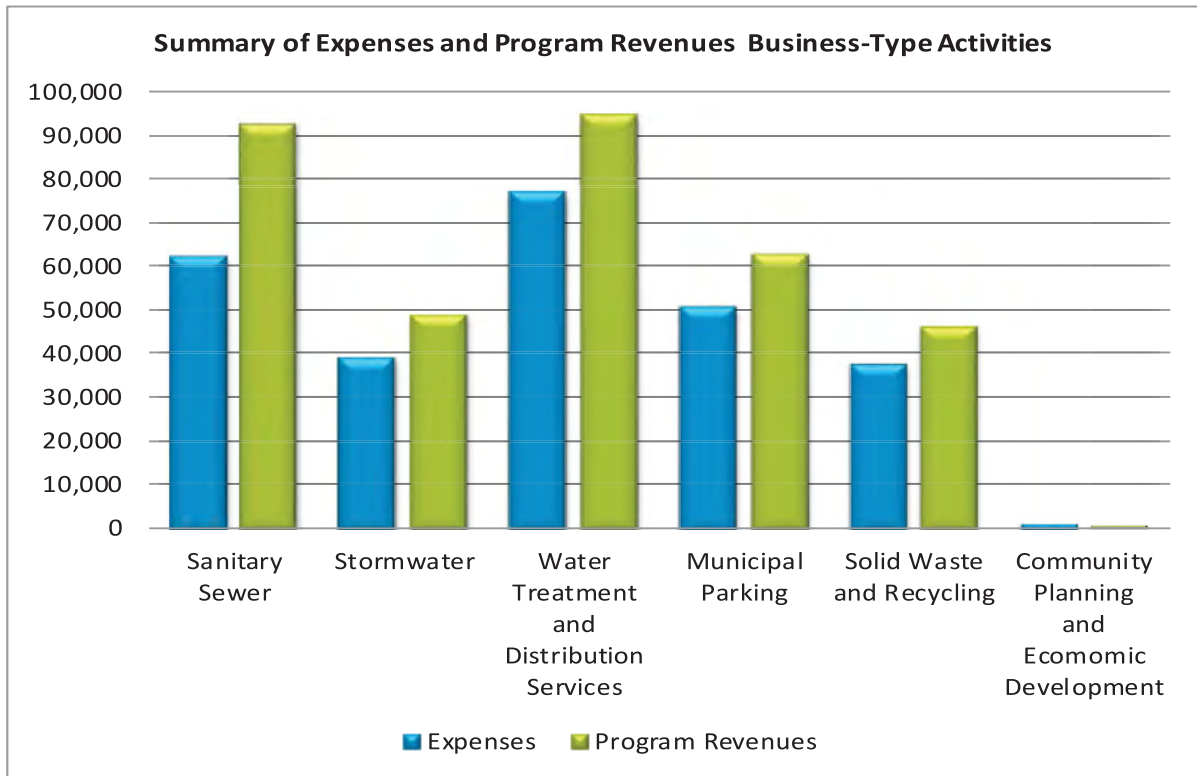




**Business-Type Activities**—Business-type activities increased the City’s net position by \$43,643 compared with an increase of \$42,360 in 2022. Detailed analysis of the changes in expense and revenue for business-type activities can be found in the individual fund analysis in the following pages.

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

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue by Program
Sanitary sewer	\$ 62,338	\$ 92,096	\$ 29,758
Stormwater	39,020	48,633	9,613
Water treatment and distribution services	76,673	94,578	17,905
Municipal parking	50,466	62,563	12,097
Solid waste and recycling	37,947	45,970	8,023
Community planning and economic development	1,372	824	(548)
	<u>\$ 267,816</u>	<u>\$ 344,664</u>	\$ 76,848
General revenues and transfers supporting business-type activities			(33,205)
Change in net position			43,643
Net position - January 1, 2023			1,087,882
Net position - December 31, 2023			<u>\$ 1,131,525</u>



## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

For 2023, six governmental funds, including the General Fund, are presented as major funds. These funds include the Community Planning and Economic Development Fund, Grants Federal Fund, HUD Consolidated Plan, the Permanent Improvement Capital Project Fund, and the Special Assessment Debt Service Fund. At December 31, 2023, the City's governmental funds reported a combined ending fund balance of \$750,798, an increase of \$76,485 compared with the prior year. Approximately 18.6% of this total amount, or \$139,319, constitutes unassigned fund balance, which is available for spending at the City's discretion.

The remainder of the fund balance is classified as follows: \$344,317 is restricted for debt service, community planning and economic development, capital improvements, grants, and law enforcement legal requirements; and \$267,162 is assigned for specific purposes not meeting a more restricted criteria for general government, community planning and economic development programs, neighborhood and community relations, public safety programs, pension obligations, and capital improvements. Additional details on fund balance can be found in Note 10.

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

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

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

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

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

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

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

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

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

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

**General Fund Budgetary Highlights**—The final budget for the City’s General Fund represents the original budget plus any previously appropriated funds set aside for the purpose of honoring legally incurred obligations (prior year encumbrances and commitments), and any additional supplemental appropriations that may occur during the fiscal year. In 2023, the following were significant budget actions:

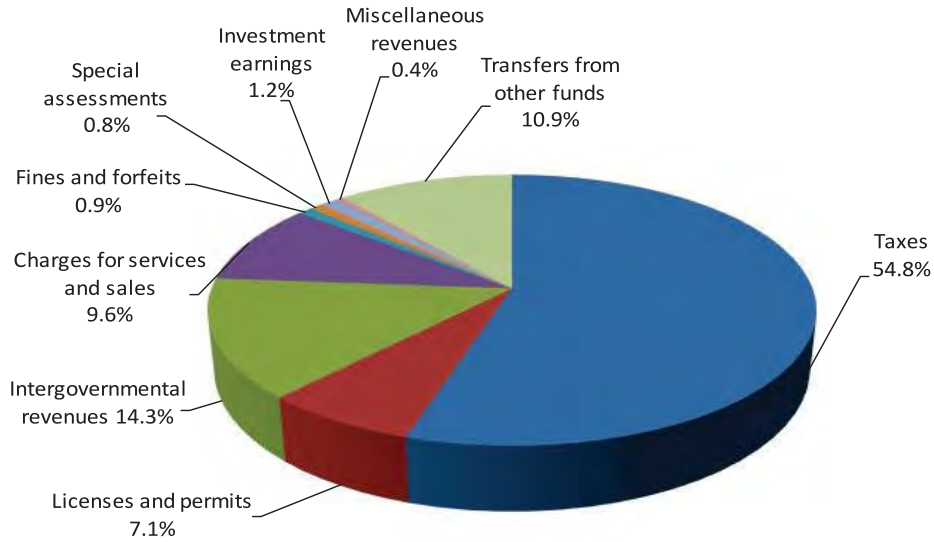
- The original General Fund appropriation for fiscal year 2023 was \$598,950, which included projected transfers out of \$24,397. The final appropriation was \$631,617 including transfers of \$32,888. General revenues and other resources were originally estimated at \$594,137, which included projected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

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

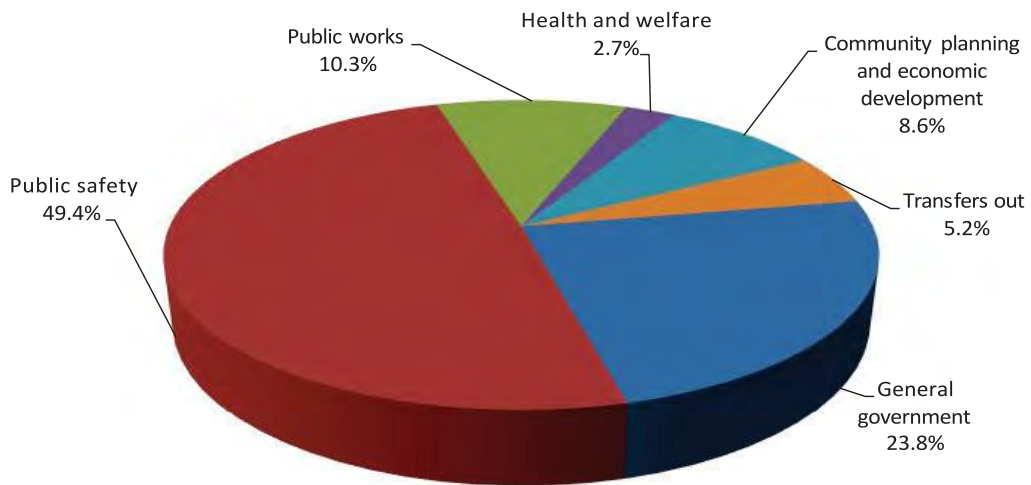
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Current fiscal year revenue and expenditure budgets for the General Fund by major category or function are as follows:

**General Fund Revenue Budget by Source**



**General Fund Expenditure Budget by Function**



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

The total revenues of the CPED Special Revenue fund in 2023 were \$32,358, 9.8% more than the prior year. A majority, approximately 62.5%, of the fund’s revenue was derived from property tax increment, and 5.48% of the fund’s revenue was generated from rents collected and the repayment of loans made for the housing and redevelopment activities of the City. The remaining revenue was derived from a variety of miscellaneous sources. The expenditures for the fund in 2023 were \$32,380. The fund’s expenditures are primarily for contractual services for the housing and economic programs operated within the fund and for the staff costs to monitor and deliver these programs. The level of current fund expenditures decreased in 2023. The expenditures in this fund will vary depending on the project activity in any given year.

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

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

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

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

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

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



**Permanent Improvement Capital Project Fund**—Funding for the Permanent Improvement Capital Project Fund is primarily from four sources: bonds that are sold by the City for capital projects; the State of Minnesota; Federal and local funds. State and Federal revenues are primarily used for capital assets including bridges, streets, street lighting, and traffic signals. The Permanent Improvement Capital Project Fund is used to build infrastructure for the City including bridges, streets, traffic signals, streetlights, and buildings and to fund other capital projects. During 2023, \$131,698 of capital outlay occurred, which is an increase of 14.1% from outlay of \$115,395 in 2022.

