TAXABLE REFUNDING ISSUE $39,915,000

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

In the opinion of Kennedy & Graven, Chartered, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions (which excludes any pending legislation which may have a retroactive effect), interest on the Sales Tax Refunding Bonds is subject to federal and Minnesota income taxation. See "TAXABILITY OF INTEREST ON THE SALES TAX REFUNDING BONDS" herein.

CITY OF MINNEAPOLIS, MINNESOTA

$39,915,000

Taxable General Obligation
Sales Tax Refunding Bonds
(Target Center Project), Series 2017
(Book-Entry Only)

Taxable General Obligation Sales Tax Refunding Bonds (Target Center Project), Series 2017

Dated Date: Date of Delivery
Maturity Dates:
December 1, 2018–2035

Interest Due: Each June 1 and December 1, commencing December 1, 2017

This Official Statement contains information relating to the City of Minneapolis, Minnesota (the "City") and the City's Taxable General Obligation Sales Tax Refunding Bonds (Target Center Project), Series 2017 (the "Bonds").

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

The Bonds are subject to prior optional redemption by the City as provided herein. See "THE BONDS – Redemption Provisions."

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

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

The Bonds are offered when, as and if issued by the City and accepted by the underwriters, subject to the legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota, as bond counsel. It is expected that delivery will be made on or about May 17, 2017.

Baird
Milwaukee, Wisconsin

The date of this Official Statement is May 8, 2017.

CITY OF MINNEAPOLIS, MINNESOTA

$39,915,000

Taxable General Obligation Sales Tax Refunding Bonds (Target Center Project), Series 2017

Maturities, Amounts, Interest Rates, Yields and CUSIPs

December 1 Maturity	Amount	Interest Rate	Yield	Price	CUSIP* 60375B
2018	$1,575,000	4.250%	1.300	104.479	BZ8
2019	1,640,000	4.250%	1.550	106.695	CA2
2020	1,710,000	4.250%	1.800	108.362	CB0
2021	1,785,000	4.250%	2.000	109.715	CC8
2022	1,860,000	4.250%	2.200	110.634	CD6
2023	1,940,000	4.250%	2.350	111.453	CE4
2024	2,020,000	4.250%	2.550	111.591	CF1
2025	2,105,000	3.250%	2.650	104.075**	CG9
2026	2,175,000	3.250%	2.750	103.382**	CH7
2027	2,245,000	3.250%	2.850	102.695**	CJ3
2028	2,320,000	3.250%	2.950	102.013**	CK0
2029	2,395,000	3.250%	3.150	100.665**	CL8
2030	2,475,000	3.250%	3.200	100.331**	CM6
2031	2,555,000	3.300%	3.300	100.000	CN4
2032	2,635,000	3.450%	3.460	99.879	CP9
2033	2,730,000	3.500%	3.510	99.874	CQ7
2034	2,825,000	3.550%	3.560	99.869	CR5
2035	2,925,000	3.600%	3.610	99.864	CS3

**Priced to par call date of December 1, 2024.

Robert W. Baird & Co., Inc., with the syndicate members listed below, have agreed to purchase the Bonds from the City for an aggregate price of $41,146,453.35 plus accrued interest, if any, to the date of delivery. It is expected that the Bonds will be available for delivery on or about May 17, 2017.

Syndicate Members:

C.L. King & Associates WMBE
Dougherty & Company LLC
Edward Jones
Fidelity Capital Markets
Ross, Sinclaire & Associates, LLC
WNJ Capital
Crews & Associates, Inc.
Davenport & Co. L.L.C.
Loop Capital Markets
Oppenheimer & Co.
R. Seelaus & Company, Inc.
Duncan-Williams, Inc.
Vining-Sparks IBG, Limited Partnership
IFS Securities
Bernardi Securities, Inc.
Country Club Bank
Sierra Pacific Securities
Alamo Capital WMBE
BNY Mellon Capital Markets
Isaak Bond Investments, Inc.
Wayne Hummer & Co.
SumRidge Partners
FTN Financial Capital Markets
W.H. Mell Associates
First Empire Securities
George K. Baum & Company
Wedbush Securities Inc.
Rafferty Capital Markets
UMB Bank, N.A.
Midland Securities
FMS Bonds Inc.
First Kentucky Securities Corp.
Commerce Bank, N.A.

Original Issue Premium and Original Issue Discount

The Bonds maturing in 2018 through 2030 have been sold with original issue premium. The Bonds maturing in 2032 through 2035 have been sold with original issue discount. Bondholders should consult their tax advisors regarding the tax consequences related to Bonds sold with original issue premium or original issue discount.

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

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

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

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

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

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

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

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

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CITY OF MINNEAPOLIS,
MINNESOTA

INTRODUCTORY STATEMENT

This Official Statement presents certain information relating to the City of Minneapolis, Hennepin County, and State of Minnesota (the "City," the "County," and the "State," respectively), in connection with the sale of the City's $39,915,000 Taxable Sales Tax Refunding Bonds (Target Center Project), Series 2017 (the "Sales Tax Refunding Bonds" or the "Bonds"). The Bonds will bear interest at fixed rates based on the competitive sale thereof described herein.

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

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

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

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

Information relating to the City, including certain financial and demographic data, is set forth in Appendix A hereto. Selected portions of the financial statements of the City for the fiscal year ended December 31, 2015, are set forth in Appendix D hereto. The City's 2015 Comprehensive Annual Financial Report and the Financial Status Report for the fiscal quarter ended December 31, 2016, can be viewed at the following links:

www.minneapolismn.gov / finance / reports / CAFR
www.minneapolismn.gov / finance / reports / financial-reports_special-reports_index

In the opinion of Kennedy & Graven, Chartered, Bond Counsel, interest on the Bonds is includable in gross income for federal income tax purposes, is includable in the taxable net income of individuals, estates, and trusts for State of Minnesota income tax purposes and in the income of corporations and financial institutions for purpose of the Minnesota franchise tax. See "TAXABILITY OF INTEREST ON THE SALES TAX REFUNDING BONDS" herein. A form of the opinion of Bond Counsel is set forth in Appendix B hereto.

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

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

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

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

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*Preliminary, subject to change.

THE SALES TAX REFUNDING BONDS

Description of the Sales Tax Refunding Bonds

The Sales Tax Refunding Bonds will be dated May 17, 2017, as the date of original issue, and will bear interest payable on June 1 and December 1 of each year, commencing December 1, 2017. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Sales Tax Refunding Bonds will mature or be subject to mandatory sinking fund redemption on December 1 in the years and amounts as follows:

Year	Amount	Year	Amount	Year	Amount
2018	$1,575,000	2024	$2,020,000	2030	$2,475,000
2019	1,640,000	2025	2,105,000	2031	2,555,000
2020	1,710,000	2026	2,175,000	2032	2,635,000
2021	1,785,000	2027	2,245,000	2033	2,730,000
2022	1,860,000	2028	2,320,000	2034	2,825,000
2023	1,940,000	2029	2,395,000	2035	2,925,000

Redemption Provisions

Notice of Redemption

Thirty days prior to the redemption date of the Sales Tax Refunding 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 Sales Tax Refunding Bonds to be redeemed from each maturity of Sales Tax Refunding 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.

Redemption Option

All of the Sales Tax Refunding Bonds maturing on or after December 1, 2025, 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, 2024, and any date thereafter.

Authorization and Purpose for Issuance of Sales Tax Refunding Bonds

The Sales Tax Refunding Bonds Generally

The City, the Minnesota Timberwolves Basketball Limited Partnership (the "Team Owner"), and AEG Management TWN, LLC ("AEG") have determined to undertake a project for the design, financing, and construction of renovations to the arena (the "Arena") portion of the Target Center (the "Target Center Project") in order to provide program elements, amenities, and design features that make the Arena competitive as a multi-use, family-oriented entertainment venue while meeting the needs of the Arena's primary tenants and thereby extending the presence of the Minnesota Timberwolves and the Minnesota Lynx in the Arena. Under the terms of a Target Center Renovation Agreement, dated June 15, 2015 (the "Renovation Agreement"), between the City, the Team Owner, and AEG, the parties have agreed to undertake as many of the following improvements as can be completed with the funds available to the parties: (i) the renovation of various premium spaces throughout the Arena; (ii) the renovation and upgrade of the concourse, stair wells, circulation, and public spaces; (iii) modifications to other equipment and mechanical systems of the Arena; (iv) a redesign of the entrances, ticket office, lobby, and facade of the facility; (v) the addition of a new skyway connection to the Arena; (vi) installation of technology upgrades, including a new scoreboard; and (vii) seat replacement. Under the terms of the Renovation Agreement, the parties have also agreed that the costs of the Target Center Project will not exceed $128,900,000 and out of such total costs there will be allocated $102,800,000 to construction costs and the remaining $26,100,000 will be allocated to site costs, soft costs, the acquisition and installation of furniture, fixtures, and equipment, and a contingency. The Team Owner will contribute $49,000,000 to the payment of the total costs of the Target Center Project. AEG will contribute $5,900,000 to the payment of the total costs of the Target Center Project. The City will pay the remaining costs of the Target Center Project.

In January of 2017 the City approved the request to increase the Target Center Renovation Agreement by $21,100,000 from the previous amount of $128,900,000 to $150,000,000. This does not increase the City's $74,000,000 as the additional funding is provided by the partners, State of Minnesota sales tax refunds, and energy efficiency rebates.

The additional funding will provide for seat replacement and a new skyway. Other scope changes and improvements relate to the following: video ribbon board, Wi-Fi, upgrade to finishes, team store, additional video signs in arena, and locker room upgrades.

In order to finance its portion of the costs of the Target Center Project, the City issued its Taxable General Obligation Sales Tax Notes (Target Center Project), Series 2016 (the "Series 2016 Note"), on March 23, 2016 in the original aggregate principal amount of up to $74,000,000. The Series 2016 Note was issued under Minnesota Statutes, Chapter 475, as amended, and the provisions of Laws of Minnesota 1986, Chapter 396, as amended by (i) Laws of Minnesota 1987, Chapter 55, Sections 4-6; (ii) Laws of Minnesota 1989, Chapter 54, Section 2; (iii) Laws of Minnesota 1998, Chapter 404, Sections 71 and 84; (iv) Laws of Minnesota 2009, Chapter 88, Article 4, Sections 11 and 12; and (v) Laws of Minnesota 2012, Chapter 299, Article 3, Sections 2-7 (collectively, the "Capital Projects Act"). In accordance with the Capital Projects Act, the City pledged to the payment of the Series 2016 Note the revenues derived from the imposition of the sales taxes authorized by the terms of the Capital Projects Act (the "Sales Tax").

The City is refunding a portion of the Series 2016 Note in the amount of $40,000,000 with the proceeds of the Sales Tax Refunding Bonds, in the original aggregate principal amount of $39,915,000. Following the redemption of $40,000,000 in principal amount of the Series 2016 Note, the City may draw down up to an additional $34,000,000 in principal amount of the Series 2016 Note for costs of the Target Center Project.

The Sales Tax Refunding Bonds are authorized to be issued by the Constitution and Laws of the State, including Minnesota Statutes, Chapter 475, as amended, the Capital Projects Act, the Minneapolis City Charter, and the Bond Resolutions adopted by the Minneapolis City Council and the Board of Estimate and Taxation.

Security for the Sales Tax Refunding Bonds

The Sales Tax Refunding Bonds are general obligations of the City for which the full faith and credit of the City have been irrevocably pledged.

The Sales Tax Refunding Bonds are additionally secured by the revenues derived certain sales taxes the City is authorized to impose by the Capital Projects Act, including: (i) a sales tax of up to one-half of one percent (0.5%) on retail sales in the City taxable in accordance with the provisions of Minnesota Statutes, Chapter 297A, as amended and an additional compensation use tax of up to one-half of one percent (0.5%) on uses of property in the City, the sale of which would be subject to the additional sales tax but for the fact such property was sold outside the City; (ii) a sales tax of not more than three percent (3%) on the gross receipts on retail on-sales of intoxicating liquor and fermented malt beverages occurring in the downtown taxing area (the "Downtown Taxing Area") of the City; (iii) a sales tax of not more than three percent (3%) on the gross receipts from the furnishing for consideration of lodging provided by a hotel or motel which has more than fifty (50) rooms available for lodging (subject to certain limitations and currently imposed at the rate of two and five-eighths percent (2.625%)); and (iv) a sales tax of not more than three percent (3%) on the gross receipts on all sales of food primarily for consumption on or off the premises by restaurants and places of refreshment that occur within the Downtown Taxing Area (collectively, the "Sales Taxes").

It is anticipated that sufficient revenues will be derived from such Sales Taxes to pay the principal and interest on the Sales Tax Refunding Bonds. If such revenues are insufficient to pay principal of and interest on the Sales Tax Refunding Bonds, the City is obligated to levy taxes on all taxable property in the City without limitation as to rate or amount to the extent necessary to pay such principal and interest when due.

SALES TAX REFUNDING BONDS (TARGET CENTER PROJECT)

SOURCES AND USES OF FUNDS

SOURCES			
Sales Tax Refunding Bonds (Target Center Project)	$ 39,915,000.00		
Net Original Issue Premium	1,427,217.70		
Total Sources		**$ 41,342,217.70**	
Refunding			
Taxable General Obligation Note, Series 2016 issued by the City in the original aggregate principal amount of $74,000,000 of which $40,000,000 has been drawn and is being refunded	$ 40,000,000		
Refunding Subtotal		$ **40,000,000**	Sales Tax Revenues
Underwriter's Discount	$ 195,764.35		
Cost of Issuance	70,000.00		
Deposit to Capitalized Interest Account	783,879.90		
Deposit to Variable Interest Account	290,000.00		
Rounding Amount to Variable Interest Account	2,573.45		
Miscellaneous Subtotal		**$ 1,342,217.70**	
Total Uses		**$ 41,342,217.70**	

CONCURRENT FINANCING

IMPROVEMENT AND VARIOUS PURPOSE BONDS

At the same time the Sales Tax Refunding Bonds are issued, the City will also issue its General Obligation Improvement and Various Purpose Bonds, Series 2017 in the principal amount of $37,875,000. A summary of how the proceeds of the bonds will be used are set forth below.

SOURCES AND USES OF FUNDS

SOURCES			
Improvement and Various Purpose Bonds	$ 37,875,000.00		
Original Issue Premium	2,324,385.25		
Total Sources		**$40,199,385.25**	
USES			Debt Service Paid From
Assessment Capital Project			
Alley Resurfacing	$ 95,811.41		
Alley Construction	22,108.78		
Street Reconstruction	3,934,246.27		
Street Resurfacing	5,302,833.54		
Assessment Capital Project Subtotal		**$ 9,355,000.00**	Assessments
Capital Projects:			
Bridges	$ 266,351.06		
Lighting	1,663,000.00		
MBC (Municipal Bldg. Commission)	215,000.00		
Property Services (Public Bldgs.)	4,002,000.00		
Sidewalks	298,726.92		
Streets	7,099,922.02		
Traffic	100,000.00		
Capital Projects Subtotal		**$13,645,000.00**	Tax Levy
Refunding			
General Obligation Note, Series 2015A issued by the City in the original aggregate principal amount of $25,000,000 of which $17,000,000 has been drawn and is being refunded	$ 17,000,000		Assessments
Refunding Subtotal		**$ 17,000,000**	
Miscellaneous			
Total Underwriter's Discount	$ 127,674.28		
Cost of Issuance	70,000.00		
Rounding Amount to Debt Service Fund	1,710.97		
Miscellaneous Subtotal		**$ 199,385.25**	
Total Uses		**$40,199,385.25**	

BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

LITIGATION

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

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

LEGAL MATTERS

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

MUNICIPAL ADVISOR

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

FUTURE FINANCING

Except as described under "CONCURRENT FINANCING," the City does not anticipate issuing additional debt within the next 90 days.

UNDERWRITING

Robert W. Baird & Co., Inc., Milwaukee, WI with the syndicate members (as listed on the inside cover) (the "Underwriters") have agreed, subject to certain conditions, to purchase all, but not less than all, of the Sales Tax Refunding Bonds from the City for a purchase price of $41,146,453.35 (par amount plus net reoffering premium of $1,427,217.70, less an Underwriters' discount of $195,764.35). The Underwriters will be obligated to purchase all of the Sales Tax Refunding Bonds if any are purchased. The initial public offering prices of the Sales Tax Refunding Bonds may be changed from time to time by the Underwriters.

RATINGS

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

OFFICIAL STATEMENT CERTIFICATION

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

CONTINUING DISCLOSURE COVENANTS

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

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

The City operates a Common Bond Fund Program (the "CBF Program"). The CBF Program was created in 1982 to provide conduit revenue bond financing for industrial, manufacturing, and commercial projects to promote economic development. The CBF Program has provided financing for companies located in Minneapolis and the greater Hennepin County area that are unable to borrow funds in the capital markets without a bond rating. The City has established reserves to secure the private activity bonds issued under the CBF Program and has pledged to levy an ad valorem tax at the rate of up to one-half of one percent of its tax capacity to fund deficiencies in the reserves established under the CBF Program for the limited, tax-supported revenue bonds issued under the CBF Program. The reserves are drawn upon if the City is notified by the trustee for the bonds that a deficiency will occur with respect to principal and interest payments on obligations issued through the CBF Program. The reserves do not need to be funded from the limited tax levy until and to the extent of such a deficiency. No property tax levies have been required in the past and none are anticipated to be required to fund the pledged reserve for bonds issued under the CBF Program. As a result of the funded reserves and the limited tax pledge by the City, the bonds issued under the CBF Program are currently rated "A+" by S&P Global Ratings. As of December 31, 2016, the total principal amount of the twelve separate series of bonds issued and outstanding under the CBF Program was $76,315,000. The City plans to issue an additional $30,000,000 in bonds under the CBF Program in 2017.

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

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

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

TAXABILITY OF INTEREST ON THE SALES TAX REFUNDING BONDS

General

In the opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota, Bond Counsel, under existing laws as presently enacted and constructed, interest on the Sales Tax Refunding Bonds is includable in gross income for purposes of federal income taxation and is includable in taxable net income of individuals, estates or trusts for purposes of Minnesota income taxation.

Purchasers of the Sales Tax Refunding Bonds are encouraged to consult with their personal tax advisors regarding the impact of the foregoing on their individual tax liabilities.

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

Premium Bonds

If an investor purchases Bonds for an amount in excess of their stated redemption price at maturity (the "Premium Bonds"), such excess of the purchase price of a Bond over its stated redemption price at maturity constitutes a premium with respect to such Bonds. An owner of a Premium Bond may generally amortize the premium over the term of the Bond using constant yield principles, based on the owner's yield to maturity. Amortized premiums will generally be allocated among, and treated as an offset to, interest payments. As premium is amortized, the basis in the Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or other disposition of such Bond prior to its maturity. 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.

Market Discount

An investor that acquires Bonds for a price less than the adjusted issue price of such bond (or an investor who purchases Bonds in the initial offering at a price less than the issue price) may be subject to the market discount rules of the Code. "Market discount" means (a) in the case of a Bond originally issued at a discount, the amount by which the issue price of such bond, increased by all accrued original issue discount (as if held since the issue date), exceeds the initial tax basis of the owner therein, less any prior payments that did not constitute payments of qualified stated interest, and (b) in the case of a Bond not originally issued at a discount, the amount by which the stated redemption price of such bond at maturity exceeds the initial tax basis of the owner therein. The owner of such a bond will generally be required (i) to allocate the principal payment to accrued market discount not previously included in income and, upon sale or other disposition of the bond, to recognize the gain on such sale or disposition as ordinary income to the extent of such cumulative amount of accrued market discount as of the date of sale or other disposition of such a bond or (ii) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies.

Holders of such Bonds should consult their tax advisors with respect to computation and accrual of the discount and with respect to the state and local tax consequences of owning such Bonds.

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APPENDIX A

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APPENDIX A
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THE CITY

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

City Officers

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

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

Mayor: Betsy Hodges

Council Members:

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

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

City Departments

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

Independent Boards

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

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

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

CITY PROPERTY VALUES AND TAXES

Tax Capacity and Estimated Market Valuations

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

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

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

TAXABLE VALUATION AS PERCENTAGE OF TAXABLE MARKET VALUE

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

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

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

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

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

VALUATIONS OF TAXABLE PROPERTY LOCATED IN THE CITY

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

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

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

TAXABLE MARKET VALUES

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

Set forth in the table below is a schedule of the assessed valuation/tax capacity of categories of real and personal property located within the City for the taxes payable years 2013 through 2017.

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

Valuation Year Collection Year	2016 2017	2015 2016	2014 2015	2013 2014	2012 2013
Commercial & Industrial*	$182,713	$170,090	$152,748	$146,319	$146,446
Residential	262,809	244,599	228,630	207,299	205,744
Apartment	85,311	72,226	55,968	43,628	39,710
Other	288	269	253	235	271
Total Real Property	531,121	487,184	437,599	397,481	392,171
Personal Property	9,075	7,965	7,792	7,877	7,787
Total Real and Personal Property	540,196	495,149	445,391	405,358	399,958
Less Tax Increment	(41,292)	(36,870)	(32,976)	(31,177)	(26,242)
Less Value Capture	(5,425)	(3,638)	(1,901)	(7)	NA
Net Tax Capacity	$493,479	$454,641	$410,514	$374,174	$373,716

*includes net effect of Fiscal Disparities

Limitation on City Tax Levy

From time to time the City has been subject to levy limits by state law. **These limitations do not apply to taxes levied to pay debt service.** The potential exists for future legislation to limit the ability of local governments to levy property taxes. Past levy limits have not adversely affected the City's ability to operate and are not anticipated to in the future.

Metropolitan Fiscal Disparities Act

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

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

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

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

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

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

Tax Levies, Rates and Collections

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

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

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

TAX RATES IN TAX CAPACITY

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

TAX RATES FOR MARKET VALUE LEVIES

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

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

TAX LEVIES AND COLLECTIONS
(In Thousands)

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

Largest Taxpayers in the City

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

LARGEST TAXPAYERS WITHIN THE CITY*

Rank	Taxpayer	Assessor's Estimated Market Value	Net Tax Capacity	Percentage of Total Net Tax Capacity
1	Northern States Power Co	$ 399,346,100	$ 7,980,035	1.62%
2	First Minneapolis-Hines Co.	331,629,900	6,629,061	1.34%
3	Wells Fargo Bank & Home Mortgage	292,285,900	5,832,535	1.18%
4	Target Corporation	276,240,500	5,520,310	1.12%
5	Bri 1855 Ids Center LLC	251,670,000	5,032,650	1.02%
6	City Center LLC	250,350,000	5,005,500	1.01%
7	Nwc Limited Partnership	240,630,000	4,811,850	0.98%
8	Minneapolis 225 Holdings LLC	237,870,000	4,756,650	0.96%
9	Hilton Hotel Corp	273,465,700	4,618,141	0.94%
10	Wells Operating Partnershp Lp	163,140,000	3,262,050	0.66%
		$2,716,628,100	$ 53,448,782	10.83%
	City Total Adjusted Net Tax Capacity		$493,479,516	

*Source: City Assessor

INDEBTEDNESS OF THE CITY

Debt Management Policy

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

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

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

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

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

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

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

General Obligation Indebtedness

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

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

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

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

Notes:
(A) Amounts include all bonds/notes outstanding historically for the Minneapolis Convention Center and for the Target Center Renovation project
* PFA Public Facilities Authority

HISTORY OF DEBT

Total General Obligation Debt

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

Property Tax Supported General Obligation Debt

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

Non Property Tax Supported General Obligation Debt

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

General Obligation Notes

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

The City has entered into six general obligation notes with the Minnesota Public Facilities Authority (PFA) to finance the City's drinking water ultra-filtration project and new filter presses project. The notes are part of a federally sponsored below market financing program related to the Drinking Water Act and the City saves interest initially by participating in the program. The interest rates on the six notes range from 1.00 to 2.83% and the final maturity dates range from August of 2019 to August of 2027. The City received proceeds totaling $104,187,215 over the years and on May 17, 2017, the outstanding debt balance of the six general obligation notes in this program will be $71,520,000.

$$ Issued	Issue Date	Final Maturity	Estimated May 17, 2017 Outstanding	Interest Rate
$ 27,400,000	17-Dec-02	20-Aug-22	$15,000,000	2.83%
$ 25,000,000	21-Feb-04	20-Aug-23	$19,950,000	2.80%
$ 12,500,000	23-Mar-05	20-Aug-19	$ 5,350,000	2.53%
$ 13,500,000	23-Aug-06	20-Aug-26	$ 8,975,000	2.60%
$ 19,557,660	9-Dec-09	20-Aug-27	$18,385,000	2.60%
$ 6,229,555	2-Mar-10	20-Aug-21	$ 3,860,000	1.00%
$104,187,215			$71,520,000	

Minnesota Public Facilities Authority Notes (estimated as of May 17, 2017)

	Principal	Interest	Debt Service
2017	$ 6,530,000	$ 940,472	$ 7,470,472
2018	7,875,000	1,719,679	9,594,679
2019	8,075,000	1,519,813	9,594,813
2020	8,270,000	1,314,438	9,584,438
2021	8,295,000	1,100,601	9,395,601
2022	6,675,000	884,850	7,559,850
2023	6,800,000	698,576	7,498,576
2024	3,200,000	509,400	3,709,400
2025	3,400,000	423,824	3,823,824
2026	7,000,000	332,872	7,332,872
2027	5,400,000	145,152	5,545,152
	$71,520,000	$9,590,674	$81,110,674
% due 5+ years (thru 12/31/22)	63.93%	78.00%	65.59%
% due 10+ years (thru 12/31/27)	100.00%	100.00%	100.00%
Approximate average life	4.77 years		

General Obligation Bank Term Notes (all are variable rate)

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

In December 2015, the City issued a $25,000,000 General Obligation Note, Series 2015A (the "Series 2015A Note"), which was purchased by U.S. Bank National Association ("U.S. Bank") to finance a portion of the costs of a complete renovation of the Nicollet Mall roadway and streetscape in downtown Minneapolis. The Series 2015A Note was issued on December 18, 2015 and provides up to 24 months of drawdown flexibility for the project to reimburse expenses on a monthly basis during construction. Upon completion, or no later than December 18, 2017, the Series 2015A Note will be refunded with a general obligation fixed rate bond financing. The fixed rate bonds will be paid for with special assessments levied against properties benefitted by the improvement project financed with the Series 2015A Note. The special assessment collections are currently planned to begin in 2017. The tax-exempt Series 2015A Note is in a variable rate mode and accrues interest based on the weekly SIFMA index plus a bank spread. A portion of the proceeds of the Improvement and Various Purpose Bonds will be used to refund a portion of the Series 2015A Note.

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

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

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

Summary of Bank Notes

Note	Bank Note Amount For	Amount Drawn	Amount Retired	Amount being Refunded by May 2017 Bond Issuances	Amount Outstanding on amount Drawn After May Sales
2011A	$15,840,000	$15,840,000	$3,345,000		$12,495,000
2011B	27,980,000	27,980,000	95,000		27,885,000
2015A	25,000,000	17,000,000		$17,000,000	0
2015C	6,300,000	6,300,000			6,300,000
2016	74,000,000	40,000,000		40,000,000	0
	$149,120,000	$107,120,000	$3,440,000	$57,000,000	$46,680,000

Note	Amount Available on Note but Not yet drawn	Mandatory Prepayment Date	Maturity Date	
2011A	$0	18-Dec-2018	1-Dec-2032	Note Amortization Schedule
2011B	0	18-Dec-2018	1-Dec-2033	Note Amortization Schedule
2015A	8,000,000	18-Dec-2017	18-Dec-2018	
2015C	0	18-Dec-2018	1-Dec-2021	Note Amortization Schedule
2016	34,000,000	21-Mar-2018	23-Mar-2019	
	$42,000,000			

Amounts As of May 17, 2017

Note Amortization Schedules

Dec 1st of	Note 2011A	Note 2011B	Note 2015C	Dec 1st of
2017	$ 1,840,000	$ 95,000	$ 0	2017
2018	1,970,000	195,000	1,500,000	2018
2019	2,095,000	195,000	1,455,000	2019
2020	2,325,000	195,000	1,600,000	2020
2021	750,000	290,000	1,745,000	2021
2022	795,000	290,000		2022
2023	195,000	290,000		2023
2024	210,000	290,000		2024
2025	225,000	2,825,000		2025
2026	245,000	3,115,000		2026
2027	260,000	3,445,000		2027
2028	280,000	3,785,000		2028
2029	295,000	2,180,000		2029
2030	315,000	2,370,000		2030
2031	335,000	2,565,000		2031
2032	360,000	2,760,000		2032
2033		3,000,000		2033
	$12,495,000	$27,885,000	$6,300,000	

GENERAL OBLIGATION DEBT

General Obligation Debt (see schedules following)	GO Bonds*	GO Notes*	Total GO Debt Before May Sales*	May Sales	After May Sales Net of the Refundings
Total G.O. debt being paid					
from Equipment Fund revenues	$ 11,330,000		$ 11,330,000		$ 11,330,000
from Property Services Fund revenues	1,640,000		1,640,000		1,640,000
from Sanitary Sewer Fund revenues	24,550,000		24,550,000		24,550,000
from Park Board revenues	12,050,000		12,050,000		12,050,000
from Development Supported revenues [(a)]	61,825,000		61,825,000		61,825,000
from Water Fund revenues	27,690,000	$71,520,000	99,210,000		99,210,000
from Property Tax revenues	114,615,000		114,615,000	$ 12,960,000	127,575,000
from Parking Fund revenues	47,834,100	43,470,000	91,304,100		91,304,100
from Tax Increment revenues	57,765,000	3,210,000	60,975,000		60,975,000
from Special Assessments	35,175,900	17,000,000	52,175,900	24,915,000	60,090,900
from Sales Tax revenues	94,900,000	40,000,000	134,900,000	39,915,000	134,815,000
Total General Obligation Debt	$489,375,000	$175,200,000	$664,575,000	$77,790,000	$685,365,000

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

(a) Includes required developer payments and net parking revenue from two parking ramps owned by the Minnesota Sports Facilities Authority

GENERAL OBLIGATION DEBT

Equipment Fund Supported

	As of May 1, 2017 Principal	Interest	Debt Service
2017	$ 2,340,000	$336,900	$ 2,676,900
2018	8,990,000	269,700	9,259,700
	$11,330,000	$606,600	$11,936,600
% due	$11,330,000	$606,600	$11,936,600
5+ years (thru 12/31/22)	100.00%	100.00%	100.00%
Approx Avg Life	1.34 Years		

GENERAL OBLIGATION DEBT

Property Services Fund Supported

	As of May 1, 2017 Principal	Interest	Debt Service
2017	$ 820,000	$ 49,200	$ 869,200
2018	820,000	24,600	844,600
	$1,640,000	$ 73,800	$1,713,800
% due	$1,640,000	$ 73,800	$1,713,800
5+ years (thru 12/31/22)	100.00%	100.00%	100.00%
Approx Avg Life	1.04 Years		

GENERAL OBLIGATION DEBT

Sanitary Sewer Fund Supported

	As of May 1, 2017 Principal	Interest	Debt Service
2017	$ 2,700,000	$ 538,264	$ 3,238,264
2018	3,400,000	437,000	3,837,000
2019	3,450,000	369,000	3,819,000
2020	3,600,000	300,000	3,900,000
2021	3,700,000	228,000	3,928,000
2022	3,800,000	154,000	3,954,000
2023	3,900,000	78,000	3,978,000
	$24,550,000	$2,104,264	$26,654,264
% due	$20,650,000	$2,026,264	$22,676,264
5+ years (thru 12/31/22)	84.11%	96.29%	85.08%
% due	$24,550,000	$2,104,264	$26,654,264
10+ years (thru 12/31/27)	100.00%	100.00%	100.00%
Approx Avg Life	3.73 Years		

GENERAL OBLIGATION DEBT

Park Board Supported

	As of May 1, 2017 Principal	Interest	Debt Service
2017	$ 860,000	$ 358,188	$ 1,218,188
2018	840,000	326,488	1,166,488
2019	850,000	303,788	1,153,788
2020	3,675,000	278,288	3,953,288
2021	900,000	196,038	1,096,038
2022	925,000	169,038	1,094,038
2023	950,000	140,825	1,090,825
2024	975,000	109,950	1,084,950
2025	1,025,000	76,800	1,101,800
2026	1,050,000	39,900	1,089,900
	$12,050,000	$1,999,300	$14,049,300
% due	$ 8,050,000	$1,631,825	$ 9,681,825
5+ years (thru 12/31/22)	66.80%	81.62%	68.91%
% due	$12,050,000	$1,999,300	$14,049,300
10+ years (thru 12/31/27)	100.00%	100.00%	100.00%
Approx Life	4.85 Years		

GENERAL OBLIGATION DEBT

Development Supported

	As of May 1, 2017 Principal	Interest	Debt Service
2017	$ 0	$ 1,332,274	$ 1,332,274
2018	310,000	2,662,301	2,972,301
2019	575,000	2,654,735	3,229,735
2020	785,000	2,640,781	3,425,781
2021	915,000	2,620,251	3,535,251
2022	1,025,000	2,593,493	3,618,493
2023	1,065,000	2,561,857	3,626,857
2024	1,175,000	2,525,990	3,700,990
2025	1,290,000	2,484,256	3,774,256
2026	1,395,000	2,435,740	3,830,740
2027	1,425,000	2,382,716	3,807,716
2028	1,550,000	2,324,461	3,874,461
2029	1,690,000	2,258,590	3,948,590
2030	1,830,000	2,183,758	4,013,758
2031	1,990,000	2,100,120	4,090,120
2032	2,155,000	2,009,365	4,164,365
2033	2,325,000	1,911,275	4,236,275
2034	2,510,000	1,805,413	4,315,413
2035	2,700,000	1,687,965	4,387,965
2036	2,910,000	1,558,121	4,468,121
2037	3,130,000	1,418,326	4,548,326
2038	3,360,000	1,268,115	4,628,115
2039	3,600,000	1,107,025	4,707,025
2040	3,855,000	934,479	4,789,479
2041	4,125,000	749,782	4,874,782
2042	4,410,000	552,240	4,962,240
2043	4,705,000	341,273	5,046,273
2044	5,020,000	116,188	5,136,188
	$61,825,000	$51,220,889	$113,045,889
% due 5+ years (thru 12/31/22)	$ 3,610,000 5.84%	$14,503,835 28.32%	$18,113,835 16.02%
% due 10+ years (thru 12/31/27)	$ 9,960,000 16.11% 19.21 Years	$26,894,394 52.51%	$36,854,394 32.60%

GENERAL OBLIGATION DEBT

Water Fund Supported

	As of May 1, 2017 Bonds Principal	Bonds Interest	Bonds Debt Service
2017	$ 6,235,000	$ 620,958	$ 6,855,958
2018	3,680,000	421,700	4,101,700
2019	3,480,000	355,500	3,835,500
2020	3,000,000	285,900	3,285,900
2021	3,000,000	225,900	3,225,900
2022	3,500,000	165,900	3,665,900
2023	3,245,000	95,900	3,340,900
2024	1,550,000	31,000	1,581,000
2025			
2026			
2027			
	$27,690,000	$2,202,758	$29,892,758
% due 5+ years (thru 12/31/22)	$22,895,000 82.68%	$2,075,858 94.24%	$24,970,858 83.53%
% due 10+ years (thru 12/31/27)	$27,690,000 100.00%	$2,202,758 100.00%	$29,892,758 100.00%
Approx Avg Life	3.41 Years		

Water Fund Supported

	As of May 1, 2017 State Notes Principal	State Notes Interest	State Notes Debt Service
2017	$ 6,530,000	$ 940,472	$ 7,470,472
2018	7,875,000	1,719,678	9,594,678
2019	8,075,000	1,520,213	9,595,213
2020	8,270,000	1,314,638	9,584,638
2021	8,295,000	1,101,001	9,396,001
2022	6,675,000	884,850	7,559,850
2023	6,800,000	698,576	7,498,576
2024	3,200,000	509,400	3,709,400
2025	3,400,000	423,824	3,823,824
2026	7,000,000	332,870	7,332,870
2027	5,400,000	145,152	5,545,152
	$71,520,000	$9,590,674	$81,110,674
% due 5+ years (thru 12/31/22)	$45,720,000 63.93%	$7,480,852 78.00%	$53,200,852 65.59%
% due 10+ years (thru 12/31/27)	$71,520,000 100.00%	$9,590,674 100.00%	$81,110,674 100.00%
Approx Avg Life	4.77 Years		

Water Fund Supported

	As of May 1, 2017 Total Principal	Total Interest	Total Debt Service	
2017	$12,765,000	$ 1,561,430	$ 14,326,430	2017
2018	11,555,000	2,141,378	13,696,378	2018
2019	11,555,000	1,875,713	13,430,713	2019
2020	11,270,000	1,600,538	12,870,538	2020
2021	11,295,000	1,326,901	12,621,901	2021
2022	10,175,000	1,050,750	11,225,750	2022
2023	10,045,000	794,476	10,839,476	2023
2024	4,750,000	540,400	5,290,400	2024
2025	3,400,000	423,824	3,823,824	2025
2026	7,000,000	332,870	7,332,870	2026
2027	5,400,000	145,152	5,545,152	2027
	$99,210,000	$11,793,432	$111,003,432	
% due 5+ years (thru 12/31/22)	$68,615,000 69.16%	$ 9,556,710 81.03%	$ 78,171,710 70.42%	
% due 10+ years (thru 12/31/27)	$99,210,000 100.00%	$11,793,432 100.00%	$111,003,432 100.00%	
Approx Avg Life	4.39 Years			

GENERAL OBLIGATION DEBT

Property Tax Supported

	As of May 1, 2017 Bonds Principal	Bonds Interest	Bonds Debt Service
2017	$52,965,000	$2,421,077	$55,386,077
2018	19,990,000	1,256,600	21,246,600
2019	23,900,000	856,800	24,756,800
2020	2,700,000	378,800	3,078,800
2021	2,800,000	324,800	3,124,800
2022	2,800,000	268,800	3,068,800
2023	3,100,000	212,800	3,312,800
2024	3,300,000	146,925	3,446,925
2025	3,060,000	72,675	3,132,675
	$114,615,000	$5,939,277	$120,554,277
% due 5+ years (thru 12/31/22)	$105,155,000 91.75%	$5,506,877 92.72%	$110,661,877 91.79%
% due 10+ years (thru 12/31/27)	$114,615,000 100.00%	$5,939,277 100.00%	$120,554,277 100.00%
Approx Avg Life	2.00 Years		

Property Tax Supported

	May Sale Bonds Principal	May Sale Bonds Interest	May Sale Bonds Debt Service
2017	$445,000	$276,962	$721,962
2018	6,255,000	500,600	6,755,600
2019	6,260,000	250,400	6,510,400
2020			
2021			
2022			
2023			
2024			
2025			
	$12,960,000	$1,027,962	$13,987,962
% due 5+ years (thru 12/31/22)	$12,960,000 100.00%	$1,027,962 100.00%	$13,987,962 100.00%
% due 10+ years (thru 12/31/27)	$12,960,000 100.00%	$1,027,962 100.00%	$13,987,962 100.00%
Approx Avg Life	1.99 Years		

Property Tax Supported

	After May Sale Bonds Principal	After May Sale Bonds Interest	After May Sale Bonds Debt Service	
2017	$53,410,000	$2,698,039	$56,108,039	2017
2018	26,245,000	1,757,200	28,002,200	2018
2019	30,160,000	1,107,200	31,267,200	2019
2020	2,700,000	378,800	3,078,800	2020
2021	2,800,000	324,800	3,124,800	2021
2022	2,800,000	268,800	3,068,800	2022
2023	3,100,000	212,800	3,312,800	2023
2024	3,300,000	146,925	3,446,925	2024
2025	3,060,000	72,675	3,132,675	2025
	$127,575,000	$6,967,239	$134,542,239	
% due 5+ years (thru 12/31/22)	$118,115,000 92.58%	$6,534,839 93.79%	$124,649,839 92.65%	
% due 10+ years (thru 12/31/27)	$127,575,000 100.00%	$6,967,239 100.00%	$134,542,239 100.00%	
Approx Avg Life	2.00 Years			

GENERAL OBLIGATION DEBT

Parking Fund Supported

	As of May 1, 2017 Bonds Principal	Bonds Interest	Bonds Debt Service
2017	$ 4,389,100	$1,197,956	$ 5,587,056
2018	2,245,000	993,663	3,238,663
2019	3,820,000	942,513	4,762,513
2020	3,925,000	859,113	4,784,113
2021	4,425,000	773,863	5,198,863
2022	5,685,000	674,113	6,359,113
2023	6,065,000	547,913	6,612,913
2024	6,405,000	412,863	6,817,863
2025	5,550,000	263,750	5,813,750
2026	5,325,000	131,125	5,456,125
2027			
2028			
2029			
2030			
2031			
2032			
2033			
	$47,834,100	$6,796,869	$54,630,969
% due 5+ years (thru 12/31/22)	$24,489,100 51.20%	$5,441,219 80.05%	$29,930,319 54.79%
% due 10+ years (thru 12/31/27)	$47,834,100 100.00%	$6,796,869 100.00%	$54,630,969 100.00%
Approx Avg Life	5.59 Years		

Parking Fund Supported

	As of May 1, 2017 Notes Principal	Notes Interest	Notes Debt Service
2017	$ 1,475,000	$ 978,075	$ 2,453,075
2018	3,175,000	1,259,850	4,434,850
2019	3,225,000	1,164,600	4,389,600
2020	3,570,000	1,067,850	4,637,850
2021	2,205,000	960,750	3,165,750
2022	475,000	894,600	1,369,600
2023	485,000	880,350	1,365,350
2024	500,000	865,800	1,365,800
2025	3,050,000	850,800	3,900,800
2026	3,360,000	759,300	4,119,300
2027	3,705,000	658,500	4,363,500
2028	4,065,000	547,350	4,612,350
2029	2,475,000	425,400	2,900,400
2030	2,685,000	351,150	3,036,150
2031	2,900,000	270,600	3,170,600
2032	3,120,000	183,600	3,303,600
2033	3,000,000	90,000	3,090,000
	$43,470,000	$12,208,575	$55,678,575
% due 5+ years (thru 12/31/22)	$14,125,000 32.49%	$6,325,725 51.81%	$20,450,725 36.73%
% due 10+ years (thru 12/31/27)	$25,225,000 58.03%	$10,340,475 84.70%	$35,565,475 63.88%
Approx Avg Life	9.15 Years		

Parking Fund Supported

	As of May 1, 2017 Total Principal	Total Interest	Total Debt Service	
2017	$ 5,864,100	$ 2,176,031	$ 8,040,131	2017
2018	5,420,000	2,253,513	7,673,513	2018
2019	7,045,000	2,107,113	9,152,113	2019
2020	7,495,000	1,926,963	9,421,963	2020
2021	6,630,000	1,734,613	8,364,613	2021
2022	6,160,000	1,568,713	7,728,713	2022
2023	6,550,000	1,428,263	7,978,263	2023
2024	6,905,000	1,278,663	8,183,663	2024
2025	8,600,000	1,114,550	9,714,550	2025
2026	8,685,000	890,425	9,575,425	2026
2027	3,705,000	658,500	4,363,500	2027
2028	4,065,000	547,350	4,612,350	2028
2029	2,475,000	425,400	2,900,400	2029
2030	2,685,000	351,150	3,036,150	2030
2031	2,900,000	270,600	3,170,600	2031
2032	3,120,000	183,600	3,303,600	2032
2033	3,000,000	90,000	3,090,000	2033
	$91,304,100	$19,005,444	$110,309,544	
% due 5+ years (thru 12/31/22)	$38,614,100 42.29%	$11,766,944 61.91%	$50,381,044 45.67%	
% due 10+ years (thru 12/31/27)	$73,059,100 80.02%	$17,137,344 90.17%	$90,196,444 81.77%	
Approx Avg Life	7.29 Years			

GENERAL OBLIGATION DEBT

Tax Increment Supported

	As of May 1, 2017 Bonds Principal	Bonds Interest	Bonds Debt Service
2017	$ 0	$ 1,225,827	$ 1,225,827
2018	5,385,000	2,351,815	7,736,815
2019	5,865,000	2,137,600	8,002,600
2020	6,360,000	1,894,300	8,254,300
2021	6,885,000	1,620,549	8,505,549
2022	7,460,000	1,313,263	8,773,263
2023	8,090,000	970,409	9,060,409
2024	7,015,000	629,256	7,644,256
2025	7,625,000	289,349	7,914,349
2026	955,000	94,350	1,049,350
2027	715,000	65,988	
2028	740,000	40,138	
2029	325,000	20,300	
2030	345,000	6,900	
	$57,765,000	$12,660,043	$68,166,718
% due 5+ years (thru 12/31/22)	$31,955,000 55.32%	$10,543,353 83.28%	$42,498,353 62.34%
% due 10+ years (thru 12/31/27)	$56,355,000 97.56%	12,592,705 99.47%	68,166,718 100.00%
Approx Avg Life	4.86 Years		

Tax Increment Supported

	As of May 1, 2017 Notes Principal	Notes Interest	Notes Debt Service
2017	$ 460,000	$ 72,225	$ 532,225
2018	490,000	82,500	572,500
2019	520,000	67,800	587,800
2020	550,000	52,200	602,200
2021	580,000	35,700	615,700
2022	610,000	18,300	628,300
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
	$3,210,000	$328,725	$3,538,725
% due 5+ years (thru	$3,210,000 100.00%	$328,725 100.00%	$3,538,725 100.00%
12/31/22)	100.00%	100.00%	100.00%
Approx Avg Life	3.21 Years		

Tax Increment Supported

	As of May 1, 2017 Total Principal	Total Interest	Total Debt Service	
2017	$ 460,000	$ 1,298,052	$ 1,758,052	2017
2018	5,875,000	2,434,315	8,309,315	2018
2019	6,385,000	2,205,400	8,590,400	2019
2020	6,910,000	1,946,500	8,856,500	2020
2021	7,465,000	1,656,249	9,121,249	2021
2022	8,070,000	1,331,563	9,401,563	2022
2023	8,090,000	970,409	9,060,409	2023
2024	7,015,000	629,256	7,644,256	2024
2025	7,625,000	289,349	7,914,349	2025
2026	955,000	94,350	1,049,350	2026
2027	715,000	65,988	780,988	2027
2028	740,000	40,138	780,138	2028
2029	325,000	20,300	345,300	2029
2030	345,000	6,900	351,900	2030
	$60,975,000	$12,988,768	$73,963,768	
% due 5+ years (thru 12/31/22)	$35,165,000 57.67%	$10,872,078 83.70%	$46,037,078 62.24%	
% due 10+ years 12/31/27)	$59,565,000 97.69%	$12,921,430 99.48%	$72,486,430 98.00%	
Approx Avg Life	4.77 Years			

GENERAL OBLIGATION DEBT

Assessment Supported

	As of May 1, 2017 Bonds Principal	Bonds Interest	Bonds Debt Service
2017	$ 7,800,900	$ 875,676	$ 8,676,576
2018	8,685,000	681,070	9,366,070
2019	3,895,000	470,020	4,365,020
2020	2,640,000	389,520	3,029,520
2021	1,470,000	334,120	1,804,120
2022	1,375,000	299,495	1,674,495
2023	1,375,000	266,595	1,641,595
2024	1,325,000	232,283	1,557,283
2025	1,120,000	198,970	1,318,970
2026	2,020,000	169,658	2,189,658
2027	525,000	123,480	648,480
2028	525,000	106,561	631,561
2029	530,000	89,224	619,224
2030	535,000	70,899	605,899
2031	535,000	51,746	586,746
2032	515,000	31,981	546,981
2033	275,000	11,900	286,900
2034	30,000	1,050	31,050
	$35,175,900	$4,404,248	$39,580,148
% due 5+ years (thru 12/31/22)	$25,865,900 73.53%	$3,049,901 69.25%	$28,915,801 73.06%
% due 10+ years (thru 12/31/27)	$32,230,900 91.63%	$4,040,886 91.75%	$36,271,786 91.64%
Approx Avg Life	4.12 Years		

Assessment Supported

	As of May 1, 2017 Notes Principal	Notes Interest	Notes Debt Service
2017	$ 0	$146,712	$ 146,712
2018	17,000,000	267,575	17,267,575
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
	$17,000,000	$414,288	$17,414,288
% due 5+ years (thru 12/31/22)	$17,000,000 100.00%	$414,288 100.00%	$17,414,288 100.00%
Approx Avg Life	1.59 Years		

Assessment Supported

	As of May 1, 2017 Total Principal	Total Interest	Total Debt Service	
2017	$ 7,800,900	$1,022,388	$ 8,823,288	2017
2018	25,685,000	948,645	26,633,645	2018
2019	3,895,000	470,020	4,365,020	2019
2020	2,640,000	389,520	3,029,520	2020
2021	1,470,000	334,120	1,804,120	2021
2022	1,375,000	299,495	1,674,495	2022
2023	1,375,000	266,595	1,641,595	2023
2024	1,325,000	232,283	1,557,283	2024
2025	1,120,000	198,970	1,318,970	2025
2026	2,020,000	169,658	2,189,658	2026
2027	525,000	123,480	648,480	2027
2028	525,000	106,561	631,561	2028
2029	530,000	89,224	619,224	2029
2030	535,000	70,899	605,899	2030
2031	535,000	51,746	586,746	2031
2032	515,000	31,981	546,981	2032
2033	275,000	11,900	286,900	2033
2034	30,000	1,050	31,050	2034
	$52,175,900	$4,818,535	$56,994,435	
% due 5+ years (thru 12/31/22)	$42,865,900 82.16%	$3,464,189 71.89%	$46,330,089 81.29%	
% due 10+ years (thru 12/31/27)	$49,230,900 94.36%	$4,455,174 92.46%	$53,686,074 94.20%	
Approx Avg Life	3.30 Years			

GENERAL OBLIGATION DEBT (Assessment Supported continued)

	Assessment Supported				Assessment Supported			
	May Sale Bonds Principal	May Sale Bonds Interest	May Sale Bonds Debt Service		After May Sales Total Principal	After May Sales Total Interest	After May Sales Total Debt Service	
2017	$2,050,000	$450,484	$2,500,484	2017	$9,850,900	$1,326,160	$11,177,060	2017
2018	1,950,000	774,450	2,724,450	2018	10,635,000	1,455,520	12,090,520	2018
2019	1,950,000	696,450	2,646,450	2019	5,845,000	1,166,470	7,011,470	2019
2020	1,950,000	618,450	2,568,450	2020	4,590,000	1,007,970	5,597,970	2020
2021	1,945,000	540,450	2,485,450	2021	3,415,000	874,570	4,289,570	2021
2022	1,055,000	462,650	1,517,650	2022	2,430,000	762,145	3,192,145	2022
2023	1,055,000	431,000	1,486,000	2023	2,430,000	697,595	3,127,595	2023
2024	1,055,000	388,800	1,443,800	2024	2,380,000	621,083	3,001,083	2024
2025	1,155,000	357,150	1,512,150	2025	2,275,000	556,120	2,831,120	2025
2026	1,155,000	322,500	1,477,500	2026	3,175,000	492,158	3,667,158	2026
2027	9,595,000	287,850	9,882,850	2027	10,120,000	411,330	10,531,330	2027
2028				2028	525,000	106,561	631,561	2028
2029				2029	530,000	89,224	619,224	2029
2030				2030	535,000	70,899	605,899	2030
2031				2031	535,000	51,746	586,746	2031
2032				2032	515,000	31,981	546,981	2032
2033				2033	275,000	11,900	286,900	2033
2034				2034	30,000	1,050	31,050	2034
	$24,915,000	$5,330,234	$30,245,234		$60,090,900	$9,734,482	$69,825,382	
% due 5+ years (thru 12/31/22)	$10,900,000 43.75%	$3,542,934 66.47%	$14,442,934 47.75%	% due 5+ years (thru 12/31/22)	$36,765,900 61.18%	$6,592,835 67.73%	$43,358,735 62.10%	
% due 10+ years (thru 12/31/27)	$24,915,000 100.00%	$5,330,234 100.00%	$30,245,234 100.00%	% due 10+ years (thru 12/31/27)	$57,145,900 95.10%	$9,371,120 96.27%	$66,517,020 95.26%	
Approx Avg Life	6.72 Years			Approx Avg Life	2.33 Years			