The key assets constructed with these funds include:

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

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

**Special Assessment Debt Service Fund**—The City uses the Special Assessment Debt Service Fund to collect special assessments from residents and businesses for public improvements that are wholly or partially paid by the taxpayers. Special assessments are levied and collected each year via Hennepin County property tax statements as well as through voluntary prepayments and title company remittances upon sale of properties. These improvements are typically related to infrastructure items such as roadway, streetscape and street lighting projects, and diseased tree removal on private property. At the end of 2023 the City had \$73,855 of debt outstanding for special assessment improvements. During 2023, the City received debt related assessment collections and interest earnings of \$15,885 and paid total principal of \$10,775 on special assessment bonds and notes. Both amounts were as expected and related to assessment debt activities as planned.

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

The enterprise funds had a positive net position of \$1,173,097 on December 31, 2023, an increase of \$45,003 over the 2022 balance of \$1,128,094.

The following table summarizes the cash balances, total assets, deferred outflows of resources, total liabilities, deferred inflows of resources, operating income (loss), changes in net position, restatement, and net positions for each of the enterprise funds, for 2023 and 2022:

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

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

**Sanitary Sewer Fund**—The Sanitary Sewer Fund pays 95% of the contractual payments to Metropolitan Council Environmental Services (MCES) for wastewater collection and treatment services. This fund also accounts for sanitary sewer maintenance and design work and the related capital programs and debt service payments. Net position as of December 31, 2023 was \$175,826 compared to \$161,350 for 2022, an increase of \$14,476. The operating revenues of \$91,641 for 2023 compared to \$95,855 for 2022 reflects a decrease of \$4,214. The sanitary utility sales and service revenues account for \$4,155 of an increase due to both an increase in rates and volume. Sewer availability charge (SAC) revenues decreased by \$7,632. Decreases in SAC revenue are offset by equivalent decreases in SAC expenses.

The operating expenses totaled \$75,475 compared to \$79,994 in 2022 resulting in a decrease of \$4,519. The decrease in operating expenses mainly reflects the corresponding decrease in SAC charges noted above with this partially being offset by a 2.9% increase in Met Council rates for MCES in 2023. These MCES rates are set by the Metropolitan Council on a yearly basis and are based on an allocation of overall costs incurred by MCES for waste processing for customer communities.

**Stormwater Fund**— The Stormwater Fund pays 5% of the contractual payments to Metropolitan Council Environmental Services (MCES) for wastewater collection and treatment services. This fund also accounts for the combined sewer overflow (CSO) program, street cleaning, storm design, storm water maintenance, and the related capital programs and debt service payments. Net position as of December 31, 2023 was \$387,960 which was an increase of \$7,911 from the beginning balance of \$380,049.

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

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

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

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

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

**Municipal Parking Fund**—The Municipal Parking Fund accounts for the operation and maintenance of parking ramps, lots, on-street parking meters, the municipal impound lot, and the traffic/parking control system. Net position on December 31, 2023 was \$185,780 which is an increase of \$6,768 from the beginning balance.

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

**Solid Waste and Recycling Fund**—The Solid Waste and Recycling Fund accounts for the City's solid waste and recycling collection and disposal, and a solid waste transfer station that serves over 107,700 dwelling units. Pick-up services for trash, yard waste, and recyclables are provided on a weekly and a biweekly basis. City crews provide approximately one-half of the solid waste collection services and the other half are provided through a consortium of companies specializing in waste collections. Also accounted for in this fund are various initiatives such as clean city neighborhood clean sweeps; city-wide litter and graffiti abatement and removal; and an organics program.

Net position through December 31, 2023 totaled \$43,716, a decrease of \$1,356 compared to the beginning balance of \$45,072. Operating revenues totaled \$44,486, an increase of \$856 over 2022. This increase is due to \$976 more in utility services revenue due to higher rates.

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

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

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

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

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

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

**Engineering Materials and Testing Fund**— The Engineering, Materials and Testing Fund records transactions related to City purchases of hot-mix asphalt and ready-mix concrete. This fund also accounts for the transactions associated with the quality control activities for the placement of these materials and assures compliance with State and Federal standards and specifications. The Engineering Laboratory, a component of this fund, provides these quality control activities. In addition, the Engineering Laboratory is responsible for construction inspection and testing services, performing geotechnical evaluations, and coordinating related environmental field services. At year-end 2023, the net position is \$616 representing a slight decrease of \$90 from the 2022 ending net position of \$706. The decrease in net position is primarily due to construction activities that may vary in any given year. The fund maintains a positive cash balance at \$1,945 at year-end 2023 which is a slight decrease to the 2022 ending balance of \$2,102.

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

The fund’s 2023 ending net position is \$15,404, representing an increase of \$1,499 from the year-end 2022 net position of \$13,905. This increase is due to \$2,050 increase in net investment in subscription assets reinstated in 2023, and \$2,645 in net operating margin resulting from an increase in IT allocation to fund new and expanding project activities including HRIS system upgrade. The cash balance at year-end 2023 is \$10,929, representing an increase of \$3,539 from the 2022 year-end cash balance of \$7,390.

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

Several of the City’s properties are recorded as assets of this fund resulting in an annual depreciation expense. The Property Services Fund does not have rental and maintenance rates sufficient to fully recover depreciation related to City buildings recorded in this fund. This generally results in an operating loss each year and a decrease to net position. In 2023, the fund experienced an increase of \$84 to net position resulting in an ending balance of \$40,766 compared to the 2022 ending net position of \$40,682. The cash balance decreased from \$9,836 at year-end 2022 to \$6,200 at year-end 2023 due to more asset preservation projects in 2023 that was rolled over from prior periods.

**Equipment Services Fund**—The Equipment Services Fund manages the acquisition, maintenance, and disposal of over 1,700 units of equipment, primarily the City’s fleet of vehicles. The fund also provides technicians to maintain the equipment. In addition, the fund manages the field coordination of City-owned and contractual equipment and operators as well as the procurement and sale of fuel for these vehicles. The Equipment Services Fund uses an activity-based cost recovery model to calculate equipment and labor rates charged to customers based on actual expenses related to the vehicle and the replacement cost of the vehicle. In 2023, the fund experienced a decrease of \$2,792 to net position resulting in an ending balance of \$82,840 compared to the 2022 ending net position of \$85,632. The 2023 ending cash balance is \$16,802, a decrease of \$5,150 from the ending balance of \$21,952 in 2022. The decrease to cash balance and net position is a result of increase in capital expenditure on microchips and parts relating to vehicle purchases.

**Public Works Stores Fund**—This fund accounts for the centralized procurement, receiving, warehousing, and distribution of stocked inventory items, and the purchase of special goods and services for City departments. In addition, this fund stores an inventory of traffic signal components for assembly for Public Works-Transportation. At year-end 2023, the fund reported an increase to net position by \$1,430, increasing the net position from a 2022 ending balance of \$7,157 to a 2023 ending balance of \$8,587. The fund’s ending cash balance is \$2,649 for 2023, an increase of \$1,829 from the 2022 ending cash balance of \$820. The increase in cash balance and net position is primarily due to an increase in operating margin because of increased requisition service to other departments.

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



The net position at year-end 2023 was negative \$76,220, a decrease of \$14,360 from the 2022 ending net position of negative \$61,860. The cash balance increased by \$5,943, from \$135,503 in 2022 to \$141,446 at year-end 2023. The increase in cash is mainly due to an increase of \$4.2 million in medical and dental insurance premiums compared to the claim's payout and an increase of \$0.5 million in unused sick leave at retirement premiums compared to payout. Plus, there is \$1,181 decreased in litigation settlement payouts in 2023. As noted, an actuarial study determines the expected payouts for claims in this fund and the current year revenue is charged based on this information. In any given year, payouts may be more or less than actuarially determined, resulting in an increase or decrease in cash and net position.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets**—As of December 31, 2023, the City's investment in capital assets for its governmental and business-type activities was \$3,334,795 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, systems, improvements, machinery and equipment, roads, highways, and bridges. The increase in the City's investment in capital assets for the current fiscal year included a 2.8% increase in governmental activities and a 3.3% increase in business-type activities.

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

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

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

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

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

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

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

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

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

The City maintained an “AAA” rating from Standard & Poor’s and was upgraded to “AAA” by Fitch Ratings for its general obligation debt in 2023. Additional information on the City’s Long-term debt can be found in Note 5 of the report.

#### **HISTORICAL AND LONG-TERM FINANCIAL PLANNING**

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

- During the 1990s, due to other external demands, the revenue to support the internal services did not keep pace with the growth in expenses. Significant negative cash balances resulted because annual expenses exceeded revenues. The cumulative net position of the internal service funds at the end of 2023 is \$71.9 million which is a significant improvement over the position of the funds since 2000 when the net position deficit was \$(61.7) million.

- The City continues to manage internal service fund revenue and expenditures to ensure full funding to meet financial policy targets for net position and cash balance wherever possible. Factors outside the City's direct control have resulted in large liabilities in the self-insurance internal service fund which the City continues to monitor and plan for.
- Similar to other jurisdictions, employee wages and benefits make up over 63.5% of the City's General Fund 2023 original expenditure budget, increases to which are driven by growth in wages, cost of living, and overtime costs.
- The City of Minneapolis receives an allocation from the State of Minnesota for Local Government Aid (LGA). This payment from the state is determined by legislative action and sometimes contingent upon the financial health and stability of the state. Reductions to this aid can have significant consequences for the City. Since 2017, the LGA amount has been consistently between \$74.0 million and \$82.0 million. The allocation for 2023 was \$74.3 million. A portion of LGA is passed through to the Minneapolis Park and Recreation Board and the Municipal Building Commission component units.
- The City adopts a six-year capital improvement program (CIP) that is updated annually. Each year, City departments and independent boards and commissions prepare new and/or modify existing capital budget requests (CBRs). The CBRs are then reviewed by the Capital Long-Range Improvement Committee (CLIC) which is a citizen advisory committee to the Mayor and City Council.
- The City continues to lay a foundation for development including large projects and continued investment in housing as well as economic development for businesses. For 2023, the City marked its twelfth consecutive year in which more than \$1.0 billion in permitted construction projects based on the value of permits issued for the year.
- The City continues to proactively manage its pension liabilities. The City participates in several plans administered by the Public Employees Retirement Association (PERA). PERA is a separate statutory entity that manages plans and can determine contribution rates and other components of the pension plans that can have significant impacts on the City's pension obligations.
- For 2021, the City levied \$8.5 million less for pension obligations than the higher rate of 2018. This is related to a decrease in the City's obligation on closed pension funds that is planned to be in place until 2031 when the obligation is satisfied. The lower amount continued into 2023.