GENERAL OBLIGATION DEBT

	Sales Tax Supported		
	As of May 1, 2017 Bonds Principal	Bonds Interest	Bonds Debt Service
2017	$21,650,000	$3,019,125	$24,669,125
2018	22,250,000	2,561,125	24,811,125
2019	25,000,000	1,863,000	26,863,000
2020	26,000,000	988,000	26,988,000
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
	$94,900,000	$8,431,250	$103,331,250
% due 5+ years (thru 12/31/22)	$94,900,000 100.00%	$8,431,250 100.00%	$103,331,250 100.00%
Approx Avg Life	2.13 Years		

	Sales Tax Supported		
	As of May 1, 2017 Notes Principal	Notes Interest	Notes Debt Service
2017	$ 0	$ 690,411	$ 690,411
2018	40,000,000	355,068	40,355,068
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
	$40,000,000	$1,045,479	$41,045,479
% due 5+ years (thru 12/31/22)	$40,000,000 100.00%	$1,045,479 100.00%	$41,045,479 100.00%
Approx Avg Life	0.81 Years		

	Sales Tax Supported			
	As of May 1, 2017 Total Principal	Total Interest	Total Debt Service	
2017	$ 21,650,000	$3,709,536	$25,359,536	2017
2018	62,250,000	2,916,193	65,166,193	2018
2019	25,000,000	1,863,000	26,863,000	2019
2020	26,000,000	988,000	26,988,000	2020
2021				2021
2022				2022
2023				2023
2024				2024
2025				2025
2026				2027
2027				2027
2028				2028
2029				2029
2030				2030
2031				2031
2032				2032
2033				2033
2034				2034
2035				2035
	$134,900,000	$9,476,729	$144,376,729	
% due 5+ years (thru 12/31/22)	$134,900,000 100.00%	$9,476,729 100.00%	$144,376,729 100.00%	
Approx Avg Life	1.74 Years			

GENERAL OBLIGATION DEBT (Sales Tax Supported continued)

	Sales Tax Supported				Sales Tax Supported			
	May Sale Bonds Principal	May Sale Bonds Interest	May Sale Bonds Debt Service		After May Sales Notes Principal	After May Sales Notes Interest	AfterMay Sales Notes Debt Service	
2017		$783,880	$783,880	2017	$21,650,000	$3,803,005	$25,453,005	2017
2018	$1,575,000	1,454,623	3,029,623	2018	23,825,000	4,015,748	27,840,748	2018
2019	1,640,000	1,387,685	3,027,685	2019	26,640,000	3,250,685	29,890,685	2019
2020	1,710,000	1,317,985	3,027,985	2020	27,710,000	2,305,985	30,015,985	2020
2021	1,785,000	1,245,310	3,030,310	2021	1,785,000	1,245,310	3,030,310	2021
2022	1,860,000	1,169,448	3,029,448	2022	1,860,000	1,169,448	3,029,448	2022
2023	1,940,000	1,090,398	3,030,398	2023	1,940,000	1,090,398	3,030,398	2023
2024	2,020,000	1,007,948	3,027,948	2024	2,020,000	1,007,948	3,027,948	2024
2025	2,105,000	922,098	3,027,098	2025	2,105,000	922,098	3,027,098	2025
2026	2,175,000	853,685	3,028,685	2026	2,175,000	853,685	3,028,685	2026
2027	2,245,000	782,998	3,027,998	2027	2,245,000	782,998	3,027,998	2027
2028	2,320,000	710,035	3,030,035	2028	2,320,000	710,035	3,030,035	2028
2029	2,395,000	634,635	3,029,635	2029	2,395,000	634,635	3,029,635	2029
2030	2,475,000	556,798	3,031,798	2030	2,475,000	556,798	3,031,798	2030
2031	2,555,000	476,360	3,031,360	2031	2,555,000	476,360	3,031,360	2031
2032	2,635,000	392,045	3,027,045	2032	2,635,000	392,045	3,027,045	2032
2033	2,730,000	301,138	3,031,138	2033	2,730,000	301,138	3,031,138	2033
2034	2,825,000	205,588	3,030,588	2034	2,825,000	205,588	3,030,588	2034
2035	2,925,000	105,300	3,030,300	2035	2,925,000	105,300	3,030,300	2035
	$39,915,000	$15,397,952	$55,312,952		$134,815,000	$23,829,202	$158,644,202	
% due 5+ years (thru 12/31/22)	$ 8,570,000 21.47%	$ 7,358,930 47.79%	$15,928,930 28.80%	% due 5+ years (thru 12/31/22)	$103,470,000 76.75%	$15,790,180 66.26%	$119,260,180 75.17%	
% due 10+ years (thru 12/31/27)	$19,055,000 47.74%	$12,016,055 78.04%	$31,071,055 56.17%	% due 10+ years (thru 12/31/27)	$113,955,000 84.53%	$20,447,305 85.81%	$134,402,305 84.72%	
Approx Avg Life	10.99 Years			Approx Avg Life	4.51 Years			

GENERAL OBLIGATION DEBT

Total General Obligation Debt

	Current Bonds Principal	Current Bonds Interest	Current Bonds Debt Service
2017	$ 99,760,000	$11,975,444	$111,735,444
2018	76,595,000	11,986,061	88,581,061
2019	70,835,000	9,952,955	80,787,955
2020	52,685,000	8,014,701	60,699,701
2021	24,095,000	6,323,520	30,418,520
2022	26,570,000	5,638,101	32,208,101
2023	27,790,000	4,874,299	32,664,299
2024	21,745,000	4,088,266	25,833,266
2025	19,670,000	3,385,801	23,055,801
2026	10,745,000	2,870,772	13,615,772
2027	2,665,000	2,572,184	5,237,184
2028	2,815,000	2,471,160	5,286,160
2029	2,545,000	2,368,113	4,913,113
2030	2,710,000	2,261,557	4,971,557
2031	2,525,000	2,151,866	4,676,866
2032	2,670,000	2,041,346	4,711,346
2033	2,600,000	1,923,175	4,523,175
2034	2,540,000	1,806,463	4,346,463
2035	2,700,000	1,687,965	4,387,965
2036	2,910,000	1,558,121	4,468,121
2037	3,130,000	1,418,326	4,548,326
2038	3,360,000	1,268,115	4,628,115
2039	3,600,000	1,107,025	4,707,025
2040	3,855,000	934,479	4,789,479
2041	4,125,000	749,782	4,874,782
2042	4,410,000	552,240	4,962,240
2043	4,705,000	341,273	5,046,273
2044	5,020,000	116,188	5,136,188
	$489,375,000	$96,439,297	$585,814,297
% due 5+ years (thru 12/31/22)	$350,540,000 71.63%	$53,890,781 55.88%	$404,430,781 69.04%
% due 10+ years (thru 12/31/26)	$433,155,000 88.51%	$71,682,103 74.33%	$504,837,103 86.18%
Approx Avg Life	4.91 Years		

Total General Obligation Debt

	Current Notes Principal	Current Notes Interest	Current Notes Debt Service
2017	$ 8,465,000	$2,782,022	$ 11,247,022
2018	67,040,000	3,565,917	70,605,917
2019	10,365,000	2,797,613	13,162,613
2020	10,790,000	2,523,338	13,313,338
2021	15,635,000	2,234,101	17,869,101
2022	7,760,000	1,797,750	9,557,750
2023	7,285,000	1,578,926	8,863,926
2024	3,700,000	1,375,200	5,075,200
2025	6,450,000	1,274,624	7,724,624
2026	10,360,000	1,092,170	11,452,170
2027	9,105,000	803,652	9,908,652
2028	4,065,000	547,350	4,612,350
2029	2,475,000	425,400	2,900,400
2030	2,685,000	351,150	3,036,150
2031	2,900,000	270,600	3,170,600
2032	3,120,000	183,600	3,303,600
2033	3,000,000	90,000	3,090,000
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
	$175,200,000	$2,693,413	$198,893,413
% due 5+ years (thru (12/31/22)	$120,055,000 73.43%	$15,700,741 68.87%	$135,755,741 72.87%
% due 10+ years (thru (12/31/27)	$156,955,000 96.00%	$21,825,313 95.73%	$178,780,313 95.97%
Approx Avg Life	5.01 Years		

Total General Obligation Debt

	Current Total Principal	Current Total Interest	Current Total Debt Service	
2017	$108,225,000	$ 14,757,466	$122,982,466	2017
2018	143,635,000	15,551,978	159,186,978	2018
2019	81,200,000	12,750,568	93,950,568	2019
2020	63,475,000	10,538,039	74,013,039	2020
2021	39,730,000	8,557,621	48,287,621	2021
2022	34,330,000	7,435,851	41,765,851	2022
2023	35,075,000	6,453,225	41,528,225	2023
2024	25,445,000	5,463,466	30,908,466	2024
2025	26,120,000	4,660,425	30,780,425	2025
2026	21,105,000	3,962,942	25,067,942	2026
2027	11,770,000	3,375,836	15,145,836	2027
2028	6,880,000	3,018,510	9,898,510	2028
2029	5,020,000	2,793,513	7,813,513	2029
2030	5,395,000	2,612,707	8,007,707	2030
2031	5,425,000	2,422,466	7,847,466	2031
2032	5,790,000	2,224,946	8,014,946	2032
2033	5,600,000	2,013,175	7,613,175	2033
2034	2,540,000	1,806,463	4,346,463	2034
2035	2,700,000	1,687,965	4,387,965	2035
2036	2,910,000	1,558,121	4,468,121	2036
2037	3,130,000	1,418,326	4,548,326	2037
2038	3,360,000	1,268,115	4,628,115	2038
2039	3,600,000	1,107,025	4,707,025	2039
2040	3,855,000	934,479	4,789,479	2040
2041	4,125,000	749,782	4,874,782	2041
2042	4,410,000	552,240	4,962,240	2042
2043	4,705,000	341,273	5,046,273	2043
2044	5,020,000	116,188	5,136,188	2044
	$664,575,000	$120,132,709	$784,707,709	
% due 5+ years (thru 12/31/22)	$470,595,000 72.08%	$69,591,522 58.36%	$540,186,522 69.96%	
% due 10+ years (thru 12/31/27)	$590,110,000 90.39%	$93,507,415 78.42%	$683,617,415 88.54%	
Approx Avg Life	4.94 Years			

TOTAL GENERAL OBLIGATION DEBT (continued)

Total General Obligation Debt

	May Sale Bonds Principal	May Sale Bonds Interest	May Sale Bonds Debt Service
2017	$2,495,000	$1,511,326	$4,006,326
2018	9,780,000	2,729,673	12,509,673
2019	9,850,000	2,334,535	12,184,535
2020	3,660,000	1,936,435	5,596,435
2021	3,730,000	1,785,760	5,515,760
2022	2,915,000	1,632,098	4,547,098
2023	2,995,000	1,521,398	4,516,398
2024	3,075,000	1,396,748	4,471,748
2025	3,260,000	1,279,248	4,539,248
2026	3,330,000	1,176,185	4,506,185
2027	11,840,000	1,070,848	12,910,848
2028	2,320,000	710,035	3,030,035
2029	2,395,000	634,635	3,029,635
2030	2,475,000	556,798	3,031,798
2031	2,555,000	476,360	3,031,360
2032	2,635,000	392,045	3,027,045
2033	2,730,000	301,138	3,031,138
2034	2,825,000	205,588	3,030,588
2035	2,925,000	105,300	3,030,300
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
	$77,790,000	$21,756,149	$99,546,149
% due 5+ years (thru 12/31/22)	$32,430,000 41.69%	$11,929,826 54.83%	$44,359,826 44.56%
% due 10+ years (thru 12/31/27)	$56,930,000 73.18%	$18,374,251 84.46%	$75,304,251 75.65%
Approx Avg Life	8.12 Years		

Total General Obligation Debt

	After May Sales Total Principal	After May Sales Total Interest	After May Sales Total Debt Service	
2017	$110,720,000	$15,477,542	$126,197,542	2017
2018	97,915,000	17,777,761	172,692,761	2018
2019	92,505,000	15,040,103	107,545,103	2019
2020	68,735,000	12,385,824	81,120,824	2020
2021	38,905,000	10,206,731	49,111,731	2021
2022	37,245,000	9,067,948	46,312,948	2022
2023	38,070,000	7,974,623	46,044,623	2023
2024	28,520,000	6,860,213	35,380,213	2024
2025	29,380,000	5,939,672	35,319,672	2025
2026	24,435,000	5,139,127	29,574,127	2026
2027	23,610,000	4,446,683	28,056,683	2027
2028	9,200,000	3,728,545	12,928,545	2028
2029	7,415,000	3,428,148	10,843,148	2029
2030	7,870,000	3,169,505	11,039,505	2030
2031	7,980,000	2,898,826	10,878,826	2031
2032	8,425,000	2,616,991	11,041,991	2032
2033	8,330,000	2,314,313	10,644,313	2033
2034	5,365,000	2,012,050	7,377,050	2034
2035	5,625,000	1,793,265	7,418,265	2035
2036	2,910,000	1,558,121	4,468,121	2036
2037	3,130,000	1,418,326	4,548,326	2037
2038	3,360,000	1,268,115	4,628,115	2038
2039	3,600,000	1,107,025	4,707,025	2039
2040	3,855,000	934,479	4,789,479	2040
2041	4,125,000	749,782	4,874,782	2041
2042	4,410,000	552,240	4,962,240	2042
2043	4,705,000	341,273	5,046,273	2043
2044	5,020,000	116,188	5,136,188	2044
	$685,365,000	$140,323,419	$882,688,419	
% due 5+ years (thru 12/31/22)	$446,025,000 65.08%	$ 79,955,909 56.98%	$582,980,909 66.05%	
% due 10+ years (thru 12/31/27)	$590,040,000 86.09%	$110,316,227 78.62%	$757,356,227 85.80%	
Approx Avg Life	5.52 Years			

CERTAIN OTHER INDEBTEDNESS

Common Bond Fund (CBF) Obligations

The City has pledged to levy an ad valorem tax at the rate of up to one-half of one percent of the tax capacity of the City as a reserve for limited tax supported revenue bonds issued through its Common Bond Fund program. The reserve is drawn on if the City is notified by the trustee for the bonds that a deficiency will occur with respect to principal and interest payments on obligations issued through the Common Bond Fund program. The reserve does not need to be funded until and to the extent of such a deficiency. As of December 31, 2016, the Common Bond Fund program had $76,315,000 of bonds outstanding. The City plans to issue an additional $30,000,000 in bonds under the Common Bond Fund program in 2017. No property tax levies have been required in the past to fund the pledged reserve for Common Bond Fund obligations.

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

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

The following table shows the Common Bond Fund bond issues outstanding as of December 31, 2016:

Issues Outstanding as of December 31, 2016	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding
					(In Thousands)	
Halper Box	5.10% to 6.15%	04/01/97	06/01/17	$ 2,400	$ 2,250	$ 150
Cord Sets	4.10% to 5.50%	07/01/98	06/01/18	1,500	1,300	200
Discount Steel –A	5.00% to 5.25%	12/01/99	06/01/19	1,900	1,280	620
Kristol Properties	2.45% to 5.12%	11/20/03	12/01/23	3,300	2,285	1,015
Theatres Bonds, Series 1005-1	5.23% to 6.30%	12/20/05	12/01/35	21,055	3,975	17,080
Quality Resource Group*	5.28% to 5.84%	03/04/07	12/01/27	3,100	1,000	2,100
New French Bakery	5.00% to 5.25%	07/01/07	06/01/28	9,990	2,870	7,120
Open Systems International, Inc.*	2.29% to 6.60%	06/01/10	06/01/40	18,000	1,465	16,535
Open Access Technology Intl., Inc.	3.25% to 6.25%	12/29/10	12/01/40	25,000	5,645	19,355
Life Source Project	3.00% to 4.00%	10/17/13	06/01/39	12,595	455	12,140
Total CBF				$98,840	$22,525	$76,315

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

Conduit Debt

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

LEGAL DEBT CONSIDERATIONS

Statutory Considerations and Limitations

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

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

Statutory Debt Limit

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

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

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

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

Future Issuances 2017

At this time the City does not anticipate issuing additional debt within the next 90 days.

Overlapping Indebtedness of the City

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

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

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

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

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

Statistical Summary Relating to Indebtedness of the City

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

STATISTICAL SUMMARY RELATING TO GENERAL OBLIGATION INDEBTEDNESS OF THE CITY

	Actual 2016	Actual 2015	Actual 2014	Actual 2013
Assessor's Estimated Market Value of[1] Taxable Property in the City	$40,296,679,900	$36,544,531,600	$33,236,865,300	$32,569,114,445
Direct Indebtedness[2]	614,159,895	618,485,131	703,624,580	702,703,051
Adjusted Direct Indebtedness[3]	86,364,729	85,794,552	114,114,552	119,530,140
Direct Indebtedness and Direct Overlapping Indebtedness Chargeable to the City	1,221,460,987	1,138,094,914	1,201,664,787	1,120,477,287
Adjusted Direct Indebtedness and Adjusted Overlapping Indebtedness Chargeable to the City	690,749,836	605,404,335	612,154,759	537,304,376
Direct Indebtedness as a Percentage of Estimated Full Market Value of Taxable Property	1.52%	1.69%	2.12%	2.16%
Adjusted Direct Indebtedness as a Percentage of Estimated Full Market Value of Taxable Property[3]	0.21%	0.23%	0.34%	0.37%
Direct Indebtedness and Direct Overlapping Indebtedness as a Percentage of Estimated Full Market Value	3.03%	3.11%	3.62%	3.44%
Adjusted Direct Indebtedness and Direct Overlapping Indebtedness as a Percentage of Estimated Full Market Value	1.71%	1.66%	1.84%	1.65%
Estimated Population of the City[4]	412,517	412,517	407,207	400,938
Direct Indebtedness Per Capita	$1,488.81	$1,499.30	$1,727.93	$1,752.65
Adjusted Direct Indebtedness Per Capita	$209.36	$207.98	$280.24	$298.13
Direct Indebtedness and Overlapping Indebtedness Per Capita	$2,961.00	$2,758.90	$2,950.99	$2,794.64
Adjusted Direct Indebtedness and Adjusted Overlapping Indebtedness Per Capita	$1,674.48	$1,467.59	$1,503.30	$1,340.12

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

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

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

(4) The 2016 population estimate for the City is not available until July of 2017 so the 2015 population is utilized.

INVESTMENT POLICY

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

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

The City pools the cash balances from its various funds into the investment portfolio. A summary of the portfolio's holdings by sector as of March 31, 2017, is as shown in the table below.

Portfolio Holdings By Sector
(Amounts in Millions)

Market Value in millions	February 28, 2017	% of Portfolio
Cash and equivalents(1)	$ 63.8	8.4%
Commercial Paper	13.7	1.8%
Federal Agency	228.0	29.9%
Mortgage Backed	132.8	17.4%
Municipals	97.1	17.4%
US Treasuries	227.3	29.8%
Total Cash & Investments(2)	$762.7	100.0%

(1) Net of checks outstanding

(2) Total cash and investments include $40.6 million of debt service reserve held by a trustee for the General Agency Reserve Fund debt associated with the Common Bond Fund.

FINANCIAL INFORMATION

Accounting Information

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

The City maintains its financial records on a calendar year basis. Copies of the City's complete financial statements for the year ended December 31, 2015 are available upon request from the office of the Finance Officer, 325M City Hall, Minneapolis, Minnesota. The report can be requested by phone 612-673-2079 or email "*finance@minneapolismn.gov*".

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

Appendix D contains certain information from the Comprehensive Annual Financial Report for the fiscal year ended December 31, 2015.

A financial status report for the interim period ending December 31, 2016 can be viewed at:
www.minneapolismn.gov/finance/reports/financial-reports_special-reports_index

Schedule of Cash, Cash Equivalents and Fund Investments

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

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

Fund Type	2014	2015	Est. 2016
Governmental Funds:			
General	$ 99,989	$ 117,626	$122,969
Community Planning and Economic Development Special Revenue Fund	164,100	165,674	166,175
Permanent Improvement Capital Projects	36,028	16,116	31,511
Special Assessment Debt Service	10,136	5,055	8,095
Non-Major Governmental	130,836	140,978	153,734
Proprietary Funds:			
Enterprise Funds	151,436	155,269	136,606
Internal Service Funds	149,353	144,239	149,115
Fiduciary Funds	5,933	1,267	—
Discrete Component Units			
Park and Recreation Board	25,572	22,063	31,974
Municipal Building Commission	2,079	1,977	2,503
Meet Minneapolis	1,270	1,951	2,557
Minneapolis Telecommunications Network	—	127	21
Total	**$776,732**	**$772,342**	**$835,260**

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

PENSION PLANS

Overview

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

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

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

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

The City's Employer Contributions to Pension Funds

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

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

* The MERF additional contribution was eliminated as a result of the 2015 Legislative changes.
** As a result of the 2015 Legislative changes these are the annual required contributions through 2031.

MERF was mergered into GERF.

MFRA and MPRA was mergered into PEPFF.

The City's open pension funds administered by PERA.

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

Specific Fund Information

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

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

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

This is a closed plan and the City contributes 5.3% and the employee participants contribute 5.1% of the participants' annual compensation to an Investment Fund administered by Union Central Life Insurance Company which will provide retirement benefits under a Money Purchase Plan. Participants are vested at the rate of 20% per year for the employer's share of the contribution and are 100% vested immediately as to their individual contributions.

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

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

MINNESOTA DEFINED BENEFIT PENSION PLANS

General Information

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

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

MSRS: *http://www.msrs.state.mn.us/info/fincl.htmls*
PERA: *http://www.mnpera.org/index.asp*
TRA: *http://www.minnesotatra.org/formspub/2016annualrpt.html*

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

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

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

Overview — PERA

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

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

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

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

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

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

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

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

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

*Minneapolis has no members in this fund.

Statutory Funding Requirements

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

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

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

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

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

Recent Pension Legislation

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

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

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

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

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

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The City of Minneapolis has complied with the Government Accounting Standards Board's Rule 45, Other Post-Employment Benefits (OPEB), for the comprehensive annual financial report (CAFR) of the City starting with the year ending December 31, 2008. The City engaged a consulting actuary who has conducted a review of liabilities to be reported as required by GASB 45. In general, the City does not pay the cost of health insurance for retired employees, except in limited circumstances. Retired City employees, however, may purchase health insurance offered to City employees at the retired employee's expense. Including retired employees with current employees causes health insurance premiums for current employees to be more than if retired employees were not in the same pool of insureds. The City and current employees share the cost of health insurance for current employees. The increased cost of health insurance premiums for current employees is considered an implicit subsidy for the retired employees and is disclosed as required by GASB 45.

POST-EMPLOYMENT HEALTHCARE PLAN

Plan Description

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

Funding Policy

Contribution requirements are established by the City, based on the contract terms with Medica and Delta Dental. The required contributions are based on projected pay- as-you-go financing requirements. Retirees and their spouses contribute to the healthcare plan at the same rate as the City employees. This results in the retirees receiving an implicit rate subsidy. The actual cost for early retirees is higher than the average per-person premium for the active group. Retirees pay the average active rate (the apparent cost) which gives rise to an implicit rate subsidiary: the City pays the difference between the actual and apparent cost. For fiscal year 2016, the City contributed $2,415,019. As of January 1, 2015, the City's most recent actuarial valuation, there were 347 retirees receiving health benefits under the City of Minneapolis Medical plan. An additional 85 individuals were covered under the medical plan because they qualified under Minnesota Continuation/COBRA laws.

Funded Status and Funding Program

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

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

Actuarial Methods and Assumptions

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

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

ANNUAL BUDGET PROCESS

Capital Improvement Budget Development (April-July)

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

Mayor's Budget Recommendation (May-August)

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

Maximum Proposed Property Tax Levy (September)

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

City Council Budget Review and Development (September-November)

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

Truth in Taxation (November)

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

City Council Budget Adoption (December)

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

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

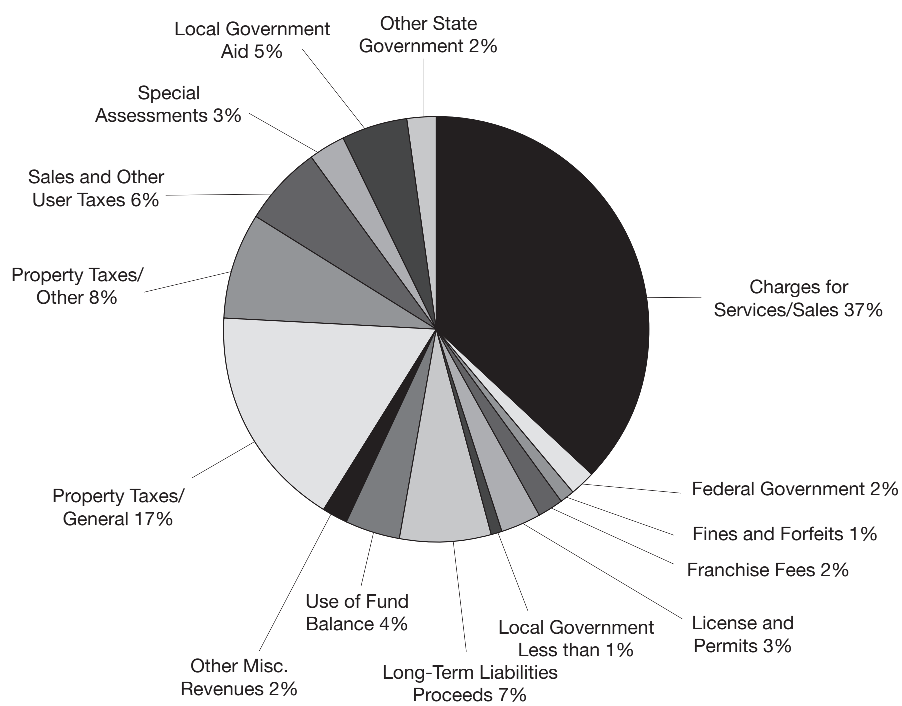
Below is a summary of the 2017 Council Adopted Budget revenues by major category.

Revenue by Category
(In Millions of Dollars)

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

*Revenues have been adjusted by use of fund balances

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

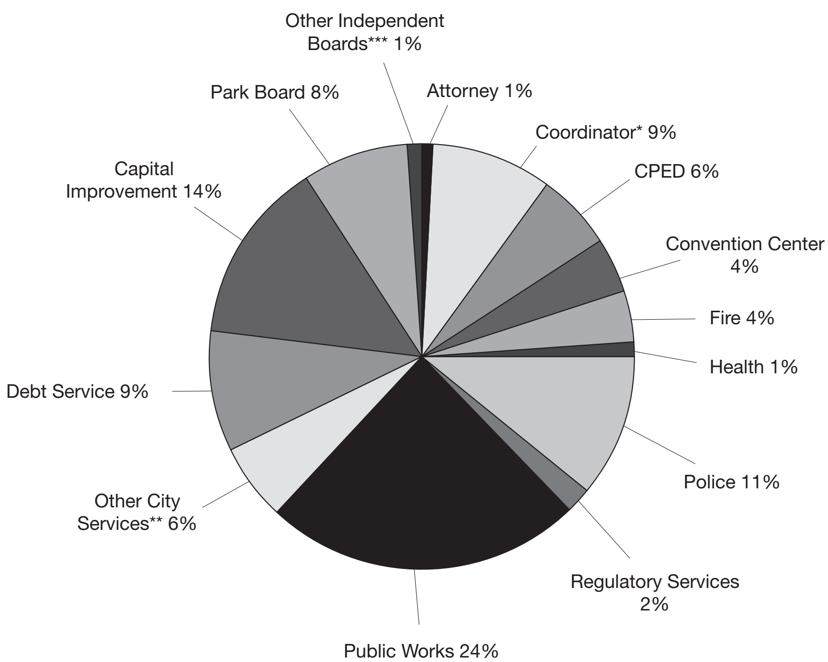


Below is a summary of the 2017 Council Adopted Budget by departmental activity, excluding transfers.

Expenditures by Service
(In Millions of Dollars)

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

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



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

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

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

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

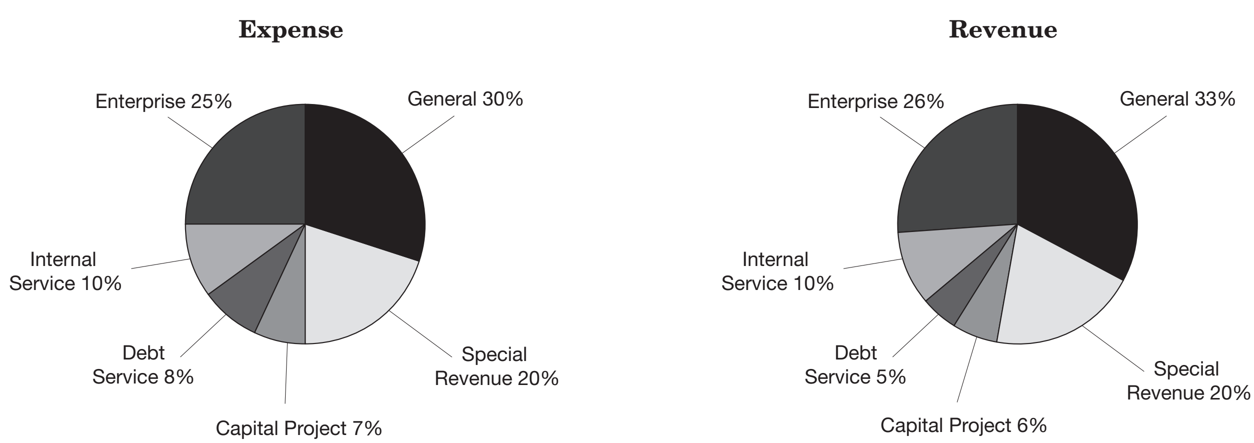
Expense and Revenue By Fund Type
In Millions

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

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

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

Expense and Revenue By Fund Type



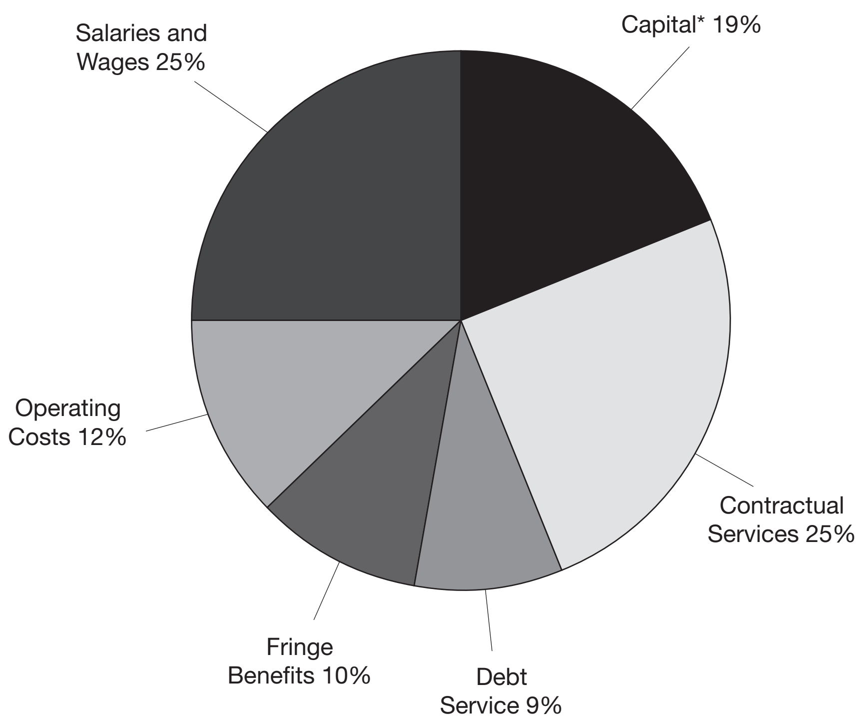
The largest portion of the City's budget is spent on personnel, which comprises $505.7 million or 34.8 percent of the total budget.

Expense by Category

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

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

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



CITY EMPLOYEES AND LABOR RELATIONS

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

Employee Group	Approximate Number of Employees	Contract Expiration Date
9-1-1 Dispatchers	60	12/31/2016
Professional Employees	390	12/31/2016
Clerical & Technical	615	12/31/2016
Convention Center Teamsters	100	12/31/2017
Field Supervisors	135	12/31/2017
Laborers	415	12/31/2017
Professional Engineers	50	12/31/2017
Water Works Maintenance	60	12/31/2018
Fire Fighters (Non Supervisory)	380	12/31/2018
Police Officers	860	12/31/2019

STATISTICAL INFORMATION RELATING TO THE CITY

Population Overview

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

The population and household size of the City and the Minneapolis-St. Paul seven-county area since 2006 is set forth below.

Population

Year	Population of City	Population of Seven-County Metropolitan Area
2015 (Metropolitan Council)	412,517	3,005,419
2014 (Metropolitan Council)	411,273	2,973,455
2013 (Metropolitan Council)	400,938	2,950,885
2012 (Metropolitan Council)	392,008	2,909,001
2011 (Metropolitan Council)	387,873	2,873,444
2010 (U.S. Census)	382,578	2,849,567
2009 (Metropolitan Council)	386,691	2,881,812
2008 (Metropolitan Council)	390,000	2,870,000
2007 (Metropolitan Council)	388,020	2,849,003
2006 (Metropolitan Council)	387,970	2,821,779

Household Size

Year	City	Seven-County Metropolitan Area
2015 (State Demographic Center)	2.22	2.55
2014 (State Demographic Center)	2.23	2.56
2013 (State Demographic Center)	2.24	2.51
2012 (State Demographic Center)	2.24	2.51
2011 (State Demographic Center)	2.22	2.55
2010 (U.S. Census)	2.23	2.55
2009 (State Demographic Center)	2.17	2.48
2008 (State Demographic Center)	2.19	2.49
2007 (State Demographic Center)	2.20	2.54
2006 (State Demographic Center)	2.20	2.54

Labor Force

The Minneapolis labor force totaled 234,814 in March 2016, showing an increase of 5,557 from the March 2015 total of 229,257. The labor force is made up of City residents who are working or seeking employment.

The March 2016 labor force was composed of 226,715 employed residents and, based on a 3.4 percent unemployment rate, approximately 8,099 unemployed persons.

Minneapolis Resident Labor Force and Population
March, 2006-2016

Year (March)	Population	Labor Force (March)	Number Employed	Percent Employed
2016	NA	234,814	226,715	96.6%
2015	412,517	229,257	220,870	96.3%
2014	407,207	229,430	219,222	95.6%
2013	400,938	225,438	214,616	95.2%
2012	392,008	221,308	209,070	94.5%
2011	387,873	218,297	204,618	93.7%
2010	382,578	215,815	200,171	92.8%
2009	386,691	213,300	197,964	92.8%
2008	390,131	213,818	204,369	95.6%
2007	388,020	211,912	203,312	95.9%
2006	387,970	210,614	202,213	96.0%

Source: Minnesota Department of Employment and Economic Development

A summary of the average number and percent of the residents of the City who are members of the civilian labor force who were unemployed for the years 2011 through 2015 is set forth below.

NA – not available currently

	2015	2014	2013	2012	2011
Total Labor Force	232,315	230,612	227,441	223,600	221,041
Total Employment	224,547	221,802	216,969	211,802	207,524
Unemploument	7,768	8,810	10,472	11,799	13,516
Percent of Civilian Labor Force Unemployed	3.3%	3.8%	4.6%	5.3%	6.1%

Source: Minnesota Department of Employment and Economic Development

Unemployment

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

Year	Month	Minneapolis Labor Force	Minneapolis Employment	Unemployment Number	Unemployment Rate	Comparative Rates MN	Comparative Rates US
2017	2	231,856	223,272	8,584	3.7%	4.8%	4.9%
2017	1	230,012	221,340	8.672	3.7%	5.0%	5.1%
2016	**Ann Avg**	**232,240**	**224,193**	**8,047**	**3.5%**	**3.9%**	**4.9%**
2016	12	230,952	223,326	7,626	3.3%	4.1%	4.5%
2016	11	231,841	224,585	7,256	3.1%	3.4%	4.4%
2016	10	232,372	224,550	7,822	3.4%	3.4%	4.7%
2016	9	234,167	225,704	8,463	3.6%	3.6%	4.8%
2016	8	235,255	226,708	8,547	3.6%	3.8%	5.0%
2016	7	236,357	227,907	8,450	3.6%	3.8%	5.1%
2016	6	234,157	225,357	8,800	3.8%	4.0%	5.1%
2016	5	232,394	225,348	7,046	3.0%	3.3%	4.5%
2016	4	231,282	223,953	7,329	3.2%	3.7%	4.7%
2016	3	230,096	221,843	8,253	3.6%	4.6%	5.1%
2016	2	230,228	222,195	8,033	3.5%	4.5%	5.2%
2016	1	227,780	219,841	7,939	3.5%	4.6%	5.3%
2015	**Ann Avg**	**229,707**	**221,907**	**7,800**	**3.4%%**	**3.7%**	**5.3%**
2015	12	228,411	221,857	6,554	2.9%	3.7%	4.8%
2015	11	228,989	222,460	6,529	2.9%	3.1%	4.8%
2015	10	228,648	221,713	6,935	3.0%	3.1%	4.8%
2015	9	229,756	222,387	7,369	3.2%	3.2%	4.9%
2015	8	231,831	224,001	7,830	3.4%	3.3%	5.2%
2015	7	233,502	225,015	8,487	3.6%	3.6%	5.6%
2015	6	231,816	223,044	8,772	3.8%	3.8%	5.5%
2015	5	231,871	223,889	7,982	3.4%	3.5%	5.3%
2015	4	229,193	221,733	7,460	3.3%	3.6%	5.1%
2015	3	227,551	219,049	8,502	3.7%	4.5%	5.6%
2015	2	227,930	219,534	8,396	3.7%	4.5%	5.8%
2015	1	226,984	218,201	8,783	3.9%	4.7%	6.1%
2014	**Ann Avg**	**230,612**	**221,802**	**8,810**	**3.8%**	**4.2%**	**6.2%**
2013	**Ann Avg**	**227,441**	**216,969**	**10,472**	**4.6%**	**4.9%**	**7.4%**
2012	**Ann Avg**	**223,600**	**211,802**	**11,799**	**5.3%**	**5.6%**	**8.1%**
2011	**Ann Avg**	**221,041**	**207,524**	**13,516**	**6.1%**	**6.5%**	**8.9%**
2010	**Ann Avg**	**219,324**	**204,264**	**15,060**	**6.9%**	**7.4%**	**9.6%**

Average Number of Jobs by Industry Minneapolis

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

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

Source: Minnesota Department of Employment and Economic Development

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

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

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

Largest Companies

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

Companies in Fortune Directory of the Largest 500 Companies for 2015 Headquartered in this MSA

Company	Revenues ($Billion)	Rank	Industry Grouping	Industry Rank
UnitedHealth Group	130.5	14	Health Care: Insurance and Managed Care	1 of 9
Target	74.5	36	General Merchandisers	2 of 9
CHS Inc	42.6	69	Food Production	3 of 6
Best Buy	41.9	72	Specialty Retailers, Other	4 of 22
3M	31.8	98	Miscellaneous	1 of 6
U.S. Bancorp	21.3	136	Commercial Banks	8 of 14
Supervalu	18.3	164	Food and Drug Stores	6 of 7
General Mills	17.9	171	Food Consumer Products	4 of 12
Land O'Lakes	15.2	203	Food Consumer Products	7 of 12
Ecolab	14.2	213	Chemicals	5 of 13
C. H. Robinson Worldwide	13.4	225	Transportation and Logistics	1 of 3
Ameriprise Financial	12.2	247	Diversified Financials	7 of 11
Xcel Energy	11.6	255	Utilities: Gas and Electric	13 of 23
Mosaic	9.0	320	Chemicals	11 of 13
Thrivent Financial for Lutherans	8.5	333	Insurance: Life and Health (mutual)	6 of 7
St. Jude Medical	5.6	466	Medical Products and Equipment	7 of 7

Source: Fortune June 15, 2016

Educational Institutions

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

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

Source: 2016 Higher Education Directory

*These are on-line universities.

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX B

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PROPOSED FORM OF BOND COUNSEL OPINION

$39,915,000
Taxable General Obligation Sales Tax Refunding Bonds
(Target Center Project), Series 2017
City of Minneapolis, Minnesota

We have acted as bond counsel in conjunction with the issuance by the City of Minneapolis, Minnesota (the "City"), of its fully registered Taxable General Obligation Sales Tax Refunding Bonds (Target Center Project), Series 2017 (the "Bonds") in the aggregate principal amount of $39,915,000, dated May __, 2017.

The Bonds mature on December 1 in the years 2018 through 2035 and bear interest at fixed rates payable on each June 1 and December 1, commencing December 1, 2017. The Bonds maturing on and after December 1, 2025, are subject to optional redemption by the City, in whole or in part, on December 1, 2024, 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 a resolution of the Board of Estimate and Taxation of the City adopted February 22, 2017 and a resolution of the City Council of the City adopted on March 24, 2017 (the "Resolution"), for the purposes set forth in the Resolution.

We have examined such certified proceedings, documents, and certificates of public officials as we deem 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 certifications 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, Chapter 475, as amended, and Laws of 1986, Chapter 396, as amended.

2. The Bonds are payable primarily from revenues to be derived from certain sales taxes specified in the Resolution. The City is required to levy general ad valorem taxes on all taxable property within the City without limitation as to rate or amount, if necessary, to pay the principal of and interest on the Bonds when due.

3. Interest on the Bonds is includable in gross income for purposes of federal income taxation and in taxable net income of individuals, estates and trusts for purposes of Minnesota income taxation.

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.

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 May __, 2017.

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APPENDIX C

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$37,875,000
City of Minneapolis, Minnesota General Obligation Improvement and Various Purpose Bonds, Series 2017

$39,915,000
City of Minneapolis, Minnesota
Taxable General Obligation Sales Tax Refunding Bonds (Target Center Project), Series 2017

CONTINUING DISCLOSURE CERTIFICATE

May 17, 2017

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Minneapolis, Minnesota (the "City"), in connection with the issuance of its (i) General Obligation Improvement and Various Purpose Bonds, Series 2017 (the "Improvement and Various Purpose Bonds"), in the original aggregate principal amount of $37,875,000; and (ii) Taxable General Obligation Sales Tax Refunding Bonds (Target Center Project), Series 2017 (the "Sales Tax Refunding Bonds"), in the original aggregate principal amount of $39,915,000. The Improvement and Various Purpose Bonds and the Sales Tax Refunding Bonds (together, 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 Improvement and Various Purpose Bonds are being delivered to Robert W. Baird & Co., Inc. on behalf of itself and its syndicate members (collectively, the "Improvement and Various Purpose Bonds Purchaser") on May 17, 2017. The Sales Tax Refunding Bonds are being delivered to Robert W. Baird & Co., Inc. on behalf of itself and its syndicate members (collectively, the "Sales Tax Refunding Bonds Purchaser") on May 17, 2017.

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

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

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

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

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

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

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

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

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

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

"Final Official Statement" means the Official Statement, dated May 8, 2017, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

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

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

"GASB" means the Governmental Accounting Standards Board.

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

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

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

"Repository" means EMMA.

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

"SEC" means the Securities and Exchange Commission.

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

(a) On or before 270 days after the end of each Fiscal Year of the City, commencing with the Fiscal Year ending December 31, 2016, the City shall provide to the Repository the following financial information and operating data (the "Disclosure Information"):

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

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

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

   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 to the Repository.

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

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

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

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

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

Section 5. *Reporting of Material Events.*

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

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

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

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

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

Section 7. *Termination of Reporting Obligation.* The City's obligations under the Resolutions and this Disclosure Certificate shall terminate with respect to: A) the Improvement and Various Purpose Bonds Purchaser upon the legal defeasance, or upon the redemption or payment in full, of all of the Improvement and Various Purpose Bonds; and B) the Sales Tax Refunding Bonds Purchaser upon the legal defeasance, or upon the redemption or payment in full, of all of the Sales Tax Bonds. The City shall file a notice with EMMA in the event of the termination of the obligations of the City under the Disclosure Covenants pursuant to this Disclosure Certificate.

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

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

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

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

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

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

CITY OF MINNEAPOLIS, MINNESOTA

By: Finance Officer

APPENDIX D

SELECTED PORTIONS OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDING DECEMBER 31, 2015

*Copies of the City's complete audited financial statements for the year 2015 are available upon request from the office of the Finance Officer, 325M City Hall, Minneapolis, Minnesota. The report can be requested by phone 612-673-2079 or email "finance@minneapolismn.gov". The report will also be available for viewing on the following web site:

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

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF
MINNEAPOLIS, MINNESOTA

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015

FINANCE AND PROPERTY SERVICES DEPARTMENT

TABLE OF CONTENTS

INTRODUCTORY SECTION

FINANCIAL SECTION

Other Supplementary Information:

Minneapolis
City of Lakes

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

www.minneapolismn.gov

June 21, 2016

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

TRANSMITTAL

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the City of Minneapolis (the City) for the year ended December 31, 2015. The purpose of the report is to present the financial position of the City and the results of its operations for the year then ended. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA) and other rule-making bodies, and audited in accordance with generally accepted auditing standards by the Office of the State Auditor (OSA).

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

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

INDEPENDENT AUDIT

Minnesota law requires that the Office of the State Auditor perform the City's annual audit. The OSA's report on the City's financial statements is based on its audit in accordance with generally accepted auditing standards. The State Auditor issued an unmodified or "clean" opinion on the City's financial statements for the year ended December 31, 2015. The State Auditor's opinion is included as page one through three in the financial section of this report.

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

STEWARDSHIP

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

INTERNAL CONTROLS

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

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

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

THE REPORTING ENTITY

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

THE CITY AND ITS SERVICES

City Profile

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

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

There are 81 residential neighborhoods within the City offering a broad range of housing to more than 175,000 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.

As of 2014, Minneapolis is home to an estimated 411,370 people, which is the largest population the City has seen since the 1970s. From 2010 to 2014, the population within the City grew by a little over 28,290 people, a four year growth rate of 7.5%, which was faster than the comparable growth rate of 4.5% for the region as a whole. Males and females each make up approximately 50% of the population as do renters and homeowners. Children and youth under 18 make up 20% of the population with seniors aged 65 and above comprising 8% of the population. Following national and regional trends, an increasing percentage of the City's population is persons of color: as of the 2010 Census, 40% of the City's population is non-white or Hispanic, with a majority of the population 19 and younger being non-white. Approximately 15% of residents are immigrants and 20% routinely speak a language other than English at home.

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

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

Form of Government and Organization

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

In November 2013, a new Mayor and Council were elected with changes occurring in the Mayor's office after 10 years under the previous administration and in seven of the 13 council member seats. In March 2014, following a public comment period in which residents were asked to provide feedback, the City Council adopted the City's vision, values, goals and strategic directions that will guide the City's work for the next four years. City leaders set new goals every four years, resulting in clear priorities that provide long-term direction and clarify the core function of City government.

City Council

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

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

Mayor

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

Departments

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

FINANCIAL POLICES

Each year during the budget process, the Council adopts a comprehensive set of financial policies. Of particular relevance to the City budget process is the policy to maintain a minimum unassigned fund balance in the General Fund equal to 17% of the following year's General Fund budgeted expenditures. This balance is to be used for cash flow purposes, unanticipated expenditures of a non-recurring nature, unexpected increases in service delivery costs, or unexpected revenue shortfalls. The unassigned fund balance of the General Fund at December, 31, 2015, was $106.0 million, which is $23.0 million more than policy requires. Additional information regarding the 2015 fund balance in the General Fund is available in the MD&A.

Separate from the unassigned general fund reserve balance, the City also has a policy to budget an operating budget contingency in the General Fund of not less than 1% of all budgeted general fund expenditures in each of the applicable years planned for in the City's Five-Year Financial Direction. The contingency reserve was $4.0 million in 2015, and is $4.0 million in 2016.

ECONOMIC CONDITION AND OUTLOOK

A detailed discussion and analysis of the City's overall financial condition during the fiscal year ended 2015 is included as part of the MD&A.

LONG-TERM FINANCIAL PLANNING

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

DEBT MANAGEMENT

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

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2014. A Certificate of Achievement is valid for a period of one year only. The City has received this prestigious award for 46 years.