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

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

***Budget Outlook:***

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



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

### ***Economic Outlook and Tax Trends***

Minneapolis has the highest concentration of commercial office buildings in the State of Minnesota and therefore is the largest contributor of revenue to the state general tax on a per city basis. Minneapolis' commercial/industrial estimated market value per the Minneapolis Assessor's office is \$12.7 billion for 2023 up from \$12.2 billion in 2022.

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

### ***Downtown Office Space – Vacancy Rate***

Because of the importance of real estate taxes as a source of local government revenue, real estate statistics are an important gauge for municipalities. Based on the first quarter 2023 *U.S. Office Marketbeat Report* published by Cushman & Wakefield, the office space vacancy rate for the Minneapolis/St. Paul metro area is up to 24.5% at the end of 2022 as compared to a vacancy rate of 23.7% at the end of 2021.

### ***Employment***

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

## **REQUESTS FOR INFORMATION**

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



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**STATEMENT OF NET POSITION**  
**December 31, 2023**

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

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

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

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended December 31, 2023

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Net (Expenses) Revenues and Changes in Net Position													
	Program Revenues			Primary Government			Business-type			Discrete	Total			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Units						
<b>FUNCTIONS/PROGRAMS</b>														
<b>Primary government</b>														
Governmental Activities:														
General government	\$	139,362	\$	8,549	\$	31,440	\$	-	\$	(99,373)	\$	-	\$	(99,373)
Public safety		361,983		17,332		71,995		-		(272,656)		-		(272,656)
Public works		142,916		41,348		38,252		7,433		(55,883)		-		(55,883)
Culture and recreation		14,532		-		-		-		(14,532)		-		(14,532)
Health and welfare		36,191		2,719		22,719		-		(10,753)		-		(10,753)
Community planning and economic development		198,412		60,531		66,148		-		(71,733)		-		(71,733)
Interest on long-term debt		19,054		-		-		-		(19,054)		-		(19,054)
Total governmental activities		912,450		130,479		230,554		7,433		(543,984)		-		(543,984)
Business-type Activities:														
Sanitary sewer		62,338		91,463		633		-		-	29,758			29,758
Stormwater		39,020		46,372		2,261		-		-	9,613			9,613
Water treatment and distribution services		76,673		94,578		-		-		-	17,905			17,905
Municipal parking		50,466		62,563		-		-		-	12,097			12,097
Solid waste and recycling		37,947		44,457		1,513		-		-	8,023			8,023
Community planning and economic development		1,372		824		-		-		(548)		-		(548)
Total business-type activities		267,816		340,257		4,407		-		76,848		-		76,848
Total primary government	\$	1,180,266	\$	470,736	\$	234,961	\$	7,433		(543,984)		76,848		(467,136)
<b>Component units:</b>														
Discrete component units	\$	179,601	\$	53,281	\$	9,588	\$	32,792						(83,940)
General Revenues:														
Taxes:														
General property tax and fiscal disparities									383,051				76,465	459,516
Property tax increment									491					491
Museum (county-wide levy)									-				17,143	17,143
Franchise taxes									40,122		356			40,478
Local taxes									77,608		-			77,608
Local government aid - unrestricted									65,518		3		8,788	74,309
Grants and contributions not restricted to programs									692		3		28	723
Unrestricted interest and investment earnings									47,900		1,108		1,595	50,603
Other									-		113		119	232
Gain on sale of capital assets									-		-		482	482
Transfers									34,788		(34,788)			-
Total general revenues and transfers									650,170		(33,205)		104,620	721,585
Change in net position									106,186		43,643		20,680	170,509
Net position - January 1 (restated, see Note 1R)									1,683,601		1,087,882		466,168	3,237,651
Net position - December 31	\$	1,789,787	\$	1,131,525	\$	2,921,312	\$	486,848	\$	3,408,160				

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

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

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

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

**Reconciliation of the Governmental Funds Balance Sheet to the  
Government-Wide Statement of Net Position - Governmental Activities  
December 31, 2023**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

<b>Fund balances - total governmental funds</b>		\$	750,798
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>			
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>			
Non-depreciable / non-amortizable	667,916		
Depreciable / amortizable	2,229,425		
Accumulated depreciation and amortization	<u>(1,103,460)</u>		<u>1,793,881</u>
<p>Deferred inflows are not available to pay for current-period expenditures and, therefore, in the governmental funds, are unavailable revenue.</p>			
			197,321
<p>Internal service funds are used by management to charge the costs of engineering materials and testing, intergovernmental services, property services, permanent improvement equipment, public works stores, and, self-insurance.</p>			
			71,993
<p>Receivable from business-type funds for internal service fund activity.</p>			
			41,572
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>			
Bonds and notes payable and any related unamortized premiums/discounts	(544,619)		
Other postemployment benefits payable	(94,878)		
Net pension liability	(430,426)		
Bond interest payable	(2,339)		
Lease liability	(893)		
Lease interest payable	(1)		
Software subscriptions liability	(7,300)		
Software subscriptions interest payable	(861)		
Compensated absences	<u>(25,950)</u>		<u>(1,107,267)</u>
<p>Deferred inflows and deferred outflows resulting from pension obligations and other postemployment benefits obligations are recorded only on the government-wide statement of net position. Balances at year end are:</p>			
Deferred outflows - other postemployment benefits	64,027		
Deferred inflows - other postemployment benefits	(5,469)		
Deferred outflows - pensions	324,450		
Deferred inflows - pensions	<u>(341,519)</u>		<u>41,489</u>
<b>Net position of governmental activities</b>		<b>\$</b>	<b><u>1,789,787</u></b>

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

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

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

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



**Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds to the  
Statement of Activities - Governmental Activities  
For the Fiscal Year Ended December 31, 2023**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

<b>Net increase (decrease) in fund balances - total governmental funds</b>	\$	76,485
Amounts reported for governmental activities in the statement of activities are different because:		
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities with amounts related to business type activities shown as an internal balance.		(14,229)
Transfers from business-type funds for internal service fund activity.		1,360
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.		
Expenditures for general capital assets, infrastructure, and other related capital assets:	117,050	
Less current year depreciation and amortization	<u>(69,367)</u>	<u>47,683</u>
Revenues not collected for several months after the City's fiscal year ends are not considered "available" revenues and are deferred in the governmental funds. The adjustment between the fund statements and the statement of activities is the increase or decrease in revenue deferred as available.		
Deferred inflows of resources - December 31	197,321	
Deferred inflows of resources - January 1	<u>(181,255)</u>	<u>16,066</u>
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Lease proceeds	(502)	
Bond, lease and software subscription principal payments	73,925	
Bond proceeds	<u>(73,105)</u>	<u>318</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in accrued interest payable	(67)	
Change in other postemployment benefits payable and related deferred outflows and inflows	(5,758)	
Change in compensated absences	(508)	
Change in net pension liability and related deferred outflows and inflows	(13,253)	
Change in other long-term liabilities	<u>(1,911)</u>	<u>(21,497)</u>
<b>Increase (decrease) in net position of governmental activities</b>	<u>\$</u>	<u>106,186</u>

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

PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
December 31, 2023

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

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

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

PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
December 31, 2023

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

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

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

**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**For the Fiscal Year Ended December 31, 2023**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

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

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities. (1,360)

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

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

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**For the Fiscal Year Ended December 31, 2023**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

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

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

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

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

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

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

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

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

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

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

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, 2023**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A – Reporting Entity**

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

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

**Blended Component Unit**

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

**▪ Board of Estimate and Taxation**

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

**Discretely Presented Component Units**

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

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

**▪ Municipal Building Commission**

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

**▪ Meet Minneapolis**

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

**Related Organizations**

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

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

**▪ Minneapolis Public Housing Authority**

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

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

**Joint Ventures**

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

**▪ Minneapolis-Duluth/Superior Passenger Rail Alliance**

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

The Minneapolis/Saint Paul Housing Finance Board was established in accordance with a joint powers agreement entered into between the Housing and Redevelopment Authority of the City of Saint Paul and the City of Minneapolis and accepted by both cities under State of Minnesota laws. The City of Minneapolis oversight responsibility of the Board is limited to its governing body's ability to appoint only three of the six members of the Board. The territorial jurisdiction of the Board extends beyond the corporate limits of the City of Minneapolis. The percentage share of the City in the Board's assets, liabilities and equity cannot be determined at fiscal year-end. Complete financial statements for the Minneapolis/Saint Paul Housing Finance Board can be obtained from the City of Minneapolis CPED office at City of Minneapolis – Community Planning and Economic Development, 505 4<sup>th</sup> Ave So #320, Minneapolis Minnesota 55415.

**▪ Minneapolis Youth Coordinating Board**

The Minneapolis Youth Coordinating Board (YCB) was established in accordance with a joint powers agreement entered into between the Hennepin County Board of Commissioners, the Board of Directors of Special School District No. 1, the Park Board, the Mayor and the City Council under authority of State of Minnesota laws. The YCB, which numbers 10 in size, includes the Mayor, two members each from the Hennepin County Board of Commissioners and the Board of Directors of Special School District No. 1, two representatives from the City Council, one member from the Park Board, the Hennepin County Attorney, and a Judge assigned by the Chief Judge of the District Court. The percentage of each jurisdiction's share in the YCB's assets, liabilities and equity cannot be determined at fiscal year-end. Complete financial statements for the YCB can be obtained from the Minneapolis Youth Coordinating Board at 350 South 5<sup>th</sup> Street Room 201, Minneapolis, Minnesota 55415.