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

The City also received the GFOA's Distinguished Budget Presentation Award for its 2015 annual budget document. To qualify for the distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

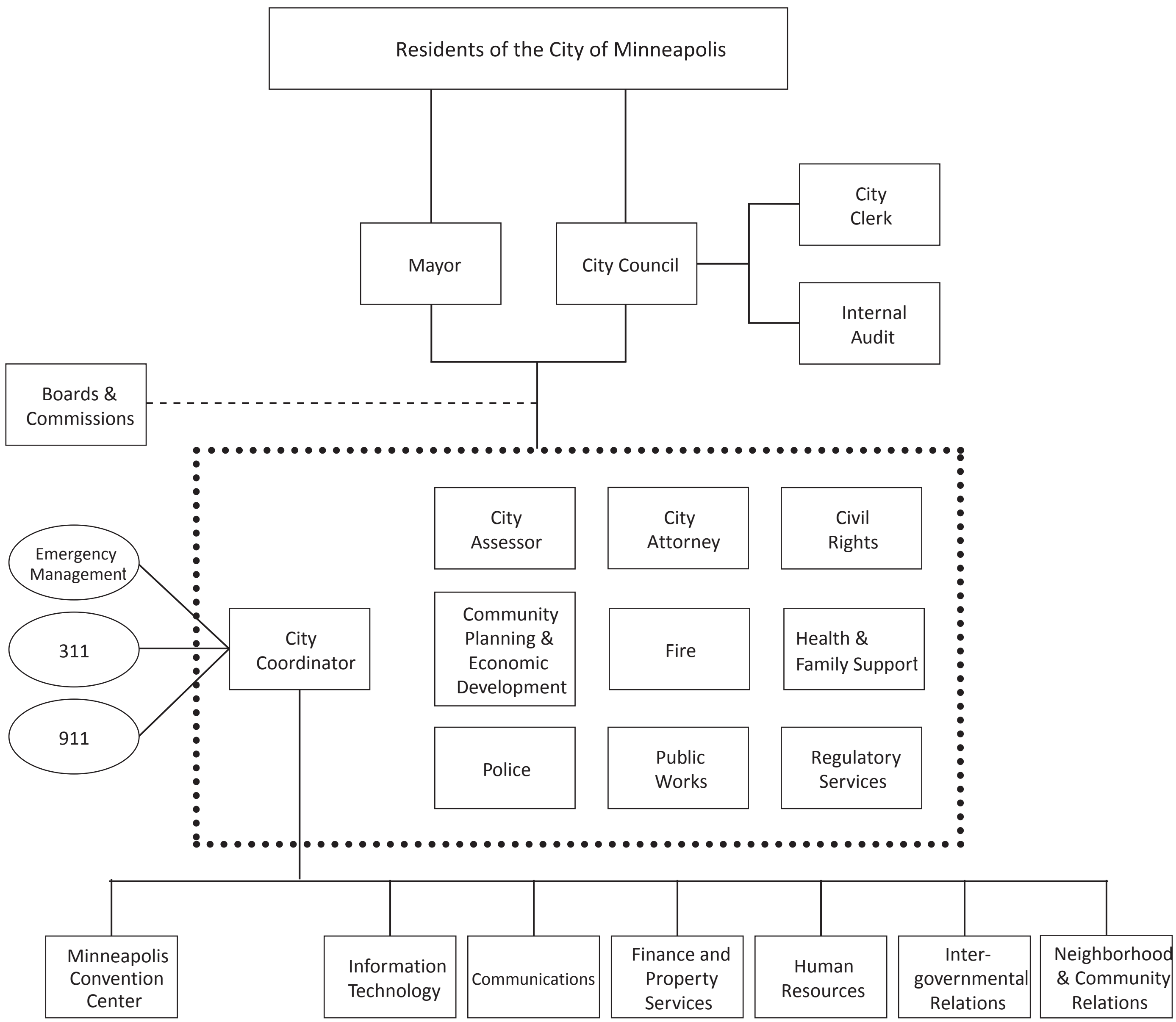
The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the City's Finance & Property Services Department. In addition, we would like to thank the Office of the State Auditor for its thoroughness and professionalism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

Respectfully submitted,

Mark T. Ruff	LaTonia Green	Connie L. Griffith
Finance Officer	Interim Deputy Finance Officer	Controller

City of Minneapolis

Organizational Chart



MAYOR AND COUNCIL

CITY OF MINNEAPOLIS, MINNESOTA

2015

Mayor.. **BETSY HODGES**

CITY COUNCIL

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Minneapolis

Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

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

This section of the Comprehensive Annual Financial Report (CAFR) for the City of Minneapolis presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2015. 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

For the year ended December 31, 2015, the City implemented the following statements of the Governmental Accounting Standards Board (GASB) related to pension accounting: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*; GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*; and GASB Statement No. 82, *Pension Issues.* These statements require the City to recognize its proportional share of pension liabilities, deferred outflows, and deferred inflows arising from participation in state-wide pension plans. City employees participate in various plans within the Public Employee's Retirement Association (PERA) defined benefit pension plan. The City also makes a statutorily required contribution to the Teacher's Retirement Association (TRA), although no City employees participate in that plan. As a result of the implementation of the above statements, beginning net position of the City was restated to reflect a net decrease of $337,661. At December 31, 2015, the City recognized deferred outflows of resources of $275,815, net pension liability of $612,066, and deferred inflows of resources of $71,655 related to pension plans.

Additional highlights include the following:

- At the close of the 2015 fiscal year, assets plus deferred outflows exceeded liabilities plus deferred inflows by $1,882,391 (net position). Of this amount, $1,747,077 is the City's net investment in capital assets and $203,160 is restricted for specific purposes (restricted net position) leaving a deficit of $(67,846) 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 implementing GASB Statements No. 68 and 71. The long-term, actuarially determined liabilities associated with pensions are managed by the respective retirement systems and the State Legislature. The City will continue to contribute the statutorily required amounts to the retirement plans.

- The City's total net position increased by $52,992 in 2015. Governmental activities increased the City's net position by $28,707 and the business-type activities increased the net position by $24,285.

- As of December 31, 2015, total fund balance in the general fund was $105,991, of which $104,740 was unassigned.

- The City's total long-term bond and note liability decreased by $94,430 from the prior year. Total bonds and notes issued in 2015 was $42,710. Total debt retirement was $137,140. Major new debt issuances included notes of $5,000 for the Nicollet Mall Reconstruction project; $15,000 for various infrastructure improvements in the five-year capital plan; and $22,710 for various community and economic development 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 supplementary information in addition to the basic financial statements.

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

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

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

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

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

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

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

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

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

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

Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the Other Supplementary Information section of this report beginning on page 107.

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

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

The proprietary funds' financial statements can be found on pages 37-40 of this report.

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

The fiduciary fund financial statements can be found on page 41 of this report.

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

The notes to the financial statements can be found on pages 45-98 of this report.

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

The required supplementary information can be found on pages 99-105 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 supplementary information beginning on page 107.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position—The following table presents the primary government's net position as of December 31, 2015 with a comparison to 2014.

Statement of Net Position
December 31, 2015, and 2014

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	$ 812,619	$ 803,521	$ 257,137	$ 258,951	$ 1,069,756	$ 1,062,472
Capital assets	1,220,725	1,196,132	992,176	991,705	2,212,901	2,187,837
Total assets	$ 2,033,344	$ 1,999,653	$ 1,249,313	$ 1,250,656	$ 3,282,657	$ 3,250,309
Deferred outflows of resources	$ 235,651	$ -	$ 40,164	$ -	$ 275,815	$ -
Current and other liabilities	$ 161,453	$ 163,878	$ 45,854	$ 47,697	$ 207,307	$ 211,575
Long-term liabilities	1,050,910	557,447	346,209	307,206	1,397,119	864,653
Total liabilities	$ 1,212,363	$ 721,325	$ 392,063	$ 354,903	$ 1,604,426	$ 1,076,228
Deferred inflows of resources	$ 66,206	$ -	$ 5,449	$ -	$ 71,655	$ -
Net position						
Net investment in capital assets	$ 968,927	$ 890,622	$ 778,150	$ 760,038	$ 1,747,077	$ 1,650,660
Restricted net position	168,304	195,322	34,856	34,457	203,160	229,779
Unrestricted net postion	(146,805)	192,384	78,959	101,258	(67,846)	293,642
Total net position, as reported	$ 990,426	$ 1,278,328	$ 891,965	$ 895,753	$ 1,882,391	$ 2,174,081
Restatement		(316,609)		(28,073)		(344,682)
Total net position, as restated		$ 961,719		$ 867,680		$ 1,829,399

The largest portion of the City's net position reflects its $1,747,077 investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City continues to invest significantly in its infrastructure assets, which is reflected in the $96,417 increase in this portion of the City's net position. The City uses these capital assets to provide services to citizens. As a result, these assets are not available for future spending. Although the City's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position decreased $26,619 to $203,160 in 2015 largely due to the $5,295 increase in debt service offset by the $8,725 decrease in the community planning and economic development special revenue fund, primarily in the tax increment financing program. The reduction is due to a prepayment of tax increment debt from fund balance. 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 $(67,846) represents the unrestricted portion of the City's net position. This is a decrease of $361,488 from the 2014 unrestricted net position. The decrease is due to the City's implementation of GASB 68, which requires booking the City's proportion of the Public Employees Retirement Association (PERA) and the Teachers Retirements Association (TRA) unfunded pension liability.

***Statement of Activities*—**The following table presents the changes in net position for governmental and business-type activities. Due to the implementation of GASB Statements No. 68 and 71, the City restated beginning net position. The governmental activities beginning net position decreased by $316,609 while the business-type activities beginning net position decreased by $21,052. In addition, the beginning net position of business-type activities was reduced by $7,021 due to a correction of capital assets balances. See Note 1; Section Q for details on the restated beginning balances.

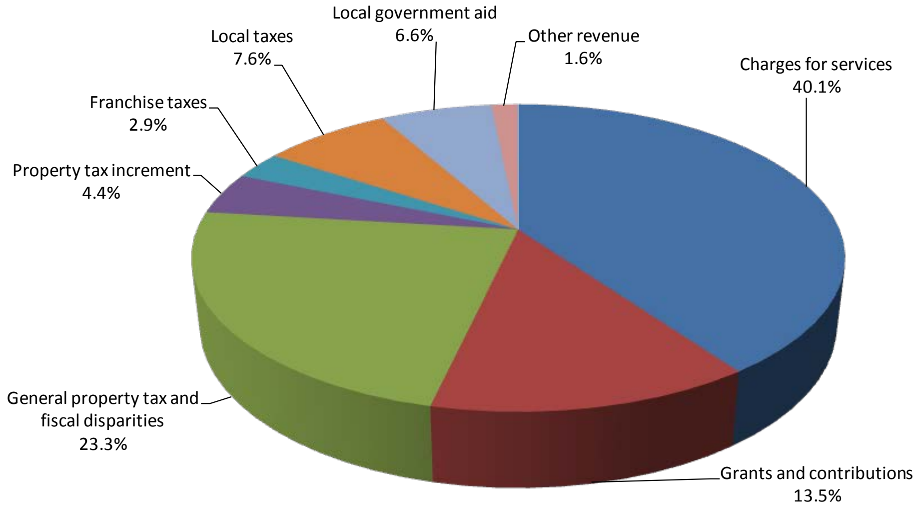
Statement of Activities
For the Years Ended December 31, 2015, and 2014

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Revenues						
Program revenues:						
Charges for services	$ 138,533	$ 128,289	$ 273,519	$ 261,238	$ 412,052	$ 389,527
Operating grants and contributions	127,515	103,219	5,468	4,696	132,983	107,915
Capital grants and contributions	5,228	3,885	-	157	5,228	4,042
General revenues:						
General property tax and fiscal disparities	238,745	228,620	-	-	238,745	228,620
Property tax increment	45,205	48,568	-	-	45,205	48,568
Franchise taxes	30,118	33,531	-	-	30,118	33,531
Local taxes	78,293	76,292	-	-	78,293	76,292
Other taxes	313	180	-	-	313	180
Local government aid - unrestricted	68,022	66,860	-	-	68,022	66,860
Unrestricted interest and investment earnings	3,399	4,213	306	6,064	3,705	10,277
Other	11,401	1,141	21	119	11,422	1,260
Gain on sale of capital assets	268	214	-	249	268	463
Total revenues	747,040	695,012	279,314	272,523	1,026,354	967,535
Expenses						
General government	97,652	109,005	-	-	97,652	109,005
Public safety	275,495	244,482	-	-	275,495	244,482
Public works	122,472	126,689	-	-	122,472	126,689
Culture and recreation	4,570	8,836	-	-	4,570	8,836
Health and welfare	23,462	20,098	-	-	23,462	20,098
Community planning and economic development	192,957	140,604	6,684	7,759	199,641	148,363
Interest on long-term debt	16,329	17,581	-	-	16,329	17,581
Sanitary sewer	-	-	53,185	47,710	53,185	47,710
Stormwater	-	-	32,331	27,305	32,331	27,305
Water treatment and distribution services	-	-	64,973	57,899	64,973	57,899
Municipal parking	-	-	49,086	43,418	49,086	43,418
Solid waste and recycling	-	-	34,166	30,013	34,166	30,013
Total expenses	732,937	667,295	240,425	214,104	973,362	881,399
Excess (deficiency) before transfers	14,103	27,717	38,889	58,419	52,992	86,136
Transfers	14,604	16,704	(14,604)	(16,704)	-	-
Change in net position	28,707	44,421	24,285	41,715	52,992	86,136
Net position - Beginning (2015 restated)	961,719	1,233,907	867,680	854,038	1,829,399	2,087,945
Net position - Ending	$ 990,426	$1,278,328	$ 891,965	$ 895,753	$1,882,391	$2,174,081

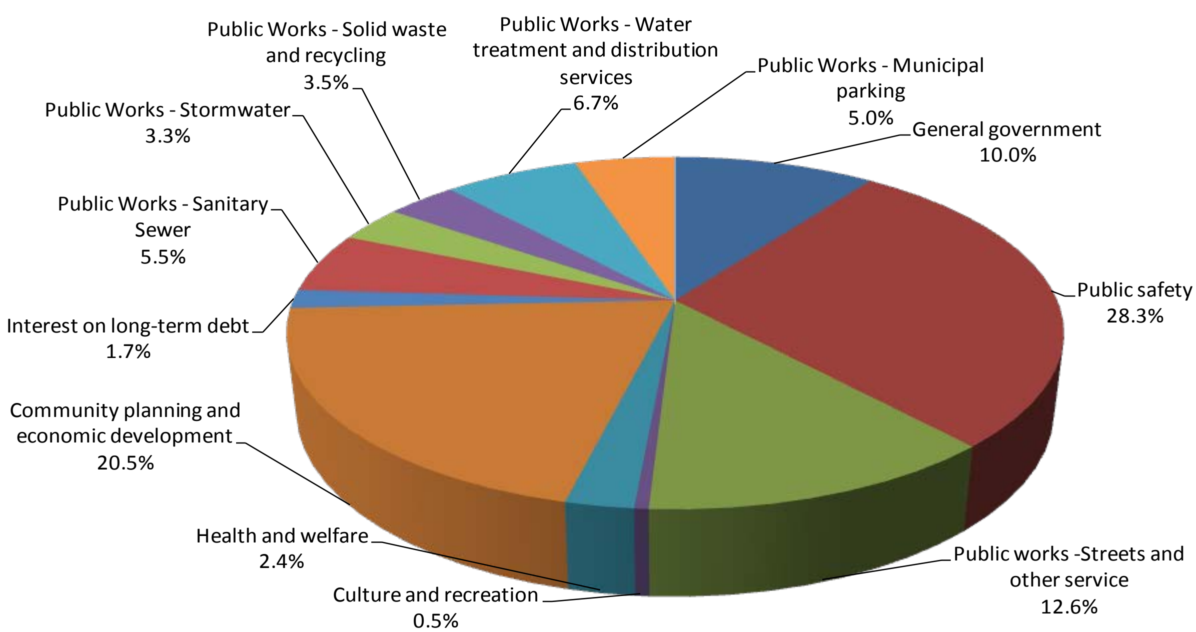
***Governmental Activities*—**Governmental activities increased the City's net position by $28,707 compared to an increase of $44,421 in 2014. Total governmental revenue increased by 7.5% from 2014 to 2015 while total expenses increased by 9.8% over that same period. The increase in expenses is attributable mainly to the recognition of pension expense related to the implementation of GASB Statement No. 68. Pension expense booked to the governmental activities as a result of the new accounting standard was $77,723. Governmental activities are supported by charges for services, grants, and contributions. Additionally, general revenues cover any net expense after program specific revenues are applied. Specifically, property tax increment revenues supported economic development activities. Revenue increased due to an increase in the property tax levy, increased federal and local grant funding, and an increase in charges for services.

A significant expense in the statement of activities, compared to fund statements, is depreciation. Current year depreciation for governmental activities was $53,447.

Government-wide Revenues

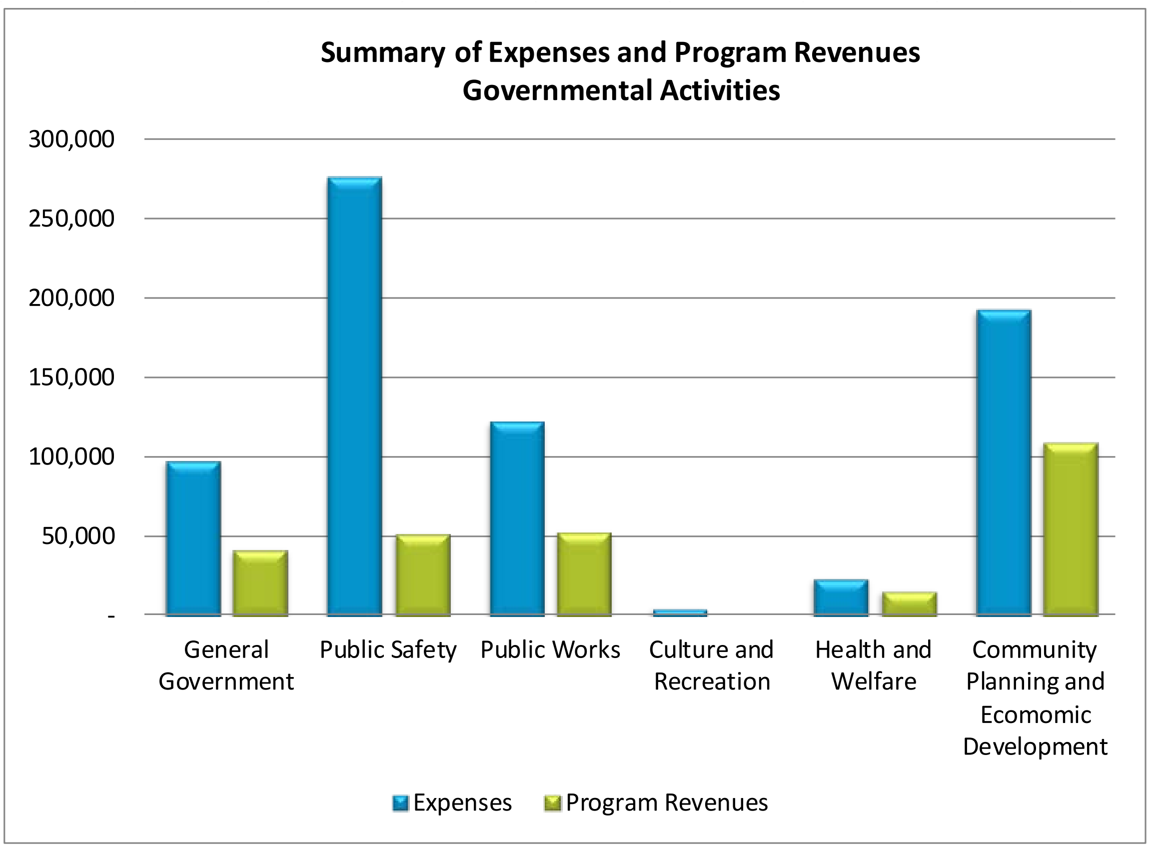


Government-wide Expenses



Summary of expenses and program revenues - Governmental Activities
For the Year ended December 31, 2015

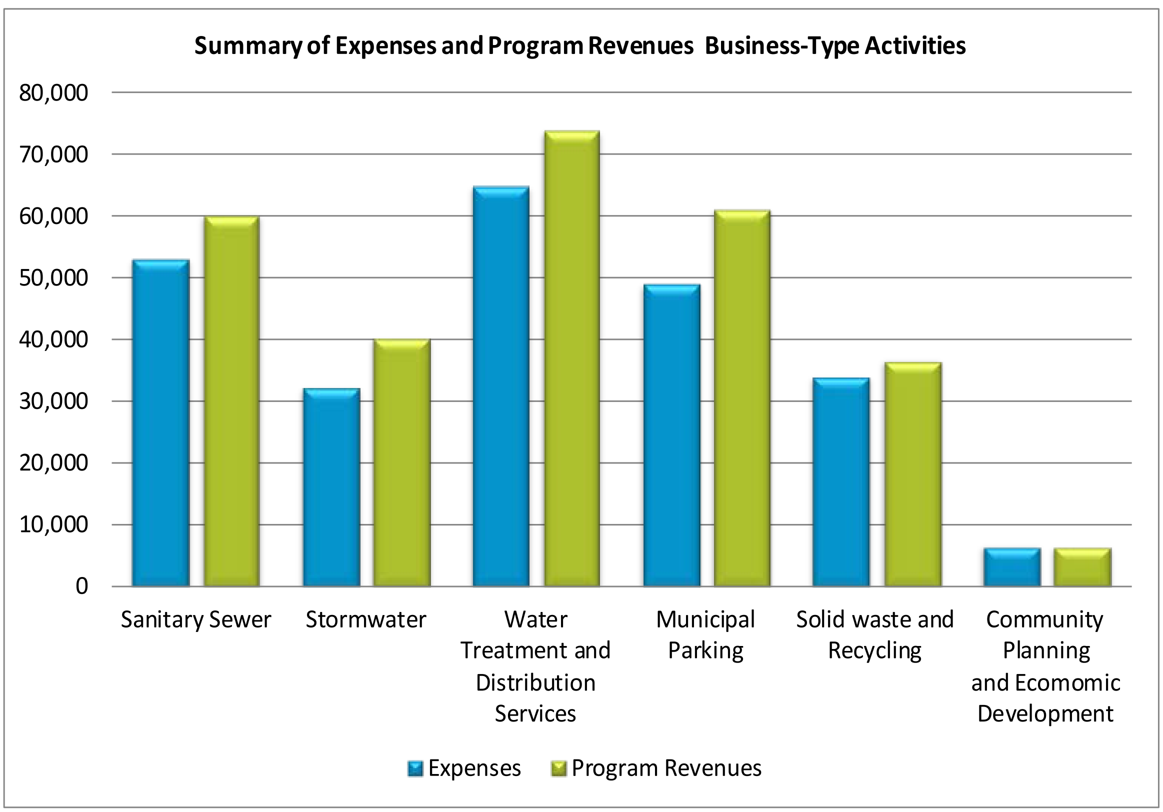
Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue by Program
General government	$ 97,652	$ 41,876	$ (55,776)
Public safety	275,495	51,788	(223,707)
Public works	122,472	52,730	(69,742)
Culture and recreation	4,570	-	(4,570)
Health and welfare	23,462	16,002	(7,460)
Community planning and economic development	192,957	108,880	(84,077)
Interest on long-term debt	16,329	-	(16,329)
	$ 732,937	$ 271,276	$ (461,661)
General revenues and transfers supporting governmental activities			490,368
Change in net position			28,707
Net position - January 1, 2015, restated (see Note 1Q)			961,719
Net position - December 31, 2015			$ 990,426



Business-Type Activities—Business-type activities increased the City's net position by $24,285 compared with an increase of $41,715 in 2014.

Summary of expenses and program revenues - Business-Type Activities
For the Year ended December 31, 2015

Functions/Programs	**Expenses**	**Program Revenues**	**Net (Expense) Revenue by Program**
Sanitary sewer	$ 53,185	$ 60,296	$ 7,111
Stormwater	32,331	40,370	8,039
Water treatment and distribution services	64,973	73,913	8,940
Municipal parking	49,086	61,166	12,080
Solid waste and recycling	34,166	36,748	2,582
Community planning and economic development	6,684	6,494	(190)
	$ 240,425	$ 278,987	$ 38,562
General revenues and transfers supporting business-type activities			(14,277)
Change in net position			24,285
Net position - January 1, 2015, restated (see Note 1Q)			867,680
Net position - December 31, 2015			$ 891,965



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 2015, four governmental funds, including the General Fund, are presented as major funds. These funds include the Community Planning and Economic Development Fund Special Revenue Fund, the Permanent Improvement Capital Project Fund, and the Special Assessment Debt Service Fund. At December 31, 2015, the City's governmental funds reported a combined ending fund balance of $469,100, a decrease of $17,356 compared with the prior year. Approximately 22.3% of this total amount, or $104,740, constitutes unassigned fund balance, which is available for spending at the City's discretion.

The remainder of the fund balance is classified as follows: nonspendable ($43,182) for land development, advances to other funds, and prepaid items; restricted ($168,304) for debt service, community planning and economic development, capital improvements, grants, and law enforcement legal requirements; and assigned ($152,874) for specific purposes not meeting a more restricted criteria for general government, community planning and economic development programs, neighborhood and community relations, public safety programs, pension obligations, and capital improvements. Additional details on fund balance can be found in Note 10.

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

Revenues by Source
Governmental Funds

	2015		2014		Increase/ (Decrease)
Revenues by Source	**Amount**	**Percent of Total**	**Amount**	**Percent of Total**	**Amount**
Taxes	$ 393,015	52.86 %	$ 387,322	54.50 %	$ 5,693
Licenses and permits	45,878	6.17	50,996	7.18	(5,118)
Intergovernmental revenues	160,953	21.65	136,432	19.20	24,521
Charges for services and sales	71,609	9.63	62,863	8.85	8,746
Fines and forfeits	6,853	0.92	7,519	1.06	(666)
Special assessments	25,780	3.47	25,529	3.59	251
Investment earnings	3,903	0.52	4,067	0.57	(164)
Miscellaneous revenue	35,467	4.78	35,923	5.05	(456)
Total revenues	$ 743,458	100.00 %	$ 710,651	100.00 %	$ 32,807

Expenditures by Function
Governmental Funds

	2015		2014		Increase/ (Decrease)
Expenditures by Function	**Amount**	**Percent of Total**	**Amount**	**Percent of Total**	**Amount**
Current:					
General government	$ 102,556	12.79 %	$ 99,330	12.91 %	$ 3,226
Public safety	256,981	32.05	245,341	31.89	11,640
Public works	54,084	6.75	56,173	7.30	(2,089)
Culture and recreation	2,363	0.29	3,238	0.42	(875)
Health and welfare	21,235	2.65	20,029	2.60	1,206
Community planning and economic development	161,868	20.19	142,326	18.50	19,542
Capital outlay	76,361	9.52	102,422	13.31	(26,061)
Intergovernmental:					
General government	647	0.08	297	0.04	350
Public safety	168	0.02	176	0.02	(8)
Culture and recreation	2,207	0.28	5,598	0.73	(3,391)
Debt service:					
Principal retirement	83,871	10.46	77,391	10.06	6,480
Interest and fiscal charges	16,194	2.02	17,065	2.22	(871)
Bond issuance costs	482	0.06	-	-	482
Payments to refunded bond escrow agents	22,753	2.84	-	-	22,753
Total expenditures	$ 801,770	100.00 %	$ 769,386	100.00 %	$ 32,384

General Fund—The General Fund is the general operating fund of the City. As of December 31, 2015, unassigned fund balance in the General Fund was $104,740 while nonspendable fund balance was $1,251. Total fund balance increased by $3,552 during 2015.

The following table provides changes in revenues by source from 2014 to 2015.

General Fund
Revenues By Source

	2015		2014		Increase/ (Decrease)
Revenues by Source	**Amount**	**Percent of Total**	**Amount**	**Percent of Total**	**Amount**
Taxes	$ 267,316	58.08 %	$ 271,500	58.21 %	$ (4,184)
Licenses and permits	44,317	9.63	49,268	10.57	(4,951)
Intergovernmental revenues	82,625	17.96	81,277	17.43	1,348
Charges for services and sales	46,873	10.19	46,592	9.99	281
Fines and forfeits	6,539	1.42	7,179	1.54	(640)
Special assessments	3,202	0.70	3,084	0.66	118
Investment earnings	1,613	0.35	1,862	0.40	(249)
Miscellaneous revenues	3,398	0.74	3,245	0.70	153
Total revenues	$ 455,883	99.07	$ 464,007	99.50	$ (8,124)
Transfers in	4,258	0.93	2,323	0.50	1,935
Total revenues and other financing sources	$ 460,141	100.00 %	$ 466,330	100.00 %	$ (6,189)

In 2015, General Fund revenues and transfers decreased by about 1.3% from the previous year. Some highlights include:

- Tax collections were lower in 2015, which was expected since the General Fund property tax levy decreased by $3,195 from 2014 to 2015.
- Licenses and permit revenue was also lower in 2015. Development activity, especially in Downtown Minneapolis, continued at a high rate during 2015; however, 2014 was a record setting year. Several large projects including a new football stadium for the Minnesota Vikings contributed to the 2014 revenue.
- Intergovernmental revenue increased slightly from state aid payments made to the City.
- Revenue from fines and forfeits decreased from 2014 to 2015 as a result of efforts to increase compliance with housing and parking rules. Increased compliance results in less revenue from fines due to non-compliance.

The following table provides the changes in expenditures by function from 2014 to 2015:

General Fund
Expenditures by Function

	2015		2014		Increase/ (Decrease)
Expenditures by Function	**Amount**	**Percent of Total**	**Amount**	**Percent of Total**	**Amount**
Current:					
General government	$ 67,160	14.70 %	$ 66,996	14.55 %	$ 164
Public safety	235,092	51.49	223,399	48.47	11,693
Public works	53,019	11.61	54,903	11.91	(1,884)
Culture and recreation	2,363	0.52	3,238	0.70	(875)
Health and welfare	8,289	1.82	7,521	1.63	768
Community planning and economic development	31,167	6.83	29,959	6.50	1,208
Intergovernmental:					
Community planning and economic development	-	-	200	0.04	(200)
Total expenditures	397,090	86.97	386,216	83.80	10,874
Transfers out	59,499	13.03	74,645	16.20	(15,146)
Total expenditures and other financing uses	$ 456,589	100.00 %	$ 460,861	100.00 %	$ (4,272)

Overall, general fund expenditures increased by 2.8% from the previous year, although appropriations were underspent by approximately $10,938.

***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 2015, the following were significant budget actions:

- The original General Fund appropriation for fiscal year 2015 was $463,482, which included projected transfers out of $57,193. The final appropriation was $467,527 including transfers of $59,193. General revenues and other resources were originally estimated at $449,960, which included projected transfers in of $4,862. The final revenue estimate was $449,860 including transfers of $4,862.

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

    1) The combined City Coordinator departments were $1,400 under budget at year end. This was due in part to personnel vacancies across several departments.

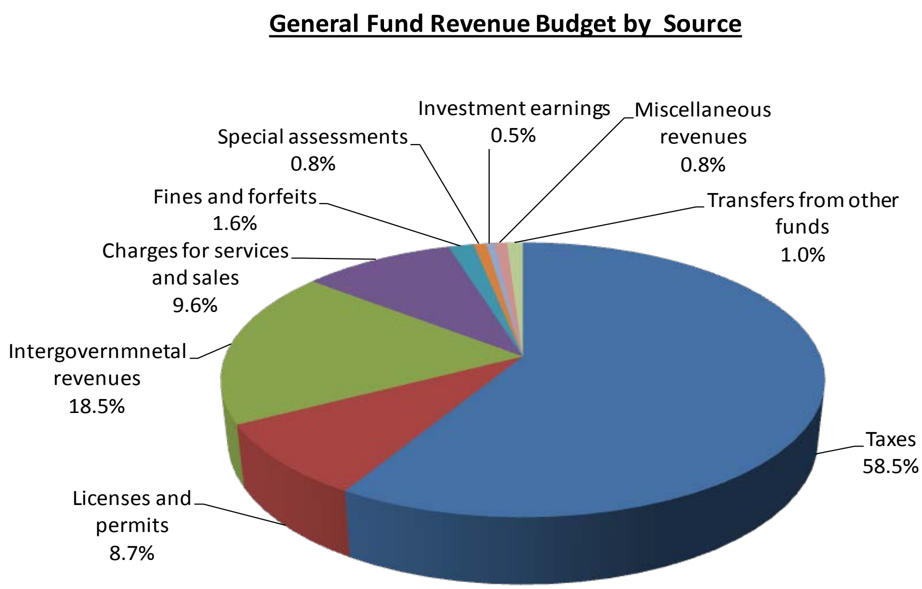
    2) Overall, Public Works finished the year with $800 in budgetary savings. A milder winter with lower snow removal expense drove these savings.

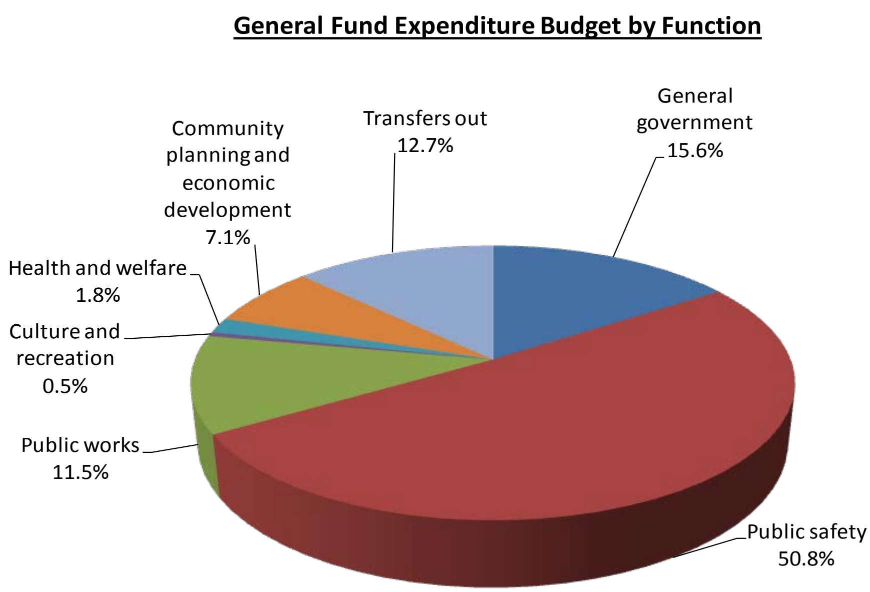
3) Reorganization and other cost savings including deferring projects into 2016 resulted in a $1,240 budget surplus in Regulatory Services.

4) Community Planning and Economic Development realized budgetary savings of $2,024 due to initiatives that were in the budget but not completed in 2015.

5) The full amount of contingency funds of $4,007 remained unspent at year-end.

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





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

The total revenues of the CPED Special Revenue fund in 2015 were $59,394, a 4.1% increase from the prior year. The increase is due to City land sales made to develop riverfront properties. A majority, approximately 74.8%, of the fund's revenue was derived from property tax revenue, and 14.6% of the fund's revenue was generated from rents collected and the repayment of loans made for the housing and redevelopment activities of the City. The remaining revenue was derived from a variety of miscellaneous sources. The expenditures for the fund in 2015 were $40,871. The fund's expenditures are primarily for contractual services for the housing and economic programs operated within the fund and for the staff costs to monitor and deliver these programs. The level of current fund expenditures in 2015 was comparable to the prior year.

The fund's transfers to other funds of $23,567 were primarily to provide resources for the debt service obligations issued by the City for community development programs. The CPED Special Revenue Fund also transferred $6,225 to the City's Neighborhood and Community Relations Special Revenue Fund to support ongoing activities.

At year-end, the fund balance in the CPED Special Revenue Fund was $201,186. This included $33,109 in a nonspendable form, primarily for the inventory of properties held for resale; $131,673 restricted for specific programs by State law; and the remaining $36,404 assigned to provide for community planning and economic development activities.

Permanent Improvement Capital Project Fund—Funding for the Permanent Improvement Capital Project Fund is primarily from three sources: bonds that are sold by the City for capital projects; the State of Minnesota; and Federal funds. State and Federal revenues are primarily used for capital assets including bridges, streets, street lighting and traffic signals. The Permanent Improvement Capital Project Fund is used to build infrastructure for the City including bridges, streets, traffic signals, street lights, and to fund other capital projects. During 2015, $76,361 of capital outlay occurred which was a decrease of 25.4% from 2014.

The key assets constructed with these funds include:

- Bridges - $12,970
- Streets - $29,376
- Traffic Signals and Street Lighting - $9,177
- Bike Trails - $1,049
- Property Service - $4,182
- Target Center Renovation - $4,852

The fund balance decreased from $30,877 in 2014 to $6,519 in 2015. The decrease was due to decrease of financial note/debt proceeds. Additionally, revenues for the fund increased from $15,255 in 2014 to $36,635 in 2015 due to increase from state, federal, and local sources and charges for services for capital projects.

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

At the end of 2015 the City had $39,293 of debt outstanding for special assessment improvements. During 2015, the City received debt related assessment collections and interest earnings of $10,299 along with $122 in miscellaneous revenue. The City paid total debt service of $14,921 on special assessment bonds.

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).

As mentioned in the Financial Highlights section, the City implemented GASB Statements No. 68 and 71 during 2015. As a result of this new accounting guidance, the enterprise funds reduced beginning net position by a total of $21,052. The Stormwater fund also had a prior period adjustment to correct capital asset balances. The result of this adjustment was a decrease of beginning net position of $7,021. Note 1, Section Q has details on the restatement of net position. The enterprise funds had a positive net position of $908,888 at December 31, 2015, an increase of $24,014 over the 2014 restated balance.

The following table summarizes the cash balances, total assets, deferred outflows of resources, total liabilities, deferred inflows of resources, operating income, changes in net position, and net positions for each of the enterprise funds, from 2014 to 2015:

Key Balance Sheet Account Balances and Operating Activities
December 31, 2015, and 2014

	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development	Total 2015	Total 2014
Cash	$ 12,422	$ 35,862	$ 30,084	$ 13,957	$ 22,568	$ 820	$ 115,713	$ 109,456
Assets	128,838	334,190	337,784	297,576	37,232	130,616	1,266,236	1,267,850.00
Deferred outflows of resources	4,402	7,351	15,522	3,685	9,204	-	40,164	-
Liabilities	15,175	16,766	130,845	120,014	18,499	90,764	392,063	354,903
Deferred inflows of resources	597	997	2,106	500	1,249	-	5,449	-
Operating income (loss)	2,565	7,070	7,206	14,041	1,162	4,790	36,834	49,811
Change in net position	1,193	7,929	7,012	4,416	2,655	809	24,014	38,467
Restatement	-	-	-	-	-	-	-	(28,073)
Net position	$ 117,468	$ 323,778	$ 220,355	$ 180,747	$ 26,688	$ 39,852	$ 908,888	$ 884,874

Sanitary Sewer Fund—The Sanitary Sewer Fund pays 95% of the contractual payments to Metropolitan Council Environmental Services (MCES) for waste water collection and treatment services. This fund also accounts for sanitary sewer maintenance and design work and the related capital programs and debt service payments. Net position as of December 31, 2015 was $117,468, which is an increase of $1,193 over the restated beginning balance.

In 2015 operating income was $2,565 which is further reduced by transfers and debt services. Compared to 2014, operating revenues reflected an increase of $275 with a total of $60,332 compared to $60,057. The sanitary utility sales and service revenues increased by $675 due to increase in rates, design activities and capital project close outs.

The operating expense amounted to $57,767 compared to $54,819 for 2014 resulting in an increase of $2,948. The increase in operating expenses can largely be attributed to personnel cost and MCES payments. Personnel cost which consist of salaries and fringes increased by $1,270 due to adjustments to pension costs. Increase in materials, supplies and services amounted to $2,865 of which $2,300 were due to rate increase of 8% in MCES payments. 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. These increases were off-set by decrease in contractual services by $1,261.

Stormwater Fund— The Stormwater Fund pays 5% of the contractual payments to Metropolitan Council Environmental Services (MCES) for waste water collection and treatment services. This fund also accounts for the combined sewer overflow (CSO) program, street cleaning, storm design, storm water maintenance, and the related capital programs and debt service payments. Net position as of December 31, 2015 was $323,778 which was an increase of $7,929 from the restated beginning balance.

Compared to 2014, operating revenues reflected a decrease of $2,012 mainly due to decrease in sales and services related to design activities. This decrease was off-set by an increase in reimbursements from the State of Minnesota for maintenance work done by the Street Cleaning and Storm Maintenance departments. These reimbursements are based on agreements with the State and Hennepin County.

Compared to 2014, operating expenses reflected an increase of $4,890. An increase was recorded for personnel services stemming from adjustments to pension costs. Additional increases were the result of cleaning and maintenance work in Linden Yard and storm tunnels. There was also an increase in miscellaneous contractual services – payments to Metropolitan Council and other City departments regarding overheads, rents, and contracted services – as a result of higher rates.

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

Net position increased by $7,012 for the year, resulting in a net position at December 31, 2015 of $220,355. This planned increase allowed for additions to long-term assets in the amount of $9,038 for improvements to the City's water distribution system and the Fridley Filter Plant rehabilitation and other water treatment infrastructure improvements. The Net Position at year end 2015 includes an adjustment of $(13,409) due to recognition of long-term pension liabilities in accordance with GASB Statement No. 68. Of the total adjustment amount, $(8,136) is reflected in the financial reports as a decrease to the beginning Net Position at January 1, 2015.

Operating revenue increased minimally by $49, when compared to 2014. Operating expenses increased by $5,420, when compared to 2014. This increase was in large part due to the $4,597 in pension expenses required by GASB Statement No. 68.

Municipal Parking Fund—The Municipal Parking Fund accounts for the operation and maintenance of parking ramps, lots, on-street parking meters, the municipal impound lot, and the traffic/parking control system. Net position at December 31, 2015 was $180,747 which is an increase of $4,416 from the restated beginning balance.

There are three main reasons for the change in net position. There were continued operational efficiencies attained through off-street parking; the largest contributor was a reduction in operator expenses due to the new pay machines in most of the ramps reducing the number of staff hired. The City implemented new, multi-space parking meters which continue to provide increased revenues in on-street parking. The net position as of December 31, 2015 includes an adjustment of $(3,183) due to recognition of long term liabilities in accordance with GASB Statement No. 68. Of the total adjustment amount, $(1,931) is reflected in the financial reports as a decrease to the beginning net position at January 1, 2015.

Solid Waste and Recycling Fund—The Solid Waste and Recycling Fund accounts for the City's solid waste and recycling collection and disposal, graffiti removal, and a solid waste transfer station that serves over 106,000 dwelling units. Pick-up services for trash, yard waste, and recyclables are provided on a weekly and a biweekly basis. City crews provide approximately one-half of the solid waste collection services and the other half are provided through a consortium of companies specializing in waste collections. Also accounted for in this fund are various initiatives such as Clean City neighborhood clean sweeps; city-wide litter and graffiti abatement and removal; and an Organics Pilot Program. Net position through December 31, 2015 totaled $26,688. Operating revenues totaled $35,732, an increase of $4,889 over 2014. This increase can be attributed to a rate increase in utility billing.

Operating expenses increased by $3,668 compared to 2014. Expenses in the Organic Division increased due to one-time costs related to capital purchases of equipment and carts for the implementation of organics program in 2015. Expenses also increased by $2,307 due to recognition of pension expense.

These increases were offset by a $1,400 decrease in expenses in the Collection, Disposal, Problem Materials, Transfer Stations, Administration, Clean City, and Equipment divisions. The decrease in these divisions can be attributed to modifications on contracts and split of costs between divisions; fewer purchases of vehicles and equipment; and lower appropriations in City services resulting in lower expenses in the Administrative cost center.

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 $809 during the year. The increase resulted primarily from interest revenue earned on various reserve investments within the fund, and an operating transfer to reduce the deficit in the discontinued theatres operation. The barge related activities of the River Terminal facility have been discontinued. The facility is currently used primarily as leased space for commodity storage. The City intends to develop the site for park and jobs-intensive business uses.

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

Although the financial condition of the internal service funds reached a low point at year-end 2000 when the combined net position deficit had declined to $(54,407), the financial condition improved each year due to key measures taken in 2001. In 2001, a change in accounting principle and prior period adjustments due to the implementation of GASB Statement No. 34 led to an initial improvement of $17,555. The 2001 restatement recognized assets previously unrecorded within the internal service funds. The remaining improvement of $212,903 can be credited to the deficit reduction plans implemented by the managers of each of the respective funds. A milestone was reached in 2012 in that all six of the internal service funds had a positive net position. At the end of 2015, the combined net position in the internal service funds had improved to $176,051. The 2015 combined net position includes an total net effects of $(22,306) due to recognition of long-term pension liabilities, deferred inflows and deferred outflows of resources related to pensions in accordance with GASB Statement No. 68. Of the total adjustment amount, $(14,252) is reflected in the financial reports as a decrease to the beginning net position at January 1, 2015. The following table provides a summary of cash balances, total assets, deferred outflows of resources, total liabilities, deferred inflows of resources, operating income, changes in net position, and the net position for each of the internal service funds:

Internal Service Funds
Key Balance Sheet Account Balances and Operating Activities
December 31, 2015, and 2014

	Engineering Materials and Testing	Intergovern-mental Services	Property Services	Equipment Services	Public Works Stores	Self-Insurance	Total 2015	Total 2014
Cash	$ 1,553	$ 38,360	$ 4,958	$ 23,702	$ 16	$ 75,650	$ 144,239	$ 149,353
Assets	1,795	81,772	37,220	83,056	5,719	76,574	286,136	276,642
Deferred Outflows of Resources	1,011	7,919	4,970	5,539	737	7,013	27,189	-
Liabilities	1,867	25,966	12,027	25,925	1,971	65,831	133,587	97,205
Deferred Inflows of Resources	137	1,074	674	751	100	951	3,687	-
Operating income (loss)	(451)	(2,916)	(1,454)	3,066	55	1,699	(1)	16,465
Change in net position	(450)	4,718	(707)	5,000	133	2,172	10,866	48,295
Restatement	-	-	-	-	-	-	-	(14,252)
Net position	$ 802	$ 62,651	$ 29,489	$ 61,919	$ 4,385	$ 16,805	$ 176,051	$ 165,185

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.

Beginning in 2009 and through 2013, the fund consistently achieved positive net operating income and increased its net position by $1,947 from $28 in 2008 to $1,975 in 2013. In 2013, it was determined to reduce the overhead rates applied to the procurement and sale of asphalt and concrete and to reduce the rates charged for laboratory services. These reductions occurred because of the financial stability of the fund and its compliance with financial policy for minimum cash balance and net position. Continued increases to cash balance and net position were not required. At year-end 2015, the net position is $802 representing a decrease of $450 from the 2015 restated beginning net position of $1,252. The decrease in net position is primarily due to an adjustment of $(873) to recognize the long-term pension liabilities in accordance with GASB Statement No. 68. Of the total adjustment amount, $(530) is reflected in the financial reports as a decrease to the beginning net position at January 1, 2015. The fund maintains a positive cash balance at $1,553 at year-end 2015 which is a decrease of $386 from the 2014 ending balance of $1,936. The decrease in cash is primarily due to the use of net position to purchase a drill rig at a cost of $176.

Intergovernmental Services Fund—This fund accounts for operations of Information Technology (IT); the City Clerk's printing and central mailing services; and the Human Resources technology training services. IT is comprised of telecommunications services, network services, application support, internet and intranet services, convenience copier function, broadband wireless, and deployment of software and hardware. These services are also provided to the Minneapolis Park and Recreation Board, Municipal Building Commission, and the Minneapolis Youth Coordinating Board. In 2015, the fund completed the transition to insource the services provided by the IT helpdesk and desk side support that were previously outsourced.

In 2003, the fund's beginning net position was restated from $(40,850) to $(32,984) to reflect corrections made to accurately present the fund's capital assets, accumulated depreciation, and related liability amounts. The fund has since recorded a total increase in net position of $95,635 through 2015 ending the year at $62,651. In 2015, the fund recognized an adjustment to long-term pension liabilities of $(6,496) in accordance with GASB Statement No. 68. Of the total adjustment amount, $(4,151) is reflected in the financial reports as a decrease to the beginning net position at

January 1, 2015. The actual cash balance at year-end 2015 is $38,360, representing a decrease of $11,528 from the 2014 year-end cash balance of $49,888. The primary reason for the decrease to cash in 2015 is the use of net position to fund one-time expenses related to insourcing the help desk and desk side support functions and contracting with a new provider for managed services. Cash also decreased in 2015 due to the use of unearned revenue to fund PMO projects. In 2010, $4,560 of refunding bonds were issued to retire old debt and achieve a lower interest rate for current debt. At year-end 2015, all existing bond debt obligations were repaid with a final payment of $2,705.

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. In 2011, this fund was transitioned from the Public Works department to the Finance department within the City Coordinator's office. The activities in this fund determined that the fund remain an internal service fund and report to the Chief Financial Officer.

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, which generally results in an operating loss each year and a decrease to net position. In 2015, the fund experienced a decrease of $707 to net position resulting in an ending balance of $29,489 compared to the restated 2015 beginning net position of $30,196. The primary reason for the decrease to net position is the recognition of an adjustment to long-term pension liabilities of $(4,078) in accordance with GASB Statement No. 68. Of the total adjustment amount, $(2,605) is reflected as a decrease to the beginning net position at January 1, 2015. In 2013, the fund received a one-time transfer from the General Fund of $3,282 to assist with the remaining debt service payments of $4,412 obligated through 2018. At year-end 2015, the remaining debt obligation is $2,608. The cash balance increased from $3,758 at year-end 2014 to $4,958 at year-end 2015. The increase in cash resulted from revenue received from the sale of land, an increase to the rental charges for City buildings, and an increase in services provided for repairs and upgrades to City facilities.

Equipment Services Fund—The Equipment Services Fund manages the acquisition, maintenance and disposal of 1,800 units of equipment, primarily the City's fleet of vehicles. The fund also provides technicians to maintain the equipment. Through the end of October 2013, the fund provided the drivers and operators for the equipment that is used in construction and snow removal. Beginning in November 2013, these employees were transitioned out of Equipment Services Fund and reassigned to various Public Works departments. 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.

A long-term financial plan was developed for the fund in 2003. The fund has progressively increased its net position from $13,266 in 2004 to $61,919 in 2015. The net position at year-end 2015 includes an adjustment of $(4,544) due to recognition of long-term pension liabilities in accordance with GASB Statement No. 68. Of the total adjustment amount, $(2,903) is reflected in the financial reports as a decrease to the beginning net position at January 1, 2015. This decrease to net position was offset by an operating gain of $3,066 and a transfer in of $1,912. The 2015 ending cash balance is $23,702, an increase of $515 from the ending balance of $23,187 in 2014. The increases to both cash balance and net position are largely the result of timing differences between when revenue is collected for replacement of vehicles and the delay in the delivery of those vehicles.

Public Works Stores Fund—This fund accounts for the centralized procurement, receiving, warehousing, and distribution of stocked inventory items, and the purchase of special goods and services for City departments. In addition, this fund stores an inventory of traffic signal components for assembly for Public Works-Transportation. At year-end 2015, the fund reported an increase to net position of $133, increasing the net position from a 2015 restated beginning balance of $4,252 to an ending balance of $4,385. The net position at year-end 2015 includes an adjustment of $(605) due to recognition of long-term pension liabilities in accordance with GASB Statement No. 68. Of the total adjustment amount, $(386) is reflected in the financial reports as a decrease to the beginning net position at January 1, 2015. The fund maintained a cash balance of $16 for 2015, an increase of $15 from the ending 2014 cash balance of $1. The fund experienced an increase of $183 in the amount due to other funds resulting in a 2015 year-end balance of $385. In 2015, the fund increased the value of inventory by 8.8% resulting in a year-end balance of $5,703.

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

The net position at year-end 2015 was $16,805, an increase of $2,172 from the restated 2015 beginning net position of $14,633. The net position at year-end 2015 includes an adjustment of $(5,754) due to recognition of long-term pension liabilities in accordance with GASB Statement No. 68. Of the total adjustment amount, $(3,676) is reflected in the financial reports as a decrease to the beginning net position at January 1, 2015. A milestone was reached in 2012 when the net position became positive in the Self-Insurance Fund. The cash balance increased from $70,583 in 2014 to $75,650 at year-end 2015. In 2003, when the fund's net position was a deficit of $(40,983), a long-term financial plan was implemented. The plan was updated in 2012. The performance of the fund compared to the original long-term financial plan shows a net position that is ahead of the plan and a cash balance that is significantly increased over the original forecast.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets—As of December 31, 2015, the City's investment in capital assets for its governmental and business-type activities was $2,212,901 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads, highways, and bridges. The increase in the City's investment in capital assets for the current fiscal year included a 3.7% increase in governmental activities and a 1.5% increase in business-type activities.