**▪ Metropolitan Emergency Services Board**

The Metropolitan Emergency Services Board (MESB) was established by a joint powers agreement pursuant to Minn. Stat. sec. 471.59 between the Counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, and the City of Minneapolis, for the implementation and administration of a regional 911 system. Chisago County entered this agreement effective October 1, 2006. Isanti County joined the joint powers agreement effective January 1, 2010. Sherburne County joined the joint powers agreement effective January 1, 2019.

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

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

**▪ Shingle Creek Watershed Management Commission**

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

**▪ Bassett Creek Watershed Management Commission**

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

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For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

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

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

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

**Fund Financial Statements**

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

The fund financial statements provide information about the City's funds. The City's funds include fiduciary funds and a blended component unit; the Board of Estimate and Taxation, a non-major special revenue fund. Funds are classified into three categories: *Governmental*, *Proprietary*, and *Fiduciary*, each category is divided into separate fund types. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are separately aggregated and reported as non-major funds.

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

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

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

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

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

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

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



For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

The City reports the following major governmental funds:

**▪ General Fund**

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

**▪ Special Revenue Fund – Community Planning and Economic Development**

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

**▪ Special Revenue Fund – Grants - Federal**

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

**▪ HUD Consolidated Plan**

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

**▪ Capital Project Fund – Permanent Improvement**

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

**▪ Debt Service Fund – Special Assessment**

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

**Proprietary Funds**

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

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

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

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

**Enterprise Funds**

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

The City reports the following major enterprise funds:

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**B – Basis of Presentation (continued)**

**Non-Major Funds**

The City reports the following non-major governmental funds:

**Special Revenue Funds:**

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

**Debt Service Funds:**

- Community Development Agency
- Development
- General Debt Service

Additionally, the City reports the following fund types:

▪ **Internal Service Funds**

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

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

▪ **Custodial Funds**

Financial statements of custodial funds are used to account for assets held by the City for fiduciary activities, for private organizations or other governments. They use the economic resources measurement focus and utilize the full accrual basis of accounting. Custodial funds are included in the Statement of Fiduciary Net Position and in the Statement of Changes in Fiduciary Net Position.

- Minneapolis Youth Coordinating Board
- Joint Board

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

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

The 2022 process for the 2023 budget involved the following:

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

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

**March***Preliminary prior year-end budget status report*

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

**March – April***Capital Improvement Budget Development*

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

**April – June***Operating Budget Development*

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

*Capital Long-Range Improvement Committee (CLIC) Process*

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C – Budgets (continued)**

**June – August**

*Mayor's Recommended Budget*

The 2023 Mayor's Recommended Budget will be based on program proposals submitted by departments. These program proposals are reviewed and discussed by the submitting department, the Mayor's Office, and staff from the Coordinator's Office and Finance and Property Services for priority-setting. In addition to reviewing operating budgets, the Mayor meets with representatives from CLIC before finalizing the capital budget recommendation. By City Charter, the Mayor must make recommendations to the City Council on the budget no later than August 15 of each year.

**September**

*Maximum Proposed Property Tax Levy*

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

**September – November**

*City Council Budget Review and Development*

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

*Truth in Taxation*

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

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C – Budgets (continued)**

**December**

*City Council Budget Adoption*

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

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

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

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

	<b>Expenditure Budget at Beginning of Year</b>	<b>Changes During Year</b>	<b>Expenditure Budget at End of Year</b>
General	\$ 574,553	\$ 24,176	\$ 598,729
CPED Special Revenue	53,323	84,168	137,491
Grants – Federal Special Revenue	21,623	84,571	106,194
HUD Consolidated Plan Special Revenue	19,500	13,712	33,212
Arena Reserve Special Revenue	7,175	1,968	9,143
Convention Center Special Revenue	50,424	1,987	52,411
Grants – Other Special Revenue	-	33,397	33,397
Neighborhood and Community Relations	-	1,700	1,700
Regulatory Services	-	2,877	2,877
Total	<u>\$ 726,598</u>	<u>\$ 248,556</u>	<u>\$ 975,154</u>

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For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

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

**E – Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and investments with original maturities of three months or less from the date of purchase. The City maintains a general portfolio which is a pool of investments covering pooled cash and cash equivalents for the primary government as well as the discretely presented component units of the Municipal Building Commission and the Minneapolis Park and Recreation Board. The City has contracted with investment management firms for management of some of these investments. The City also, from time to time, invests non-pooled cash within individual funds, which are reported as fund investments. All investments are reported at fair value.

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

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

**F – Inventories of Materials and Supplies and Prepaid Items**

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

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

**G – Receivables**

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

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



**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**G – Receivables (continued)**

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

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

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

**H – Capital Assets**

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

The estimated useful lives are as follows:

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

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



For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

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

**J – Pensions**

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

**K – Interfund Transactions**

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

**L – Properties Held for Resale**

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

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

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

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

**N – Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net asset that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources only under the full accrual basis of accounting associated with pension plans and other postemployment benefit (OPEB) and accordingly, are reported in the statement of net position.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from primarily six sources: taxes, special assessments, intergovernmental, long-term loan receivables, interest, and other. These amounts are recognized as an inflow of resources in the period that the amounts become available. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The City also reports deferred inflows of resources for the net present value of leases that mature beyond one year, amortized to revenue on a straight-line basis over the lease terms. These amounts arise under both the modified accrual and the full accrual basis of accounting and are reported in both the governmental fund balance sheet and the statement of net position. The City also reports deferred inflows of resources associated with the service concession arrangement, pension, and OPEB benefits. These inflows arise only under the full accrual basis of accounting, and, accordingly, are reported only in the statement of net position.

**O – Estimates**

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

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

**P – Stewardship, Accountability and Compliance**

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

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

**Q – Change in Accounting Principle**

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

**R – Restatement of Net Position**

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

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

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**A – Deposits**

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

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

The City has executed a Depository Pledge Agreement with its depository bank. The depository bank pledges to secure the deposited funds, to the extent not insured by the Federal Deposit Insurance Corporation (“FDIC”), by pledging securities of any type permitted by the provisions of Minnesota Statutes, Section 118A.04, which are eligible to be held in a Securities Account at the Federal Reserve Bank. The bank balances at the City’s designated depository as of December 31, 2023, totaled \$13,495.

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For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 2 – DEPOSITS AND INVESTMENTS****A – Deposits (continued)***Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may be delayed or not be returned. The City's policy is to have its designated depositories comply with Minnesota Statutes Chapter 118A to pledge allowable securities or a letter of credit (LOC) from the Federal Home Loan Bank (FHLB) to collateralize the City's deposits. At December 31, 2023, the City was not exposed to custodial credit risk since all deposits are either FDIC insured (where applicable) or are collateralized through securities pledged to the City of Minneapolis by the financial institution and held in safekeeping at the Federal Reserve Bank at 110% of deposit value or collateralized by a FHLB LOC.

**B – Investments**

In accordance with Minnesota Statutes, Section 118A.04, and with the City Charter, the City may invest in (1) direct, guaranteed or insured obligations of the U.S. Treasury, (2) shares of an investment company (with restrictions), (3) general obligations of government jurisdictions (with restrictions), (4) time deposits fully insured by the Federal Deposit Insurance Corporation, the National Credit Union Administration, or bankers' acceptances issued by United States banks, (5) commercial paper and (6) repurchase agreements (with restrictions).

*Investment derivative instruments*

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

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

*Interest Rate Risk*

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

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For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**B – Investments (continued)**

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

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

*Credit Risk*

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

“INVESTMENTS.

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

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

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

- (1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
- (2) any security which is a revenue obligation of any state or local government which is rated "AA" or better by a national bond rating service;
- (3) a general obligation of the Minnesota Housing Finance agency which is a moral obligation of the state of Minnesota and is rated "A" or better by a national bond rating agency; and
- (4) any security which is an obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to section 126C.55.

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

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**B – Investments (continued)**

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

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

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



For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy is to comply with Minnesota Statutes Chapter 118A and use a third-party financial institution for safekeeping of securities which mitigates custodial credit risk. The City's investments were not exposed to custodial credit risk at December 31, 2023.

*Concentration of Credit Risk*

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

*Fair Value Measurement*

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

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For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**B – Investments (continued)**

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

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

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

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

The City also holds \$115,904 in money market mutual funds. The fair value of the investment is the fair value per share of the underlying portfolio. The City may redeem these funds at any time and for any use the City has designated.

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For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 3 – RECEIVABLES**

**A – Receivables Detail**

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

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

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

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For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 3 – RECEIVABLES (continued)**

**B – Leases Receivable Payment Schedule**

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

Principal and Interest Expected to Maturity

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

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For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 4 – CAPITAL ASSETS**

**A – Current Year Activity**

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

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

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

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

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 4 – CAPITAL ASSETS**

**A – Current Year Activity (continued)**

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

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

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 4 – CAPITAL ASSETS (continued)**

**B – Capital Project Commitments**

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

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

**C – Discretely Presented Component Units**

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

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

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For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 5 – LONG-TERM DEBT**

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

**Property Tax Supported General Obligation Bonds**

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

**Self-Supporting General Obligation Bonds and Notes**

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

**General Obligation Improvement Bonds and Notes**

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

**Tax Increment General Obligation Bonds and Notes**

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

**Revenue Bonds and Notes**

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

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

**Sinking Fund Provisions**

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

**2023 Bond and Note Sales**

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 5 – LONG-TERM DEBT (continued)**

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

**Minnesota Public Facilities Authority Notes**

The City has entered into eight general obligation notes with the Minnesota Public Facilities Authority (PFA) to finance the City's drinking water ultra-filtration project, new filter presses project and a major rehabilitation of the Fridley water treatment plant. The notes are part of a federally sponsored below market financing program related to the Safe Drinking Water Act and the City saves up to 1.5% on interest costs by participating in the program. The City has received proceeds totaling \$160,388 on these notes in total and, the outstanding debt balance of the four remaining notes in this program is \$60,240 as of December 31, 2023. The interest rates range from 1.01% - 2.80% and the final maturity dates range from August 20, 2026, to August 20, 2035.