The following table summarizes capital assets for governmental and business-type activities for 2015 and 2014:

Capital Assets (Net of depreciation)

	Governmental		Business-Type		Total	
	2015	**2014**	**2015**	**2014**[(a)]	**2015**	**2014**
Land and easements	$ 110,788	$ 110,789	$ 128,382	$ 128,382	$ 239,170	$ 239,171
Construction in progress	198,314	193,890	51,484	46,040	249,798	239,930
Infrastructure	447,989	445,397	-	-	447,989	445,397
Buildings and structures	372,127	369,806	307,099	307,648	679,226	677,454
Public improvements	19,974	21,050	473,339	473,436	493,313	494,486
Machinery and equipment	47,792	44,156	31,707	29,172	79,499	73,328
Computer equipment	4,772	4,812	165	6	4,937	4,818
Software	18,969	6,232	-	-	18,969	6,232
Total	$ 1,220,725	$ 1,196,132	$ 992,176	$ 984,684	$ 2,212,901	$ 2,180,816

(a) The 2014 business-type assets were restated to correct the balances of construction in progress and public improvements. See Note 1 section Q and Note 4 for more information on the restatement.

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

- Major renovation projects continue at the Convention Center including new carpeting throughout and escalator replacement.
- Target Center renovations were in the initial phases of a more than $100,000 renovation project.
- There was approximately $28,019 in governmental infrastructure additions consisting of several major paving and traffic upgrade projects.

- There was $14,853 in software additions in due to the completion of two major software projects. Both the financial management and the human capital management enterprise resource planning systems were upgraded to the most recent versions.

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

Long-term debt—As of December 31, 2015, the City had total long-term bonds and notes outstanding of $764,115 compared to $858,545 in the prior year. Of this amount, $467,648 is related to governmental activities and $296,467 is related to business-type activities. The City had $62,195 or approximately 8.1% of the long-term debt in variable rate mode at year-end. Long-term notes of $151,760 are included in the above total, of which $37,345 is for governmental activities and $114,415 is for business-type activities.

The following table shows various classifications of the City's long-term debt at December 31, 2015 and the amount of principal due in 2016.

Summary of Outstanding Bonds and Notes	Balance 1/1/2015	Additions	Retirements	Balance 12/31/2015	Due in 2016
General Obligation (GO) Bonds and Notes:					
Property Tax Supported GO Bonds	$128,530	$ -	$ 38,365	$ 90,165	$ 21,725
Property Tax Supported GO Notes	-	15,000	-	15,000	-
Self-Supporting GO Bonds	211,770	-	20,995	190,775	21,920
GO Improvement Bonds	49,213	-	14,920	34,293	6,796
GO Improvement Notes	-	5,000	-	5,000	-
Tax Increment GO Bonds	84,180	-	7,825	76,355	4,955
Tax Increment GO Notes	4,060	-	410	3,650	440
Internal Service Fund Related GO Bonds	21,630	-	5,625	16,005	3,035
Enterprise Fund Related GO Bonds	112,627	-	15,365	97,262	14,124
Enterprise Fund Related GO Notes	118,880	-	4,465	114,415	5,725
Total General Obligation Bonds and Notes	730,890	20,000	107,970	642,920	78,720
Revenue Bonds and Notes:					
Economic Development Revenue Bonds	23,500	22,710	23,500	22,710	1,085
Other Community Development Related Bonds	90,100	-	5,310	84,790	4,035
Revenue Notes	14,055	-	360	13,695	380
Total Revenue Bonds and Notes	127,655	22,710	29,170	121,195	5,500
Total Outstanding Bonds and Notes	$858,545	$ 42,710	$ 137,140	$ 764,115	$ 84,220

The City maintained an "AAA" rating from Standard & Poor's and Fitch Ratings and received an "Aa1" from Moody's for its general obligation debt in 2015. Additional information on the City's Long-term debt can be found in Note 5 starting on page 73 of this report.

HISTORICAL AND LONG-TERM FINANCIAL PLANNING

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

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

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

- Like other jurisdictions, employee wages and benefits make up over 59 percent of the City's General Fund expenses, increases to which are driven by rapid growth in healthcare and overtime costs.

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

- In June of 2009, the Governor exercised his authority to "unallot" or unilaterally reduce various state appropriations. The appropriation directly impacting the City of Minneapolis was Local Government Aid (LGA). The City's LGA was reduced by $8.5 million in 2009 and $21.3 million in 2010 as a result of these actions. Following several years of uncertainty in funding from the State of Minnesota in the form of LGA, including the loss of over $70 million from 2008-2011, the State increased the amount of LGA appropriated to the City of Minneapolis from $76.1 million in 2014 to $77.4 million for 2015. A portion of LGA was passed through to the Minneapolis Park and Recreation Board and the Municipal Building Commission component units.

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

- Since 2000, the City continues to lay foundation for a wave of development including large projects associated with building a new stadium in partnership with the State and the Minnesota Vikings and adjacent areas. At nearly $1.4 billion in permitted construction, 2015 was the fourth consecutive year in which Minneapolis experienced more than $1.0 billion in permitted construction projects based on the value of permits issued for the year.

- The City continues to proactively manage its pension liabilities. The City issued bonds in 2002-04 and used one-time funds to meet its pension obligations during those years. The 2016 budget does not project any growth in the cost of closed pension obligations from the prior year. For 2016, the City will levy the same amount for these obligations as it did in 2015 - costs are projected to remain flat in the near term. If recent advances in financial markets continue, it is possible that these costs may actually decline more quickly than currently projected as the Minneapolis Employee Retirement Fund (MERF) merged with the Public Employee Retirement Account (PERA) in 2015 due to reaching the mandated funding ratio of 80 percent.

- Beginning with the 2014 budget cycle, the City implemented the Capital Asset Request System (CARS) to allow departments to submit budget requests for the replacement of capital equipment items greater than five-thousand dollars, such as enterprise software upgrades, vehicles and construction equipment purchases and/or other large dollar items necessary to provide services. The CARS process uses a five-year planning horizon with the intent of establishing normal replacement cycles for all long-term assets used by the City Departments. In the third year of this program, approximately $24.0 million will be dedicated to fund items through this process. The majority of items funded reflect deferred maintenance and replacement costs for existing operating capital including technology upgrades. Of this total, $7.5 million is funded from existing General Fund resources.

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

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

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

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

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

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

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

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Outlook:

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

- For 2016, the Council Adopted Budget for all City funds (including the Neighborhood Revitalization Program, Board of Estimate and Taxation, the Municipal Building Commission, and the City's contribution to the Minneapolis Public Housing Authority) of $1.34 billion which represents a $38.7 million or 3.0% increase from the 2015 Council Adopted Budget of $1.30 billion.

- At the same time, the Council adopted a 2016 property tax levy of $297.6 million, which results in a 3.4% increase, or $10.0 million increase, from the 2015 adopted property tax levy. As part of this budget, funds that have accumulated in the General Fund due to a growing economy and fiscal restraint in prior years allows for utilization of fund balance in the amount of $24.0 million.

- In 2016, City positions grew by 62.5 FTEs and salaries and wages increased by $13.6 million. Health and dental insurance expenditures are budgeted to increase from $68.9 million in 2015 to $72.0 million in 2016. This estimate results from better than anticipated medical renewal rates for 2015 with rate caps for 2016 and 2017, offset by growth in employee headcount, and changes in coverage selections by employees.

- The 2016 budget bolsters public safety by raising the sworn complement of police officers to 862, providing funding for a recruit class and ongoing community service officer classes, and additional civilian personnel to assist in Crime Lab and data analysis. The budget also includes funding for police body cameras and civilian personnel to assist in program implementation. Funding is also included for the EMT Pathways and Community Outreach Explorer programs in the Fire Department which offers leadership development and encourages young and diverse people in Minneapolis public high schools to enter firefighting and emergency services as a career.

- The City's levies for its closed pension funds that merged into the Minnesota State Public Employees' Retirement Association (PERA) remain level at $27.3 million for 2016. Due to sound financial management, the City does not anticipate a need to bond for pension costs in 2016.

- For 2016 – 2020, the five year capital program totals $668.9 million including all funding sources. The 2016 portion of the five-year capital program is $134.8 million which funds accelerated improvements to the City's infrastructure by continuing support for the expanded net debt bond program put in place in 2012.

In the 2016 budget, approximately $24.0 million has been dedicated to fund items through the CARS process. The majority of items funded reflect deferred maintenance and replacement costs for existing operating capital including technology upgrades.

ECONOMIC OUTLOOK AND TAX TRENDS

In 2015 the City of Minneapolis continued to exhibit solid growth in population, jobs, housing, and commercial construction, which collectively strengthened its already strong economic base and contributed to higher than projected building permit fee revenue and tax base growth. Highlights include:

Job Growth

- As of third quarter 2015 [latest available data*], the City had 317,794 jobs, well above its pre-recession high of 296,000 and the highest quarterly total since at least 1960
- The City also added jobs at a faster annual rate (2.0%) than the 7 county metro area and the state
- The average annual unemployment rates for both the City and the 7-county metro area have been lower than those for the state as a whole and for the nation for most of the last ten years; for 2015, the City's average annual unemployment rate was 3.4%, the same as the metro area , but lower than the state (3.7%) and well below the national unemployment rate (5.3%)
- The City's labor force and number of employed residents have both seen steady gains in the six years since the recession's low point of 2009

*Data Source: MN Department of Employment and Economic Development

***Population Growth*—**This growing employment base, as well as a national demographic trend towards urban living, has contributed to population growth since the 2010 Census. In mid-2015, the Metropolitan Council reported that the City had added 28,695 residents since 2010, for an estimated 2014 population of 411,273 a 7.5% increase. The Council further reported that the City of Minneapolis added more population than any other city in the metro area, and that the four year growth rate of 7.5% was higher than the comparable growth rate of 4.5% for the region as a whole.

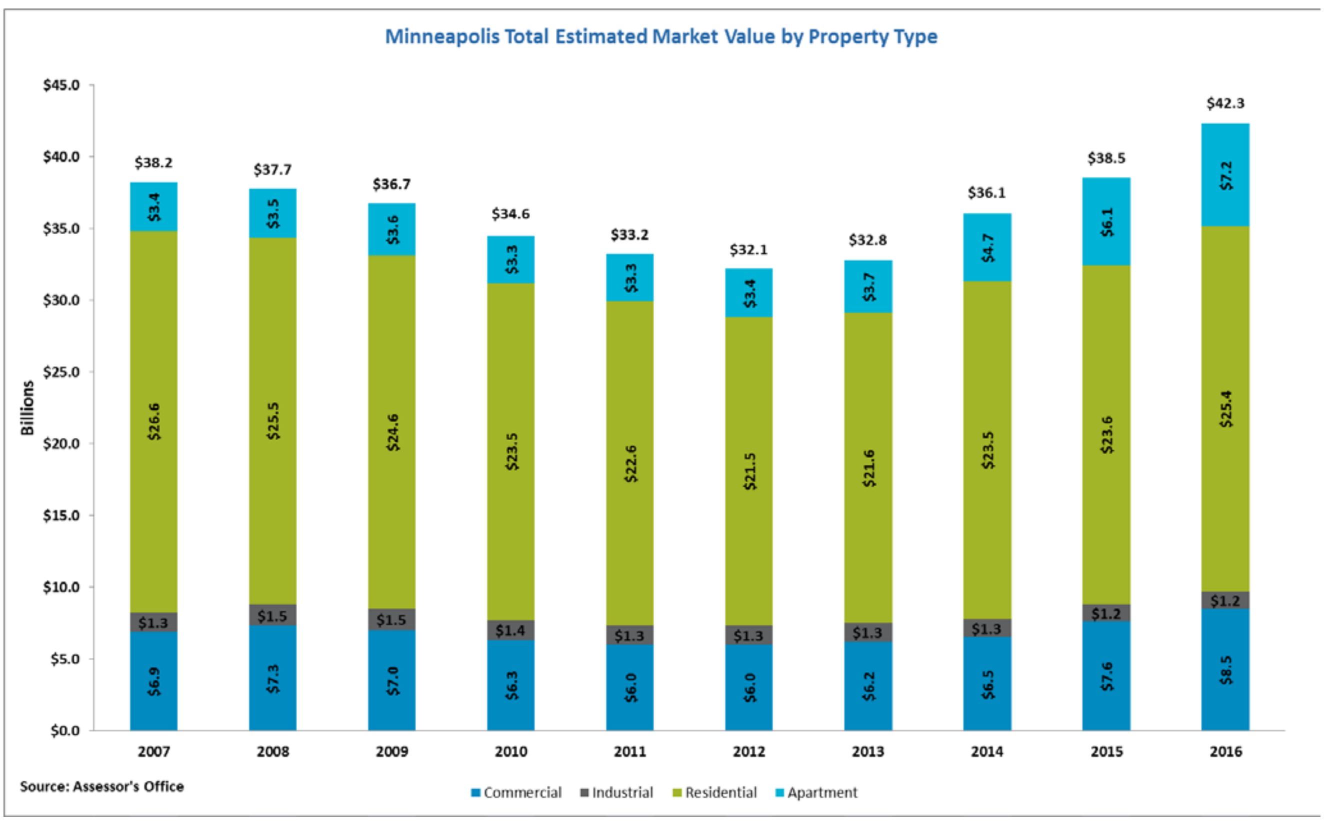
Construction Growth—Total construction value for permits issued in 2015 was $1.39 billion, the second largest annual volume in the last 15 years, second only to the previous year's record level of $2 billion. Hotel development proved to be a trend in 2015 with four new developments and one remodel. Three of the new hotels were located in downtown including the Embassy Suites at 12 6th Street S ($50.9 million), the Marriot AC Hotel at 401 Hennepin Ave ($26.6 million), and the Radisson Red at 609 3rd Street S ($24.0 million) near the new stadium. Additionally, a Hampton Inn & Suites located at 2812 University Avenue SE ($9.7 million) began construction near the University of Minnesota and the Depot Renaissance Inn located at 300 Washington Ave S began its own expansion ($10.7 million) not too far from Downtown East for a total of 926 rooms to be added to the city's hotel allotment.

Housing development also played a big role in 2015 with rental housing leading the way with 17 new apartment projects located throughout the city. The Portland Tower (740 Portland Avenue) also added 113 new condos to downtown for a total of 1,571 new dwelling units added through major developments citywide.

Other major developments over $1 million included: a new headquarters for Xcel Energy, several mixed use commercial properties and office buildings outside of downtown, and numerous public school remodels. In addition, the City saw continued work on two transformative projects downtown: a new $1 billion Vikings football stadium and an adjacent $300 million regional headquarters for Wells Fargo Bank, the first phase of the so-called Downtown East project. Both of these are slated to open in mid-2016. The continuing strong economy and development growth resulted in permit and license revenue exceeding budget expectations by 14%.

Job and population growth have combined to fuel an extraordinary residential building boom, as Minneapolis continued to lead the metro area in housing units permitted. Residential construction decreased in 2015 compared to 2014, but still produced a total of 1,706 new or converted units permitted, higher than the 10 year average.

Citywide Tax Base—As the following chart from the City Assessor indicates, the City's tax base has more than recovered from the Great Recession and reached a record high water mark on January 2, 2016. Significant components of the tax base are discussed in more detail below.



***Residential Tax Base*—**Approximately two-thirds of the value of the City's tax base is comprised of residential property. As a result, real estate prices have a direct and significant impact on the City's overall estimated market value. According to, the Minneapolis Area Association of Realtors, the median residential sales price in 2015 was $220,000, a 7.3% percent increase from $205,000 reported in 2014. This is almost equal to the pre-recession peak of $225,000 in 2006. This recovery in residential value is reflected in the City's overall market value. Minneapolis' total market value for residential property in January 2016 is $25.8 billion dollars.

***Commercial Tax Base*—**Minneapolis maintains the highest concentration of commercial office buildings in the State of Minnesota and therefore is the largest contributor of revenue to the state general property tax on a per city basis. Minneapolis' 2015 Commercial/Industrial (C/I) tax base is estimated at $9.7 billion dollars, of which $5.3 billion resides in the Minneapolis Central Business District (CDB).

The City's commercial tax base hit a low point in 2012 due to the recession, however since that time the C/I tax base has grown 33.1%. Notable commercial projects making the news in 2015 included: the Be The Match headquarters, which was completed in December, Wells-Fargo Towers, U.S. Bank Stadium, Block E – Mayo Clinic Square, the Xcel Energy headquarters office building, and the speculative office development known as T3. New apartment developments continue to be announced as new apartment buildings hold grand openings. Developers and market analysts believe there is still a lot of room for growth in the apartment market before the sector becomes over-built. Downtown Minneapolis added 732 units in 2015 and looks to add another 772 in 2016. Major residential developments in 2015 included the 13-story Latitude 45 and 251-unit A-Mill Artist Lofts. The U of M area added the 333-unit WaHu which are furnished student rentals, and 259-unit Five15 among others. The Minneapolis neighborhoods outside of Downtown and U of M delivered about 390 units in 2015 with more projected for 2016.

According to a leading office market research and leasing firm, the sale of Class A office buildings at record prices will keep pressure on Class A rental rates, a prime bellwether of downtown commercial values. Here are some of the major building sales in 2015:

Building	Address	Total Sale Price
Fifth Street Towers	100 & 150 5th Street South	$ 154,000
RSM Plaza	801 Nicollet Avenue	78,350
Canadian Pacific Plaza	120 6th Street South	68,550
Be the Match	524 5th Street North	68,215
Swervo Portfolio	510 Marquette Avenue	87,500
W Hotel (Foshay)	825 Marquette Avenue	86,000
Westin Hotel	88 6th Street South	66,400
7-West Apartments	1800 Washington Avenue South	54,500
The Paxon (Apartments)	360 1st Street North	38,750
412 Lofts (Apartments)	406 12 Avenue Southeast	26,300

***Downtown Office Space Vacancy Rate*—**Commercial vacancy trends are an important economic gauge for municipalities since they track with commercial property values. Several commercial real estate companies compile and report real estate statistics. At the 2016 Annual Market Outlook conference sponsored by the Business Owners and Managers Association (BOMA), the Minneapolis CBD office vacancy rates were reported to have trended downward to 14.3%, which is close to pre-recession levels. Absorption in the office market was occurring at a healthy pace, rental rates were trending upward for prime space and large blocks of vacant space remained in some desirable Class A office buildings.

REQUESTS FOR INFORMATION

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

(In Thousands)

	Primary Government				
	Governmental Activities	Business-type Activities	Total	Discrete Component Units	Total
ASSETS					
Cash and cash equivalents	$ 587,501	$ 115,713	$ 703,214	$ 26,118	$ 729,332
Investments with trustees	2,187	39,556	41,743	-	41,743
Receivables - net	108,720	25,701	134,421	14,190	148,611
Loans receivable from component unit	2,031	-	2,031	-	2,031
Due from other governmental agencies	44,144	3,326	47,470	1,035	48,505
Capital leases	-	4,035	4,035	-	4,035
Prepaids and other assets	742	-	742	283	1,025
Inventories	6,961	4,649	11,610	42	11,652
Internal balances	16,923	(16,923)	-	-	-
Long-term portion of loans and notes receivable	-	330	330	-	330
Long-term portion of loans due from component unit	1,046	-	1,046	-	1,046
Long-term portion of capital lease receivable	-	80,750	80,750	-	80,750
Properties held for resale	42,364	-	42,364	-	42,364
Capital assets:					
Nondepreciable	309,102	179,866	488,968	133,544	622,512
Depreciable, net	911,623	812,310	1,723,933	207,031	1,930,964
Total assets	$ 2,033,344	$ 1,249,313	$ 3,282,657	$ 382,243	$ 3,664,900
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pensions	$ 235,651	$ 40,164	$ 275,815	$ 37,309	$ 313,124
LIABILITIES					
Accrued salaries and benefits	$ 12,481	$ 1,192	$ 13,673	$ 1,864	$ 15,537
Accounts payable	37,898	10,174	48,072	5,051	53,123
Interest payable	2,946	1,444	4,390	38	4,428
Unpaid claims payable	-	-	-	4,256	4,256
Loans payable to primary government	-	-	-	2,031	2,031
Fiscal agent liability	-	-	-	11	11
Due to other governmental agencies	20	629	649	-	649
Unearned revenue	12,297	1,354	13,651	646	14,297
Deposits held for others	5,816	6,229	12,045	-	12,045
Compensated absences:					
Due within one year	18,064	895	18,959	2,792	21,751
Due beyond one year	17,182	2,090	19,272	1,914	21,186
Other postemployment benefits - due beyond one year	35,340	1,477	36,817	4,257	41,074
Net pension liability	544,402	67,664	612,066	70,256	682,322
Long-term portion of loan payable					
Due to primary government	-	-	-	1,046	1,046
Long-term interest payable	-	-	-	20	20
Long-term liabilities:					
Due within one year	71,931	23,937	95,868	235	96,103
Due beyond one year	453,986	274,978	728,964	3,308	732,272
Total liabilities	$ 1,212,363	$ 392,063	$ 1,604,426	$ 97,725	$ 1,702,151
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - pensions	$ 66,206	$ 5,449	$ 71,655	$ 5,110	$ 76,765
NET POSITION					
Net investment in capital assets	$ 968,927	$ 778,150	$ 1,747,077	$ 337,916	$ 2,084,993
Restricted:					
Debt service	26,936	34,856	61,792	-	61,792
Community & economic development	131,673	-	131,673	-	131,673
Law enforcement	1,499	-	1,499	-	1,499
Grants	2,307	-	2,307	-	2,307
Capital improvements	5,889	-	5,889	178	6,067
Project and grant programs	-	-	-	1,901	1,901
Special trust	-	-	-	115	115
Special reserves	-	-	-	5,622	5,622
Unrestricted	(146,805)	78,959	(67,846)	(29,015)	(96,861)
Total net position	$ 990,426	$ 891,965	$ 1,882,391	$ 316,717	$ 2,199,108

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

For the Fiscal Year Ended December 31, 2015 — (In Thousands)

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position				
					Primary Government				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Discrete Component Units	Total
FUNCTIONS/PROGRAMS									
Primary government									
Governmental Activities:									
General government	$ 97,652	$ 21,577	$ 16,111	$ 4,188	$ (55,776)	$ -	$ (55,776)	$ -	$ (55,776)
Public safety	275,495	16,357	35,431	-	(223,707)	-	(223,707)	-	(223,707)
Public works	122,472	26,976	24,714	1,040	(69,742)	-	(69,742)	-	(69,742)
Culture and recreation	4,570	-	-	-	(4,570)	-	(4,570)	-	(4,570)
Health and welfare	23,462	2,506	13,496	-	(7,460)	-	(7,460)	-	(7,460)
Community planning & economic development	192,957	71,117	37,763	-	(84,077)	-	(84,077)	-	(84,077)
Interest on long-term debt	16,329	-	-	-	(16,329)	-	(16,329)	-	(16,329)
Total governmental activities	732,937	138,533	127,515	5,228	(461,661)	-	(461,661)	-	(461,661)
Business-type Activities:									
Sanitary sewer	53,185	60,151	145	-	-	7,111	7,111	-	7,111
Stormwater	32,331	37,704	2,666	-	-	8,039	8,039	-	8,039
Water treatment and distribution services	64,973	72,624	1,289	-	-	8,940	8,940	-	8,940
Municipal parking	49,086	61,052	114	-	-	12,080	12,080	-	12,080
Solid waste and recycling	34,166	35,494	1,254	-	-	2,582	2,582	-	2,582
Community planning & economic development	6,684	6,494	-	-	-	(190)	(190)	-	(190)
Total business-type activities	240,425	273,519	5,468	-	-	38,562	38,562	-	38,562
Total primary government	$ 973,362	$ 412,052	$ 132,983	$ 5,228	(461,661)	38,562	(423,099)	-	(423,099)
Component units:									
Discrete component units	$ 134,712	$ 42,212	$ 4,028	$ 20,312				(68,160)	(68,160)
General Revenues:									
Taxes:									
General property tax and fiscal disparities					238,745	-	238,745	62,906	301,651
Property tax increment					45,205	-	45,205	-	45,205
Franchise taxes					30,118	-	30,118	-	30,118
Local taxes					78,293	-	78,293	-	78,293
Other taxes					313	-	313	-	313
Local government aid - unrestricted					68,022	-	68,022	233	68,255
Grants and contributions not restricted to programs					-	-	-	9,170	9,170
Unrestricted interest and investment earnings					3,399	306	3,705	1	3,706
Other					11,401	21	11,422	88	11,510
Gain on sale of capital assets					268	-	268	183	451
Transfers					14,604	(14,604)	-	-	-
Total general revenues and transfers					490,368	(14,277)	476,091	72,581	548,672
Change in net position					28,707	24,285	52,992	4,421	57,413
Net position - January 1, restated (see Note 1Q)					961,719	867,680	1,829,399	312,296	2,141,695
Net position - December 31					$ 990,426	$ 891,965	$ 1,882,391	$ 316,717	$ 2,199,108

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

(In Thousands)