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

**Lease Liability**

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

**Software Subscriptions Liability**

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

**Discrete Component Unit Debt**

The City issues debt on behalf of the Minneapolis Park & Recreation Board and the Municipal Building Commission. As of December 31, 2023, \$18,931 of the outstanding governmental debt is related to activities of these discretely presented component units and is reported within the debt balances of the primary government. The capital assets purchased with proceeds from debt issuances are held by the respective discrete component units and are reported with their capital assets on the Statement of Net Position.



For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 5 – LONG-TERM DEBT (continued)**

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

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

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 5 – LONG-TERM DEBT (continued)**

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

**Amortization of Outstanding Governmental City Debt**

As of December 31, 2023, all annual debt service requirements for Governmental activities are as follows:

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

**Amortization of Outstanding Business-type Activities City Debt**

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

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 5 – LONG-TERM DEBT (continued)**

**Leases Payable Payment Schedule**

Principal and Interest Requirements to Maturity

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

**Software Subscriptions Payment Schedule**

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

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

As of December 31, 2023, outstanding industrial, commercial, and housing revenue bonds and notes is \$1,707,925. The bonds are payable solely from revenues of the respective enterprises and do not constitute an indebtedness of the City. They are not a charge against the City’s general credit or taxing power.

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For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 7 – DEFERRED INFLOWS OF RESOURCES**

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

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

**NOTE 8 – INTERFUND TRANSACTIONS**

**Interfund Receivables/Payables**

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

**Advances to/from other funds:**

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

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

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For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 8 – INTERFUND TRANSACTIONS**

**Transfers:**

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

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

**NOTE 8 – INTERFUND TRANSACTIONS**

**Transfers (continued)**

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Total Transfers In</u>
<b>Proprietary Funds:</b>		
<b>Business-type Activities</b>		
Water Treatment and Distribution Services Fund	General Fund	\$ 41
	Sanitary Sewer Fund	<u>1,041</u>
		<u>1,082</u>
Municipal Parking Fund	CPED Special Revenue Fund	<u>4,579</u>
		<u>4,579</u>
Solid Waste & Recycling Fund	General Fund	325
	Municipal Parking Fund	<u>146</u>
		<u>471</u>
	Total Business-type Activities	<u>\$ 6,132</u>
<b>Governmental Activities</b>		
Internal Service Funds	General Fund	<u>\$ 4,490</u>
		<u>4,490</u>
	Total Governmental Activities	<u>\$ 4,490</u>

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 9 – NET POSITION/FUND BALANCES**

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

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

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

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

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

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

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

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

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 9 – NET POSITION/FUND BALANCES (continued)**

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

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

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

Governmental Activities: Law Enforcement \$3,168



For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

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

**1. General Employees Retirement Plan (GERP)**

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, and the Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after five years of credited service.

**2. Public Employees Police and Fire Plan (PEPFP)**

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Police and Fire Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years and increasing five percent for each year of service until fully vested after 20 years.

**3. Teacher Retirement Association Fund (TRA)**

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

**B – Benefits Provided**

PERA and TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Benefit increases are provided to benefit recipients each January.

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the Social Security Administration, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

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

Police and Fire Plan benefit recipients will receive a 1.0 percent post-retirement increase. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

The Teachers Retirement Association (TRA) covers teachers and other related professionals employed by school districts or by the state. Approximately 606 employers participate in this plan. The plan provides retirement, survivor, and disability benefits. Basic membership includes participants who are not covered by the Social Security Act, while coordinated membership includes participants who are covered by the Act. The annuity formula for the coordinated members is the greater of a step rate with a flat reduction for each month of early retirement, or a level rate (the higher step rate) with an actuarially based reduction for early retirement. The annuity formula for Tier I basic members is 2.2 percent for the first 10 years and 2.7 percent for each subsequent year and Tier II is 2.7 percent of the member's high-five average salary. The annuity formula for Tier I coordinated members for services prior to July 1, 2006, is 1.2 percent for the first 10 years and 1.7 percent each subsequent year of the member's high-five average salary. The annuity formula for Tier I coordinated members for services subsequent to July 1, 2006, is 1.4 percent for the first 10 years and 1.9 percent each subsequent year of the member's high-five average salary. The annuity formula for Tier II coordinated members is 1.7 percent for services prior to July 1, 2006, and 1.9 percent for each year subsequent of the member's high-five average salary. Annual benefits increase by 2.0 percent each year and 2.5 percent if the plan is funded at least 90 percent of full funding.

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

**C – Contributions**

Pension benefits are funded from member and employer contributions and income from investment of fund assets. Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

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

**2. PEPFP Contributions**

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

**3. TRA Contributions**

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

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

At December 31, 2023, the City, Park Board, and MBC reported a liability of \$166,686, \$34,925, and \$2,200 respectively for the proportionate share of the GERP's net pension liability related to payroll contributions. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City, Park Board, and MBC proportion of the net pension liability was based on each entity's contributions received by PERA during the measurement period for employer payroll paid from July 1, 2022, through June 30, 2023, relative to the total employer payroll related contributions received from all of PERA's participating employers. At June 30, 2023, the City's proportionate share related to payroll contributions was 3.1223 percent, which was an increase of 0.1317 percent from its proportion measured as of June 30, 2022. At June 30, 2023 the Park Board's proportionate share related to payroll contributions was 0.6542 percent, which was an increase of 0.0346 percent from its proportion measured as of June 30, 2022. At June 30, 2023, MBC's proportionate share related to payroll contributions was 0.0412 percent, which was a decrease of 0.0008 percent from its proportion measured as of June 30, 2022.

In addition to the payroll contributions, the City, Park Board, and MBC contribute statutorily fixed amounts related to closed pension plans now merged into PERA. The City, Park Board, and MBC will continue to make these contributions through 2031, and the net present values of these fixed contributions are \$81,247, \$14,849, and \$1,553 respectively as of the June 30, 2023 measurement date. The resulting combined net pension liability reported by the City, Park Board, and MBC as of December 31, 2023 is \$247,933, \$49,774 and \$3,753, respectively. The combined liability represents a proportionate share of the Plan's net pension liability equal to 4.4338 percent for the City, 0.8901 percent for Park Board, and 0.0671 for MBC.

**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

**D – Pension Costs**

**1. GERP Pension Costs (continued)**

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

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

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

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

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For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

**D – Pension Costs**

**1. GERP Pension Costs (continued)**

At December 31, 2023, the City, Park Board, and MBC reported proportionate shares of the GERP’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

Contributions subsequent to the measurement date are shown as deferred outflows in the above table and will be recognized as a reduction to net pension liability for the year ended December 31, 2023. These contributions total \$9,115 for the City, \$1,906 for the Park Board, and \$120 for MBC. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount		
	City	Park Board	MBC
2024	\$ 4,003	\$ 1,528	\$ 62
2025	(24,672)	(4,398)	(367)
2026	5,317	1,207	38
2027	(3,787)	(793)	(50)

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

At December 31, 2023, the City reported a liability of \$174,207 for the proportionate share of the PEPFP's net pension liability related to payroll contributions. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid from July 1, 2022, through June 30, 2023, relative to the total employer payroll related contributions received from all of PERA's participating employers. At June 30, 2023, the City's proportionate share related to payroll contributions was 10.4098 percent, which was a decrease of 0.4254 percent from its proportion measured as of June 30, 2022. In addition to the payroll contributions, the City contributes statutorily fixed amounts related to closed pension plans now merged into PERA. The City will continue to make these contributions through 2031, and the net present value of these fixed contributions is \$53,379 as of the June 30, 2023 measurement date. The resulting combined net pension liability reported by the City as of December 31, 2023 is \$227,586. The combined liability represents a proportionate share of the Plan's net pension liability equal to 13.1791 percent for the City.

At December 31, 2023, the Park Board reported a liability of \$5,149 for the proportionate share of the PEPFP's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Each employer's proportion of the net pension liability was based on the employer's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2022, through June 30, 2023, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2023, the Park Board's proportionate share was 0.3077 percent, which was an increase of 0.0014 percent from its proportion measured as of June 30, 2022.

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

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

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



For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

**D – Pension Costs**

**2. PEPFP Pension Costs (continued)**

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

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

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

At December 31, 2023, the City and Park Board reported proportionate shares of the PEPFP’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

**D – Pension Costs**

**2. PEPFP Pension Costs (continued)**

Contributions subsequent to the measurement date are shown as deferred outflows in the above table and will be recognized as a reduction to net pension liability for the year ended December 31, 2023. These contributions total \$11,676 for the City and \$336 for the Park Board. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Pension Expense Amount</u>	
	<u>City</u>	<u>Park Board</u>
2024	\$ (2,208)	\$ 165
2025	(2,159)	27
2026	43,975	1,233
2027	(14,335)	(339)
2028	(48,093)	(1,306)

**3. TRA Pension Costs**

At December 31, 2023, the City reported a liability of \$28,390 for its share of the TRA’s net pension liability. The net pension liability for TRA is equivalent to the net present value of the City’s statutorily required contributions for the life of the obligation. The City is statutorily obligated to contribute \$2,250 each year to TRA until the plan is fully funded as determined by the plan’s actuary. It is currently expected that the plan will be fully funded, ending the City’s obligation, in the year 2039. The net present value of the City’s obligation was determined using the expected remaining years of contributions, discounted at the plan’s discount rate of 7.00 percent.

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

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to TRA’s pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in actuarial assumptions	\$ 1,128	\$ -



For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

**D – Pension Costs**

**3. TRA Pension Costs (continued)**

As mentioned above, the City has a statutory obligation to contribute to the TRA as a non-employer contributing agency. There were no contributions subsequent to the measurement date that would be recognized as a reduction to net pension liability for the year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Pension Expense Amount</u>
2024	\$ 376
2025	376
2026	376

**4. Total Pension Costs**

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

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

**E – Long-Term Expected Return on Investment**

The long-term expected rate of return on pension plan investments is 7.00 percent. The State Board of Investment, which manages the investments of PERA and TRA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building block method in which best estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

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

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)**

**F. Discount Rate**

The discount rate used to measure the total pension liability was 7.00 percent in 2023. This was an increase from the 6.50 percent and 5.40 percent used in 2022 for the General Employees Plan and the Police and Fire Plan, respectively. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Plan and the Police and Fire Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the TRA Plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability.

**G – Actuarial Assumptions**

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

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service and 6.0 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service. Mortality rates for active members, retirees, survivors, and debilitants were based on the Pub-2010 General Employee Mortality Table for the General Employees Plan and the Pub-2010 Public Safety Employee Mortality tables for the Police and Fire Plan. The tables are adjusted slightly to fit PERA’s experience. Cost of living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.00 percent as set by state statute. Cost of living increases for TRA are 1.00 percent for January 2019 through January 2023, then increasing by 0.1 percent each year up to 1.5 percent annually.

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

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

## General Employees Plan

## Changes in Actuarial Assumptions:

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

## Changes in Plan Provisions:

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

## Police and Fire Plan

## Changes in Actuarial Assumptions:

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

## Changes in Plan Provisions:

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

## Teachers Retirement Association

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)**

**G – Pension Liability Sensitivity**

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

<u>Plan and Entity</u>	<u>1% Decrease to Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
<b>GERF Discount Rate</b>	<b>6.0%</b>	<b>7.0%</b>	<b>8.0%</b>
City	384,914	247,933	134,946
Park Board	78,395	49,775	26,176
MBC	5,577	3,752	2,244
<b>PEPFF Discount Rate</b>	<b>6.0%</b>	<b>7.0%</b>	<b>8.0%</b>
City	406,150	227,586	80,584
Park Board	10,373	5,149	856
<b>TRA Discount Rate</b>	<b>6.0%</b>	<b>7.0%</b>	<b>8.0%</b>
City	30,937	28,390	26,184

**I – Pension Plan Fiduciary Net Position**

Detailed information about each pension plan’s fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://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](http://www.MinnesotaTRA.org).

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For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 11 - DEFINED CONTRIBUTION PLAN – CPED****A – Plan Description**

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

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

The payroll for employees covered by the CPED's defined contribution plan for the year ended December 31, 2023, was \$1,339 and the CPED's total payroll was \$22,782.

**B – Contributions Required and Made**

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

The City and CPED employee participants contributed \$74 and \$68 respectively to the plan during the year, which amounts represented 5.53 percent and 5.10 percent respectively of the covered payroll.

**NOTE 12 – POSTEMPLOYMENT BENEFITS PLAN**

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

**A – Plan Description**

The City, Park Board and MBC provide a single employer defined benefit healthcare plan to eligible retirees and their spouses. The plan offers medical and dental coverage. Medical coverage is administered by Medica. Dental coverage is administered through the Delta Dental Plan of Minnesota. The City and Park Board are self-insured for both medical and dental coverage. Beginning in 2018, MBC was no longer under the City’s insurance plan. Results below reflect the results of the December 31, 2023, actuarial valuation. Retirees pay 100 percent of the blended active/retiree premium rate, in accordance with Minnesota Statutes, Section 471.61, Subd. 2b.

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

As of the actuarial valuation for the fiscal year ending December 31, 2023, the following employees were covered by the benefit terms:

<u>Category</u>	<u>City</u>	<u>Park Board</u>	<u>MBC</u>
Inactive employees or beneficiaries currently receiving benefit payments	493	10	7
Active plan participants	<u>3,777</u>	<u>487</u>	<u>42</u>
Total	<u><u>4,270</u></u>	<u><u>497</u></u>	<u><u>49</u></u>

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 12 – POSTEMPLOYMENT BENEFITS PLAN (continued)**

**B – Total OPEB Liability**

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

The total OPEB liability in the fiscal year-end December 31, 2023, actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods and entities included in the measurement, unless otherwise specified:

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 12 – POSTEMPLOYMENT BENEFITS PLAN (continued)**

**C – Changes in the Total OPEB liability**

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

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

**D – OPEB Liability Sensitivity**

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

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

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

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



For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 12 – POSTEMPLOYMENT BENEFITS PLAN (continued)**

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

For the year ended December 31, 2023, the City, Park Board, and MBC recognized OPEB expense of \$7,431, (\$258), and (\$73), respectively. The City, Park Board, and MBC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	City	Park Board	MBC	City	Park Board	MBC
Liability experience (gains) and losses	\$ 74,862	\$ 818	\$ -	\$ -	\$ -	\$ 106
Changes in actuarial assumptions	1,469	16	-	7,055	83	26
Contributions paid subsequent to the measurement date	6,287	166	104	-	-	-
<b>Total</b>	<b>82,618</b>	<b>1,000</b>	<b>104</b>	<b>7,055</b>	<b>83</b>	<b>132</b>

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

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

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

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

The following changes in actuarial assumptions occurred in 2023 for MBC:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 4.00%.

**NOTE 13 – VACATION, SEVERANCE, SICK AND COMPENSATORY TIME PAY**

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

Sick leave may be accumulated indefinitely by employees. Also, employees have the option of being paid once a year for current unused sick leave accumulated over a minimum base of 480 hours or, under certain circumstances, CPED employees may be allowed to have unused sick leave converted to vacation and added to their vacation balance. Payments are based on a sliding scale ranging from 50 percent to 100 percent depending on the base level attained. In addition, under certain circumstances, employees leaving City employment may qualify to receive payment for 50 percent of their unused sick leave at their current rate of pay.

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

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

For the fiscal year ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

**Primary Government**

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

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

**Discretely Presented Component Units**

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

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

**NOTE 14 – SELF-INSURED EMPLOYEE HEALTH PLANS**

Employee health claims are accounted for in the Self-Insurance internal service fund. The City makes premium payments to the fund that include both employer and employee contributions. A liability was recorded at year-end for estimated open and IBNR claims which are evaluated through a review of current year claims paid as well as claims paid subsequent to year-end. Changes in the employee health plan liability during fiscal 2022 and 2023 are as follows:

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

**NOTE 15 – RISK MANAGEMENT AND CLAIMS**

The City is self-insured and exposed to a variety of risks related to liability claims, property, personal injury and accidents. The City is self-insured for workers' compensation, general liability, and re-employment. Liability claims under \$25 and unrepresented are managed by Risk Management and Claims. Liability claims that are represented and over \$25 are managed by the City Attorneys' Office. The City, CPED and the BET are self-insured for general liability. The workers' compensation program includes the BET and all City departments. The Park Board and MBC maintain their own workers' compensation and liability programs. The claims liability of \$192,030 reported in the Self-Insurance Internal Service Fund at December 31, 2023, is based on the requirements of GASB Statement No. 10 - *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* and covers the exposures of workers' compensation and liability. An actuarial study completed in March of 2024 for claim exposure and settlements payments, calculated that the claims liability at December 31, 2023 is \$192,030, an increase of \$25,377 from the liability amount of \$166,653 at December 31, 2022.

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

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

Changes in the claim's liabilities during fiscal 2022 and 2023 are:

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

**NOTE 16 – CLEANUP OF HAZARDOUS MATERIALS**

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

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

**NOTE 17 – TAX ABATEMENTS**

**Tax Increment Financing Notes**

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

In the case of the City, TIF agreements with various developers have effectively reduced the property tax revenues for the year ended December 31, 2023 as shown below:

<b>Tax Abatement Program</b>	<b>Taxes Abated</b>
Tax Increment Financing	\$ 9,377

**NOTE 18 – OTHER COMMITMENTS AND CONTINGENCIES**

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

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

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

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

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

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

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

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

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

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

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

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

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



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

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

DEFINED BENEFIT PENSION PLANS

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2023

(Dollar Amounts Expressed In Thousands)

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

Fiscal Year Ending	Statutorily Contributions (a)	Actual Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll** (d)	Actual Contributions as a Percentage of Covered Payroll*** (b/d)
December 31, 2015	\$ 32,333	\$ 32,333	\$ -	\$ 167,834	19.3%
December 31, 2016	30,921	30,921	-	178,002	17.4%
December 31, 2017	25,977	25,977	-	187,351	13.9%
December 31, 2018	26,798	26,798	-	198,557	13.5%
December 31, 2019	27,487	27,487	-	208,180	13.2%
December 31, 2020	28,174	28,174	-	217,363	13.0%
December 31, 2021	27,157	27,157	-	203,866	13.3%
December 31, 2022	27,899	27,899	-	213,400	13.1%
December 31, 2023	29,813	29,813	-	239,552	12.4%

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

Fiscal Year Ending	Statutorily Contributions (a)	Actual Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll** (d)	Actual Contributions as a Percentage of Covered Payroll*** (b/d)
December 31, 2015	\$ 518	\$ 518	\$ -	\$ 2,447	21.2%
December 31, 2016	527	527	-	2,392	22.0%
December 31, 2017	538	538	-	2,706	19.9%
December 31, 2018	436	436	-	2,814	15.5%
December 31, 2019	430	430	-	2,708	15.9%
December 31, 2020	444	444	-	2,887	15.4%
December 31, 2021	444	444	-	2,900	15.3%
December 31, 2022	446	446	-	2,916	15.3%
December 31, 2023	462	462	-	3,133	14.7%

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

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

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

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

For the Fiscal Year Ended December 31, 2023

(Dollar Amounts Expressed In Thousands)

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

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with City of Minneapolis (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a + b)	Employer's Covered Payroll** (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/c)	Plan Fiduciary Net Position of the Total Pension Liability
June 30, 2015	6.8465%	\$ 354,821	N/A	\$ 354,821	\$ 160,155	221.5%	78.2%
June 30, 2016	6.5619%	532,790	6,959	539,749	172,446	309.0%	68.9%
June 30, 2017	5.2275%	333,721	4,254	337,975	182,342	183.0%	75.9%
June 30, 2018	5.6525%	313,579	9,555	323,134	193,999	161.6%	79.5%
June 30, 2019	4.7294%	261,478	10,610	272,088	202,835	128.9%	80.2%
June 30, 2020	4.7247%	283,266	9,617	292,883	212,140	133.5%	79.1%
June 30, 2021	5.0671%	216,387	6,602	222,989	203,990	106.1%	87.0%
June 30, 2022	4.0135%	317,869	11,403	329,272	209,243	151.9%	76.7%
June 30, 2023	4.4338%	247,933	7,767	255,700	232,649	106.6%	83.1%

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

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Municipal Building Commission (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a + b)	Employer's Covered Payroll** (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/c)	Plan Fiduciary Net Position of the Total Pension Liability
June 30, 2015	0.0870%	\$ 4,509	N/A	\$ 4,509	\$ 2,365	190.7%	78.2%
June 30, 2016	0.1116%	9,061	118	9,179	2,398	377.9%	68.9%
June 30, 2017	0.0857%	5,469	70	5,539	2,499	218.8%	75.9%
June 30, 2018	0.0931%	5,164	156	5,320	2,750	187.8%	79.5%
June 30, 2019	0.0739%	4,086	175	4,261	2,753	148.4%	80.2%
June 30, 2020	0.0705%	4,230	150	4,380	2,772	152.6%	79.1%
June 30, 2021	0.0817%	3,490	106	3,596	2,811	124.2%	87.0%
June 30, 2022	0.0621%	4,916	180	5,096	2,939	167.3%	76.7%
June 30, 2023	0.0671%	3,753	121	3,874	3,079	121.9%	83.1%

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

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

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

For the Fiscal Year Ended December 31, 2023

(Dollar Amounts Expressed In Thousands)

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

Fiscal Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll** (d)	Actual Contributions as a Percentage of Covered Payroll*** (b/d)
December 31, 2015	\$ 28,504	\$ 28,504	\$ -	\$ 104,749	27.2%
December 31, 2016	31,460	31,460	-	109,924	28.6%
December 31, 2017	33,652	33,652	-	123,464	27.3%
December 31, 2018	33,814	33,814	-	124,135	27.2%
December 31, 2019	29,160	29,160	-	126,780	23.0%
December 31, 2020	31,566	31,566	-	134,819	23.4%
December 31, 2021	28,713	28,713	-	118,830	24.2%
December 31, 2022	28,906	28,906	-	117,964	24.5%
December 31, 2023	30,994	30,994	-	133,577	23.2%

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

Measurement Date	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with City of Minneapolis (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related of the Net Pension Liability (Asset) (a+b)	Employer's Covered Payroll** (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/c)	Plan Fiduciary Position of the Total Pension Liability
June 30, 2015	19.4220%	\$ 220,680	N/A	\$ 220,680	\$ 101,015	218.5%	86.6%
June 30, 2016	19.8370%	796,093	N/A	796,093	106,039	750.8%	63.9%
June 30, 2017	20.8345%	281,291	N/A	281,291	120,133	234.1%	85.4%
June 30, 2018	22.5320%	240,167	N/A	240,167	123,917	193.8%	88.8%
June 30, 2019	17.5833%	187,192	N/A	187,192	124,200	150.7%	89.3%
June 30, 2020	16.5738%	218,460	4,812	223,272	130,203	167.8%	87.2%
June 30, 2021	18.6986%	144,333	4,945	149,278	124,980	115.5%	93.7%
June 30, 2022	12.0884%	526,041	25,500	551,541	119,405	440.6%	70.5%
June 30, 2023	13.1791%	227,586	9,354	236,940	127,015	179.2%	86.5%

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

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

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

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

DEFINED BENEFIT PENSION PLANS

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2023

(Dollar Amounts Expressed In Thousands)

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

Fiscal Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll** (d)	Actual Contributions as a Percentage of Covered Payroll (b/d)
December 31, 2015	\$ 2,250	\$ 2,250	\$ -	\$ -	N/A
December 31, 2016	2,250	2,250	-	-	N/A
December 31, 2017	2,250	2,250	-	-	N/A
December 31, 2018	2,250	2,250	-	-	N/A
December 31, 2019	2,250	2,250	-	-	N/A
December 31, 2020	2,250	2,250	-	-	N/A
December 31, 2021	2,250	2,250	-	-	N/A
December 31, 2022	2,250	2,250	-	-	N/A
December 31, 2023	2,250	2,250	-	-	N/A

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

Measurement Date	City's Proportion (Percentage) of the Net Pension Liability (Asset)	City's Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll** (b)	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position of the Total Pension Liability
June 30, 2015	0.5911%	\$ 36,365	\$ -	N/A	76.8%
June 30, 2016	0.5767%	137,557	-	N/A	44.9%
June 30, 2017	N/A	29,294	-	N/A	51.6%
June 30, 2018	N/A	26,573	-	N/A	78.1%
June 30, 2019	N/A	26,316	-	N/A	78.2%
June 30, 2020	N/A	27,248	-	N/A	75.5%
June 30, 2021	N/A	29,138	-	N/A	86.6%
June 30, 2022	N/A	28,777	-	N/A	76.2%
June 30, 2023	N/A	28,390	-	N/A	76.4%

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

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

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

For the Fiscal Year Ended December 31, 2023

(Dollar Amounts Expressed In Thousands)

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

Fiscal Year Ending	Service		Differences Between Expected and Actual Experience	Changes of Assumptions	Benefit Payments	Net Change in Total OPEB Liability	Total OPEB Liability - Beginning	Total OPEB Liability - Ending	Covered - Employee Payroll	Total OPEB Liability as a Percentage of Covered Payroll
	Cost	Interest								
December 31, 2018	\$ 1,453	\$ 1,106	\$ -	\$ -	\$ (1,871)	\$ 688	\$ 32,986	\$ 33,674	\$ 288,517	11.67%
December 31, 2019	1,531	1,147	3,124	186	(2,048)	3,940	33,674	37,614	315,652	11.92%
December 31, 2020	1,900	1,424	-	2,648	(2,305)	3,667	37,614	41,281	354,304	11.65%
December 31, 2021	1,967	1,164	5,375	(303)	(2,271)	5,932	41,281	47,213	348,530	13.55%
December 31, 2022	2,566	1,028	-	180	(2,565)	1,209	47,213	48,422	368,160	13.15%
December 31, 2023	2,661	1,001	83,815	(7,813)	(5,659)	74,005	48,422	122,427	392,758	31.17%

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

Fiscal Year Ending	Service		Differences Between Expected and Actual Experience	Changes of Assumptions	Benefit Payments	Net Change in Total OPEB Liability	Total OPEB Liability - Beginning	Total OPEB Liability - Ending	Covered - Employee Payroll	Total OPEB Liability as a Percentage of Covered Payroll
	Cost	Interest								
December 31, 2018	\$ 35	\$ 30	\$ -	\$ -	\$ (108)	\$ (43)	\$ 937	\$ 894	\$ 2,489	35.92%
December 31, 2019	31	29	46	(4)	(115)	(13)	894	881	2,596	33.94%
December 31, 2020	36	33	-	28	(103)	(6)	881	875	2,674	32.72%
December 31, 2021	37	25	115	(14)	(90)	73	875	948	2,727	34.76%
December 31, 2022	39	19	-	-	(90)	(31)	948	917	2,809	32.65%
December 31, 2023	30	18	(162)	(38)	(106)	(258)	917	659	2,940	22.41%

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

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

For the Fiscal Year Ended December 31, 2023

(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, 2023.

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

To mitigate the effects of these excess expenditures, the City regularly reviews budgetary performance and makes adjustments as necessary. No budgets are established for general government or public safety pensions. Because the expense recorded here is offset by an equal amount of revenue related to contributions to the pension plans from the State of Minnesota, it is not expected that the City will budget for this activity. The Office of Community Safety’s 911 Department exceeded budget due to additional costs resulting from a wage study. The Fire Dept exceeded budget due to overtime costs and back pay due to a settled union contract. Public Works exceeded budget due to the cost of additional work for other departments and snow removal activity beyond what was budgeted. No budgets are established for lease and software subscriptions principal retirement and interest and fiscal charges.

**NOTE 3 – DEFINED BENEFIT PENSION PLANS**

**A – Changes in Actuarial Assumptions**

The following changes in actuarial assumptions occurred:

**General Employees Retirement Plan**

2023

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

For the Fiscal Year Ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

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

2021

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

2020

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

2019

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

2018

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



For the Fiscal Year Ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 3 – DEFINED BENEFIT PENSION PLANS****A – Changes in Actuarial Assumptions****General Employees Retirement Plan (continued)**2017

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

2016

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

**Public Employees Police and Fire Plan**2023

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

2022

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

For the Fiscal Year Ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

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

2020

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

2019

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

2018

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

For the Fiscal Year Ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

**NOTE 3 – DEFINED BENEFIT PENSION PLANS****A – Changes in Actuarial Assumptions****Public Employees Police and Fire Plan (continued)**2017

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 per annum to 7.50 percent per annum.

2016

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

**Teachers' Retirement Association Fund**2023

- There were no changes in actuarial assumptions.

2022

- There were no changes in actuarial assumptions.

2021

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

For the Fiscal Year Ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

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

2019

- No changes in actuarial assumptions for 2019.

2018

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

2017

- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The cost of living adjustment (COLA) was not assumed to increase to 2.50 percent, but remain at 2.0 percent for all future years.
- The price inflation was lowered from 2.75 percent to 2.50 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years followed by 3.25 percent, thereafter.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The Combined Service Annuity (CSA) loads were reduced from 1.40 percent to 0.00 percent for active load, the vested inactive load increase from 4.00 percent to 7.00 percent and the non-vested inactive load increased from 4.00 percent to 9.00 percent.

2016

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

For the Fiscal Year Ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

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

**B – Plan Changes Affecting Actuarial Accrued Liability**2023

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

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

The following changes in actuarial assumptions occurred in 2023 for MBC:

- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 4.00%.

2022

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

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

No changes in actuarial assumptions occurred in 2022 for MBC.

2021

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

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

For the Fiscal Year Ended December 31, 2023

(Dollar Amounts Expressed in Thousands)

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

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

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

2020

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

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

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

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

2019

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

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

**NOTE 4 – POSTEMPLOYMENT BENEFITS PLAN**

**B – Plan Changes Affecting Actuarial Accrued Liability**

2019 (continued)

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

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

2018

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

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





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## **Non-Major Special Revenue Funds**

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

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

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

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

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

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

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

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

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

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

## **Non-Major Debt Service Funds**

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

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

**General Debt Service** – This fund is used to account for debt service activity related to General Obligation governmental debt supported by property tax levies or transfers to/from other City funds. This fund also is used to record debt service activity for governmental revenue notes including the Section 108 HUD note for the Midtown Exchange.

## **Internal Service Funds**

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

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

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

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

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

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

## **Custodial Funds**

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

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

GOVERNMENTAL FUNDS  
 COMBINING BALANCE SHEET  
 NON-MAJOR FUNDS  
 December 31, 2023

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

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

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

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

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

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

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

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

**(In Thousands)**

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

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

**CITY OF MINNEAPOLIS, MINNESOTA**

**For the Fiscal Year Ended December 31, 2023**

**(In Thousands)**

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

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

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



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

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

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

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

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

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

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

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

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

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

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

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

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

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

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

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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



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

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

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

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

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

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

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

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

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

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

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

## APPENDIX F

### THE DEPOSITORY TRUST COMPANY

1. The Depository Trust Company (“DTC”), New York, NY, 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 Bonds certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world’s largest securities 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](http://www.dtcc.com).

3. Purchases of the 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 Security (“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.

4. 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 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.

5. 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 Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. 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.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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).

8. Redemption proceeds, distributions, and dividend 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 Issuer or Agent, on 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, 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.

9. A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to Agent's DTC account.

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

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

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

## APPENDIX G

### GENERAL INFORMATION REGARDING MINNESOTA PROPERTY TAX SYSTEM

#### SUMMARY OF TAX LEVIES, PAYMENT PROVISIONS, AND MINNESOTA REAL PROPERTY VALUATION

Following is a summary of certain statutory provisions relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed, and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

##### **Property Valuations (Chapter 273, Minnesota Statutes)**

Estimated Market Value. The City Assessor is responsible for the assessment of all taxable property located within the City. State law requires, with certain exceptions, that each parcel of real property subject to taxation must be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be fairly worth, and which is referred to as the “Estimated Market Value.”

Economic Market Value. Neither tax capacity nor Estimated Market Value may accurately represent what a property’s actual market value would be in the marketplace. By dividing the estimated market value used for tax purposes by the State Equalization Aid Review Committee’s “Sale Ratio” for any particular year, an Economic Market Value can be calculated which approximates actual market value. The Sales Ratio represents the relationship between the market value used for tax purposes and actual selling prices obtained in real estate transactions within a governmental unit in any particular year.

Market Value Homestead Exclusion. Commencing with taxes payable in 2012, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Estimated Market Value up to \$413,800 in order to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a, and causes a decrease in the applicable municipality’s aggregate Taxable Market Value, even if the Estimated Market Value on the same properties did not decline.

Net Tax Capacity. The Net Tax Capacity is the amount of value upon which net taxes are levied, extended and collected, which is a percentage of Taxable Market Value. The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages vary depending on the type of property as shown on the last page of this APPENDIX G. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State’s property tax relief system and are subject to annual revisions by the State Legislature.

Taxable Market Value. The Taxable Market Value is the Estimated Market Value, less any reductions, limitations, exemptions, and deferrals of tax available to a property. The amount of value upon which property taxes are levied, extended, and collected is calculated as a percentage of Taxable Market Value.



## **Property Tax Payments and Delinquencies (Minnesota Statutes, Chapters 275, 276, 277, 279-282 and 549)**

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on nonhomestead property is assessed at a rate of 4% until May 31 and increased to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes.

In the case of the second installment of real property taxes due October 15, a penalty of 2% on homestead property and 4% on nonhomestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for nonhomestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

## **Property Tax Credits (Minnesota Statutes, Chapter 273)**

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are property tax levy reduction aids; the homestead credit refund and the renter's property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter's property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

## **Metropolitan Fiscal Disparities Act (Minnesota Statutes, Chapter 473F)**

The Metropolitan Fiscal Disparities Act 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.

## CLASS TAX RATES FOR MAJOR PROPERTY CLASSIFICATIONS

<u>Property Type</u>	<b>Local Tax Payable 2024</b>
<b>Residential Homestead (1a)</b>	
First \$500,000	1.00%
Over \$500,000	1.25%
<b>Residential Non-homestead</b>	
Single Unit (4bb(1))	
First \$500,000	1.00%
Over \$500,000	1.25%
1-3 unit and undeveloped land (4b(1))	1.25%
<b>Market Rate Apartments</b>	
Regular (4a)	1.25%
Low-Income (4d)	
First \$100,000	0.75%
Over \$100,000	0.25%
<b>Commercial/Industrial/Public Utility (3a)</b>	
First \$150,000	1.50%
Over \$150,000	2.00% <sup>(a)</sup>
Electric Generation Machinery	2.00%
<b>Commercial Seasonal Residential</b>	
Homestead Resorts (1c)	
First \$600,000	0.50%
\$600,001 - \$2,300,000	1.00%
Over \$2,300,000	1.25% <sup>(a)</sup>
Seasonal Resorts (4c(1))	
First \$500,000	1.00% <sup>(a)</sup>
Over \$500,000	1.25% <sup>(a)</sup>
<b>Non-Commercial Seasonal Recreational (4c(12))</b>	
First \$76,000	1.00% <sup>(a)(b)</sup>
\$76,001 - \$500,000	1.00% <sup>(a)(b)</sup>
Over \$500,000	1.25% <sup>(a)(b)</sup>

- (a) State tax is applicable to this classification.  
 (b) Exempt from referendum market value based taxes.

**PROPOSAL FOR \$123,590,000\***  
**GENERAL OBLIGATION BONDS, SERIES 2024**

**To: FINANCE OFFICER  
 CITY OF MINNEAPOLIS, MINNESOTA  
 c/o Ehlers and Associates, Inc.  
 3060 Centre Pointe Drive  
 Roseville, MN 55113-1105  
 (651) 697-8500 FAX (651) 697-8555**

SALE DATE: October 1, 2024  
 Bids Due 10:00 A.M. Central Time

EXPECTED CLOSING DATE:  
 October 23, 2024

Subject to the provisions of the Official Terms of Proposal, for \$123,590,000\* General Obligation Bonds, Series 2024 (the "Bonds"), dated October 23, 2024, of the City of Minneapolis, Minnesota (the "City"), which is made a part of this proposal, we offer to purchase all of the Bonds described in said Official Terms, said Bonds to bear interest at the annual rates as follows:

<u>Maturity Year (December 1)</u>	<u>Amount*</u>	<u>Interest Rate**</u>	<u>Maturity Year (December 1)</u>	<u>Amount*</u>	<u>Interest Rate**</u>
2024	\$26,160,000	_____	2034	\$4,950,000	_____
2025	5,815,000	_____	2035	4,945,000	_____
2026	5,815,000	_____	2036	4,945,000	_____
2027	5,820,000	_____	2037	4,945,000	_____
2028	5,820,000	_____	2038	4,940,000	_____
2029	4,960,000	_____	2039	4,935,000	_____
2030	4,955,000	_____	2040	4,935,000	_____
2031	4,955,000	_____	2041	4,935,000	_____
2032	4,955,000	_____	2042	4,925,000	_____
2033	4,955,000	_____	2043	4,925,000	_____

\* The City reserves the right to increase or decrease the principal amount of the Bonds. Any such increase or decrease will be made in multiples of \$5,000 and may be made in any maturity. If any maturity is adjusted, the purchase price will be adjusted to maintain the same gross spread per \$1,000.

\*\* Interest rates shall be in integral multiples of 5/100 or 1/8 of 1%. Rates must be no greater than 5.00%. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity.

In lieu of Serial Bonds we request Term Bonds maturing December 1 in the years and bearing interest as follows:

<u>Term Year</u>	<u>Maturity Years Included</u>	<u>Amount</u>	<u>Rate</u>
		\$	%
		\$	%
		\$	%
		\$	%

and to pay a price of \$ \_\_\_\_\_ (NOTE: Price may not be less than \$127,771,878.15) plus an amount equal to the interest on said Bonds accrued to the date of payment of the purchase price.

In making this offer we accept all terms and conditions of the Official Terms of Proposal published in the Preliminary Official Statement, dated September \_\_, 2024, including any addenda thereto. In the event of failure to deliver these Bonds in accordance with the Official Terms of Proposal as printed in the Preliminary Official Statement and made a part hereof, we reserve the right to withdraw our offer, whereupon our Good Faith Deposit will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission. We understand that, if we are the successful underwriter, at the time the Bonds are awarded, we will be required to advise the City of the Initial Reoffering Prices for each maturity of Bonds. In this regard, the City may communicate with and rely on the information provided by \_\_\_\_\_, whose telephone number (including area code) is (\_\_\_\_) \_\_\_\_\_.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: \$ \_\_\_\_\_

TRUE INTEREST RATE: \_\_\_\_\_%

Account Members

\_\_\_\_\_  
 Account Manager

By: \_\_\_\_\_

We hereby certify that the above proposal is hereby accepted by proper action of the Finance Officer of the City and the Director—Banking, Investments and Debt of the City duly taken this \_\_\_\_ day of October, 2024.

\_\_\_\_\_  
 Finance Officer of the City

\_\_\_\_\_  
 Director—Banking, Investments and Debt of the City