	General	Community Planning and Economic Development	Permanent Improvement	Special Assessment	Non-Major Governmental	Total
ASSETS						
Cash and cash equivalents	$ 117,626	$ 165,674	$ 16,116	$ 5,055	$ 138,791	$ 443,262
Investments with trustees	-	-	-	-	2,187	2,187
Receivables:						
Accounts - net	11,303	296	1,096	-	2,530	15,225
Taxes	3,183	158	22	-	1,367	4,730
Special assessments	529	597	2,812	35,943	1,230	41,111
Intergovernmental	5,225	406	31,544	-	6,969	44,144
Loans - net	-	24,555	-	-	21,225	45,780
Loans due from component unit	-	47	-	-	3,030	3,077
Accrued interest	869	376	44	9	260	1,558
Due from other funds	-	-	-	-	2,500	2,500
Advances to other funds	1,250	2,750	-	-	1,750	5,750
Properties held for resale	-	33,109	-	-	8,822	41,931
Prepaid items	1	-	-	-	-	1
Total assets	$ 139,986	$ 227,968	$ 51,634	$ 41,007	$ 190,661	$ 651,256
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Salaries payable	$ 10,826	$ 23	$ 208	$ -	$ 646	$ 11,703
Accounts payable	16,838	448	6,016	13	7,752	31,067
Intergovernmental payable	-	-	-	-	20	20
Due to other funds	-	-	-	-	2,500	2,500
Deposits held for others	3,169	622	360	-	1,665	5,816
Advances from other funds	-	-	4,000	-	-	4,000
Unearned revenue	9	-	977	-	4,358	5,344
Total liabilities	30,842	1,093	11,561	13	16,941	60,450
Deferred Inflows of Resources:						
Unavailable Revenue	3,153	25,689	33,554	36,271	23,039	121,706
Fund balances:						
Nonspendable	1,251	33,109	-	-	8,822	43,182
Restricted	-	131,673	5,889	4,723	26,019	168,304
Assigned	-	36,404	630	-	115,840	152,874
Unassigned	104,740	-	-	-	-	104,740
Total fund balances	105,991	201,186	6,519	4,723	150,681	469,100
Total liabilities, deferred inflows of resources, and fund balances	$ 139,986	$ 227,968	$ 51,634	$ 41,007	$ 190,661	$ 651,256

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, 2015

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

Fund balances - total governmental funds		$ 469,100
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Non-depreciable	265,012	
Depreciable	1,517,660	
Accumulated depreciation	(695,008)	1,087,664
Deferred inflows are not available to pay for current-period expenditures and, therefore, in the governmental funds, are unavailable revenue.		121,706
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.		176,051
Receivable from business-type funds for internal service fund activity.		16,923
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds and notes payable and any related unamortized premiums/discounts	(457,339)	
Other postemployment benefits payable	(34,575)	
Operating and capital leases payable	(182)	
Bond interest payable	(2,907)	
Compensated absences	(33,364)	(528,367)
The City's net pension liability and related deferred inflows and deferred outflows are recorded only on the government-wide statement of net position. Balances at year end are:		
Deferred outflows - pensions	208,462	
Net pension liability	(498,594)	
Deferred inflows - pensions	(62,519)	(352,651)
Net position of governmental activities		$ 990,426

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

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended December 31, 2015 **(In Thousands)**

	General	Community Planning and Economic Development	Permanent Improvement	Special Assessment	Non-Major Governmental	Total
REVENUES:						
Taxes	$ 267,316	$ 44,428	$ 3,740	$ -	$ 77,531	$ 393,015
Licenses and permits	44,317	-	290	-	1,271	45,878
Intergovernmental revenues	82,625	3	18,944	-	59,381	160,953
Charges for services and sales	46,873	4,940	10,258	-	9,538	71,609
Fines and forfeits	6,539	-	-	-	314	6,853
Special assessments	3,202	84	2,105	10,240	10,149	25,780
Investment earnings	1,613	936	114	59	1,181	3,903
Miscellaneous revenues	3,398	9,003	1,184	122	21,760	35,467
Total revenues	455,883	59,394	36,635	10,421	181,125	743,458
EXPENDITURES:						
Current:						
General government	67,160	-	-	-	35,396	102,556
Public safety	235,092	-	-	-	21,889	256,981
Public works	53,019	-	-	-	1,065	54,084
Culture and recreation	2,363	-	-	-	-	2,363
Health and welfare	8,289	-	-	-	12,946	21,235
Community planning & economic development	31,167	40,871	-	-	89,830	161,868
Capital outlay	-	-	76,361	-	-	76,361
Intergovernmental:						
General government	-	-	647	-	-	647
Public safety	-	-	-	-	168	168
Culture and recreation	-	-	2,207	-	-	2,207
Debt Service:						
Principal retirement	-	-	-	14,921	68,950	83,871
Interest and fiscal charges	-	-	-	1,461	14,733	16,194
Bond issuance costs	-	-	-	-	482	482
Payments to refunded bond escrow agents	-	-	-	-	22,753	22,753
Total expenditures	397,090	40,871	79,215	16,382	268,212	801,770
Excess (deficiency) of revenues over (under) expenditures	58,793	18,523	(42,580)	(5,961)	(87,087)	(58,312)
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	4,258	2,423	1,604	439	105,330	114,054
Transfers to other funds	(59,499)	(23,567)	(3,382)	-	(29,495)	(115,943)
Premium (discount)	-	-	-	-	135	135
Refunding bonds issued	-	-	-	-	22,710	22,710
Loans and notes issued	-	-	20,000	-	-	20,000
Total other financing sources (uses)	(55,241)	(21,144)	18,222	439	98,680	40,956
Net change in fund balances	3,552	(2,621)	(24,358)	(5,522)	11,593	(17,356)
Fund balances - January 1	102,439	203,807	30,877	10,245	139,088	486,456
Fund balances - December 31	$ 105,991	$ 201,186	$ 6,519	$ 4,723	$ 150,681	$ 469,100

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, 2015

(In Thousands)

Net increase (decrease) in fund balances - total governmental funds		$ (17,356)
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.		10,866
Transfers from business-type funds for internal service fund activity.		(271)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for general capital assets, infrastructure, and other related capital assets:	51,930	
Less loss on retirement of capital assets	(179)	
Less current year depreciation	(40,931)	10,820
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	121,706	
Deferred inflows of resources - January 1	(108,995)	12,711
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Bonds principal payments	83,871	
Bond proceeds	(22,710)	
Loans and notes proceeds	(20,000)	
Premium/discount	(135)	41,026
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	(135)	
Change in other postemployment benefits payable	(2,610)	
Change in compensated absences	(1,002)	
Change in net pension liability	(50,294)	
Change in other long-term liabilities	24,952	(29,089)
Increase (decrease) in net position of governmental activities		$ 28,707

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

(In Thousands)

	Business-type Activities - Enterprise Funds							Governmental Activities
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development	Total	Internal Service Funds
ASSETS								
Current assets:								
Cash and cash equivalents	$ 12,422	$ 35,862	$ 30,084	$ 13,957	$ 22,568	$ 820	$ 115,713	$ 144,239
Investments with trustees	-	-	-	-	-	39,556	39,556	-
Receivables:								
Accounts - net	3,934	3,327	4,646	926	3,261	76	16,170	316
Special assessments:								
Current	113	224	1,113	58	133	-	1,641	-
Delinquent	23	51	122	7	29	-	232	-
Deferred	-	-	1,376	5,978	-	-	7,354	-
Intergovernmental	-	334	653	2,308	31	-	3,326	-
Loans	-	-	-	-	-	50	50	-
Accrued interest	-	-	-	-	-	254	254	-
Capital leases	-	-	-	-	-	4,035	4,035	-
Due from other funds	-	-	-	-	-	-	-	385
Inventories	-	-	2,660	-	1,989	-	4,649	6,961
Properties held for resale	-	-	-	-	-	-	-	433
Prepaid items	-	-	-	-	-	-	-	741
Total current assets	16,492	39,798	40,654	23,234	28,011	44,791	192,980	153,075
Long-term assets:								
Receivables:								
Loans	-	-	-	-	-	330	330	-
Capital leases	-	-	-	-	-	80,750	80,750	-
Capital assets:								
Nondepreciable:								
Land and easements	1	7,211	2,993	112,452	1,877	3,848	128,382	23,007
Construction in progress	11,240	18,527	17,532	1,932	2,253	-	51,484	21,083
Depreciable:								
Buildings and structures	-	-	231,949	284,077	2,047	12,743	530,816	55,650
Less accumulated depreciation	-	-	(79,187)	(130,643)	(2,041)	(11,846)	(223,717)	(31,278)
Public improvements	162,520	382,159	175,538	7,654	-	-	727,871	9,641
Less accumulated depreciation	(61,664)	(113,639)	(77,723)	(1,506)	-	-	(254,532)	(3,910)
Machinery and equipment	1,515	1,622	38,901	5,003	14,662	347	62,050	99,840
Less accumulated depreciation	(1,266)	(1,488)	(13,038)	(4,627)	(9,577)	(347)	(30,343)	(64,612)
Computer equipment	10	193	270	1,041	178	-	1,692	70,598
Less accumulated depreciation	(10)	(193)	(105)	(1,041)	(178)	-	(1,527)	(65,927)
Software	-	1,488	269	130	955	-	2,842	52,149
Less accumulated depreciation	-	(1,488)	(269)	(130)	(955)	-	(2,842)	(33,180)
Other capital outlay	-	-	19	15	-	-	34	51
Less accumulated depreciation	-	-	(19)	(15)	-	-	(34)	(51)
Total long - term assets	112,346	294,392	297,130	274,342	9,221	85,825	1,073,256	133,061
Total assets	$ 128,838	$ 334,190	$ 337,784	$ 297,576	$ 37,232	$ 130,616	$ 1,266,236	$ 286,136
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows - pensions	$ 4,402	$ 7,351	$ 15,522	$ 3,685	$ 9,204	$ -	$ 40,164	$ 27,189

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

(In Thousands)

	Business-type Activities - Enterprise Funds							Governmental Activities
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development	Total	Internal Service Funds
LIABILITIES								
Current liabilities:								
Salaries payable	$ 121	$ 234	$ 486	$ 104	$ 244	$ 3	$ 1,192	$ 778
Accounts payable	1,246	712	3,485	3,440	1,212	79	10,174	6,831
Intergovernmental payable	-	-	-	52	577	-	629	-
Due to other funds	-	-	-	-	-	-	-	385
Deposits held for others	-	-	121	1,887	-	4,221	6,229	-
Interest payable	11	8	786	243	-	396	1,444	39
Unearned revenue	-	87	-	-	-	1,267	1,354	6,953
Bonds payable - current portion	2,000	2,553	5,030	4,594	-	4,035	18,212	3,035
Notes payable - current portion	-	-	4,350	1,375	-	-	5,725	-
Compensated absences payable - current portion	98	173	366	71	185	2	895	565
Unpaid claims payable - current portion	-	-	-	-	-	-	-	11,595
Total current liabilities	3,476	3,767	14,624	11,766	2,218	10,003	45,854	30,181
Long-term liabilities:								
Bonds payable	$ 3,923	$ -	$ 17,073	$ 64,537	$ -	$ 80,755	$ 166,288	$ 13,388
Advances from other funds	-	-	-	-	-	-	-	1,750
Notes payable	-	-	71,520	37,170	-	-	108,690	-
Compensated absences payable	230	404	854	165	431	6	2,090	1,317
Other postemployment benefits	130	212	624	167	344	-	1,477	765
Net pension liability	7,416	12,383	26,150	6,209	15,506	-	67,664	45,808
Unpaid claims payable	-	-	-	-	-	-	-	40,378
Total long-term liabilities	11,699	12,999	116,221	108,248	16,281	80,761	346,209	103,406
Total liabilities	$ 15,175	$ 16,766	$ 130,845	$ 120,014	$ 18,499	$ 90,764	$ 392,063	$ 133,587
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows - pensions	$ 597	$ 997	$ 2,106	$ 500	$ 1,249	$ -	$ 5,449	$ 3,687
NET POSITION								
Net investment in capital assets	$ 106,521	$ 291,840	$ 199,158	$ 166,665	$ 9,221	$ 4,745	$ 778,150	$ 117,451
Restricted - debt service	-	-	-	-	-	34,856	34,856	-
Unrestricted	10,947	31,938	21,197	14,082	17,467	251	95,882	58,600
Total net position	$ 117,468	$ 323,778	$ 220,355	$ 180,747	$ 26,688	$ 39,852	$ 908,888	$ 176,051

Net position - total enterprise funds	$ 908,888
Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.	(16,923)
Net position of business-type activites	$ 891,965

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

(In Thousands)

	Business-type Activities - Enterprise Funds							Governmental Activities
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development	Total	Internal Service Funds
Operating revenues:								
Licenses and permits	$ 81	$ -	$ 89	$ 386	$ -	$ -	$ 556	$ -
Intergovernmental revenues	-	1,326	-	-	-	-	1,326	-
Charges for services and sales	60,132	37,704	72,658	60,702	35,500	1,522	268,218	95,362
Fines and forfeits	-	-	-	-	-	-	-	28
Special assessments	119	235	345	-	232	-	931	-
Interest	-	-	-	-	-	4,972	4,972	-
Rents and commissions	-	-	-	10	-	-	10	29,177
Total operating revenues	60,332	39,265	73,092	61,098	35,732	6,494	276,013	124,567
Operating expenses:								
Personnel costs	5,775	9,981	22,676	5,073	13,333	128	56,966	44,002
Contractual services	13,475	13,702	20,493	33,008	17,563	1,211	99,452	52,362
Materials, supplies, services and other	36,995	4,173	12,102	2,520	2,698	17	58,505	15,688
Depreciation	1,522	4,339	10,615	6,456	976	348	24,256	12,516
Total operating expenses	57,767	32,195	65,886	47,057	34,570	1,704	239,179	124,568
Operating income (loss)	2,565	7,070	7,206	14,041	1,162	4,790	36,834	(1)
Nonoperating revenues (expenses):								
Intergovernmental	26	1,105	-	-	1,022	-	2,153	-
Interest revenue	-	-	-	-	-	306	306	-
Interest expense	(113)	(136)	(2,535)	(2,415)	-	(4,980)	(10,179)	(451)
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	228
Special assessments	-	-	944	114	-	-	1,058	-
Other revenues	-	-	7	14	-	-	21	3,022
Total nonoperating revenues (expenses)	(87)	969	(1,584)	(2,287)	1,022	(4,674)	(6,641)	2,799
Income (loss) before transfers	2,478	8,039	5,622	11,754	2,184	116	30,193	2,798
Transfers in (out):								
Transfers from other funds	-	-	1,390	525	471	693	3,079	10,682
Transfers to other funds	(1,285)	(110)	-	(7,863)	-	-	(9,258)	(2,614)
Total transfers	(1,285)	(110)	1,390	(7,338)	471	693	(6,179)	8,068
Change in net position	1,193	7,929	7,012	4,416	2,655	809	24,014	10,866
Net position - January 1, as restated (see Note 1)	116,275	315,849	213,343	176,331	24,033	39,043	884,874	165,185
Net position - December 31	$ 117,468	$ 323,778	$ 220,355	$ 180,747	$ 26,688	$ 39,852	$ 908,888	$ 176,051

Change in net position - total enterprise funds	$ 24,014
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.	271
Change in net position of business-type activities	$ 24,285

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

(In Thousands)

	Business-type Activities - Enterprise Funds							Governmental Activities
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development	Total	Internal Service Funds
Cash flows from operating activities:								
Cash received from customers	$ 60,488	$ 38,115	$ 72,664	$ 60,130	$ 35,342	$ 11,993	$ 278,732	$ 591
Intergovernmental receipts	-	1,324	-	-	-	-	1,324	-
Cash received from interfund activities	44	65	356	866	6	-	1,337	121,178
Contribution (withdrawal from developer)	-	-	-	-	-	(2,951)	(2,951)	-
Payments to suppliers	(43,231)	(5,594)	(19,365)	(30,749)	(16,357)	(1,242)	(116,538)	(58,679)
Payments to employees	(4,562)	(7,861)	(18,620)	(4,027)	(10,963)	(137)	(46,170)	(36,408)
Payments for interfund activities	(6,386)	(12,759)	(11,880)	(5,317)	(4,616)	-	(40,958)	(9,033)
Other nonoperating revenues	-	-	7	14	-	-	21	3,022
Net cash provided (used) by operating activities	6,353	13,290	23,162	20,917	3,412	7,663	74,797	20,671
Cash flows from non-capital financing activities:								
Subsidies from federal and local grants	-	-	66	-	-	-	66	-
Transfers from other funds	-	-	1,390	525	471	693	3,079	10,682
Repayment of advances from other funds	-	-	-	-	-	-	-	(1,500)
Principal paid on bonds and notes	-	-	-	-	-	(5,310)	(5,310)	-
Interest paid on bonds and notes	-	-	-	-	-	(5,002)	(5,002)	-
Transfers to other funds	(1,285)	(110)	-	(7,863)	-	-	(9,258)	(2,614)
Intergovernmental	26	1,105	-	-	1,022	-	2,153	-
Net cash provided (used) by non-capital financing activities	(1,259)	995	1,456	(7,338)	1,493	(9,619)	(14,272)	6,568
Cash Flows from capital and related financing activities:								
Principal paid on bonds	(3,500)	(2,236)	(4,294)	(5,335)	-	-	(15,365)	(5,625)
Interest paid on bonds	(320)	(794)	(1,027)	(3,237)	-	-	(5,378)	(666)
Principal paid on notes	-	-	(4,360)	(105)	-	-	(4,465)	-
Interest paid on notes	-	-	(2,094)	(226)	-	-	(2,320)	-
Capital contributions	-	-	202	-	-	-	202	-
Special assessments	-	-	944	602	-	-	1,546	-
Acquisition and construction of capital assets	(7,972)	(10,354)	(9,038)	(1,819)	(2,257)	-	(31,440)	(26,491)
Proceeds from sale of capital assets	-	-	-	-	191	-	191	429
Net cash provided (used) by capital and related financing activities	(11,792)	(13,384)	(19,667)	(10,120)	(2,066)	-	(57,029)	(32,353)
Cash flows from investing activities:								
Purchase of investments	-	-	-	-	-	(18,131)	(18,131)	-
Sale of investments	-	-	-	-	-	20,555	20,555	-
Interest	-	-	-	-	-	337	337	-
Net cash provided (used) by investing activities	-	-	-	-	-	2,761	2,761	-
Net increase (decrease) in cash and cash equivalents	(6,698)	901	4,951	3,459	2,839	805	6,257	(5,114)
Cash and cash equivalents, beginning of year	19,120	34,961	25,133	10,498	19,729	15	109,456	149,353
Cash and cash equivalents, end of year	$ 12,422	$ 35,862	$ 30,084	$ 13,957	$ 22,568	$ 820	$ 115,713	$ 144,239
Reconciliation of operating income to net cash provided (used) by operating activities								
Operating income (loss)	$ 2,565	$ 7,070	$ 7,206	$ 14,041	$ 1,162	$ 4,790	$ 36,834	$ (1)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:								
Depreciation	1,522	4,339	10,615	6,456	976	348	24,256	12,516
Accounts receivable - net	119	51	105	2,188	(387)	(19)	2,057	(223)
Intergovernmental receivable	38	(2)	-	(2,308)	(4)	-	(2,276)	1
Loans receivable	-	-	-	-	-	53	53	-
Special assessments receivable	44	103	(207)	-	8	-	(52)	-
Capital leases receivable	-	-	-	-	-	5,310	5,310	-
Inventories	-	-	399	-	(546)	-	(147)	(461)
Prepaid items	-	-	-	-	-	-	-	33
Deferred outflows - pensions	(3,971)	(6,631)	(14,001)	(3,324)	(8,302)	-	(36,229)	(24,526)
Salaries payable	(6)	12	(43)	1	(22)	(1)	(59)	(13)
Accounts payable	853	(478)	951	(590)	(409)	(14)	313	(1,253)
Intergovernmental payable	-	-	-	52	242	-	294	-
Deposits held for others	-	-	28	18	-	(3,005)	(2,959)	-
Unearned revenue	-	87	-	-	-	209	296	(2,677)
Compensated absences payable	35	98	(5)	18	13	(8)	151	179
Other postemployment benefits	(120)	(166)	(492)	(65)	(348)	-	(1,191)	(626)
Net pension liability	4,677	7,810	16,493	3,916	9,780	-	42,676	28,890
Unpaid claims payable	-	-	-	-	-	-	-	2,123
Deferred inflows - pensions	597	997	2,106	500	1,249	-	5,449	3,687
Other nonoperating revenues	-	-	7	14	-	-	21	3,022
Net cash provided (used) by operating activities	$ 6,353	$ 13,290	$ 23,162	$ 20,917	$ 3,412	$ 7,663	$ 74,797	$ 20,671
Non-cash investing, capital and financing activities:								
Capitalization of interest on construction in progress	$ 59	$ 136	$ 211	$ 40	$ -	$ -	$ 446	$ -
Increase (decrease) in the value of investments reported at fair value	-	-	-	-	-	393	393	-
Loss on disposal of capital assets	-	-	-	-	-	-	-	(201)

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

STATEMENT OF FIDUCIARY NET POSITION **CITY OF MINNEAPOLIS, MINNESOTA**
FIDUCIARY FUNDS
December 31, 2015 **(In Thousands)**

		Agency Funds
ASSETS		
Cash and cash equivalents	$	1,267
Receivables:		
Accounts - net		298
Total assets	$	1,565
LIABILITIES		
Accounts payable	$	1,291
Intergovernmental payable		274
Total liabilities	$	1,565

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

(In Thousands)

	Minneapolis Park and Recreation Board	Municipal Building Commission	Meet Minneapolis	Minneapolis Telecommunications Network	Total Discrete Component Units
ASSETS					
Cash and investments	$ 22,063	$ 1,977	$ 1,951	$ 127	$ 26,118
Receivables - net	12,901	-	1,284	5	14,190
Due from other governmental agencies	-	1,035	-	-	1,035
Prepaids and other assets	60	-	156	67	283
Inventories	42	-	-	-	42
Capital assets:					
Nondepreciable	121,530	12,014	-	-	133,544
Depreciable, net	193,625	11,650	1,538	218	207,031
Total assets	$ 350,221	$ 26,676	$ 4,929	$ 417	$ 382,243
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pensions	$ 36,454	$ 855	$ -	$ -	$ 37,309
LIABILITIES					
Accrued salaries and benefits	$ 1,087	$ 112	$ 644	$ 21	$ 1,864
Accounts payable	3,702	942	406	1	5,051
Interest payable	-	-	38	-	38
Unpaid claims payable	4,256	-	-	-	4,256
Loans payable to primary government	-	-	2,020	11	2,031
Fiscal agent liability	-	-	-	11	11
Unearned revenue	190	-	456	-	646
Compensated absences:					
Due within one year	2,631	161	-	-	2,792
Due beyond one year	1,863	51	-	-	1,914
Other postemployment benefits - due beyond one year	3,921	336	-	-	4,257
Net pension liability	65,747	4,509	-	-	70,256
Long-term portion of loan payable -					
Due to primary government	-	-	1,010	36	1,046
Long-term interest payable	20	-	-	-	20
Long - term liabilities:					
Due within one year	52	-	171	12	235
Due beyond one year	2,271	-	1,000	37	3,308
Total liabilities	$ 85,740	$ 6,111	$ 5,745	$ 129	$ 97,725
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pensions	$ 3,706	$ 1,404	$ -	$ -	$ 5,110
NET POSITION					
Net investment in capital assets	$ 312,832	$ 23,664	$ 1,202	$ 218	$ 337,916
Restricted					
Capital improvements	178	-	-	-	178
Project and grant programs	1,894	-	-	7	1,901
Special trust	115	-	-	-	115
Special reserves	5,622	-	-	-	5,622
Unrestricted	(23,412)	(3,648)	(2,018)	63	(29,015)
Total net position	$ 297,229	$ 20,016	$ (816)	$ 288	$ 316,717

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, 2015

(In Thousands)

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Minneapolis Park and Recreation Board	Municipal Building Commission	Meet Minneapolis	Minneapolis Telecommunications Network	Total Discrete Component Units
FUNCTIONS/PROGRAMS									
Minneapolis Park and Recreation Board	$ 111,837	$ 20,992	$ 4,028	$ 18,844	$ (67,973)	$ -	$ -	$ -	$ (67,973)
Municipal Building Commission	11,563	8,232	-	1,468	-	(1,863)	-	-	(1,863)
Meet Minneapolis	10,677	12,417	-	-	-	-	1,740	-	1,740
Minneapolis Telecommunications Network	635	571	-	-	-	-	-	(64)	(64)
Total discrete component unit activities	$ 134,712	$ 42,212	$ 4,028	$ 20,312	(67,973)	(1,863)	1,740	(64)	(68,160)
General Revenues:									
Taxes:									
General property tax and fiscal disparities					62,906	-	-	-	62,906
Local government aid - unrestricted					-	233	-	-	233
Grants and contributions not restricted to specific programs					9,170	-	-	-	9,170
Unrestricted interest and investment earnings					1	-	-	-	1
Other					-	75	13	-	88
Gain on sale of capital assets					183	-	-	-	183
Total general revenues					72,260	308	13	-	72,581
Change in net position					4,287	(1,555)	1,753	(64)	4,421
Net position - January 1, restated (see Note 1)					292,942	21,571	(2,569)	352	312,296
Net position - December 31					$ 297,229	$ 20,016	$ (816)	$ 288	$ 316,717

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A – Reporting Entity

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

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

Blended Component Unit

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

- **Board of Estimate and Taxation**

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

Discretely Presented Component Units

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

- **Minneapolis Park and Recreation Board**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A – Reporting Entity

Discretely Presented Component Units

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

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

- **Municipal Building Commission**

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

- **Meet Minneapolis**

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

- **Minneapolis Telecommunications Network**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A – Reporting Entity

Discretely Presented Component Units

- **Minneapolis Telecommunications Network (continued)**

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

Related Organizations

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

- **Minnesota Sports Facilities Authority**

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

- **Minneapolis Public Housing Authority**

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A – Reporting Entity (continued)

Joint Ventures

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

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

  The Minneapolis-Duluth/Superior Passenger Rail Alliance 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 nine-member 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, MN 55734.

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

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

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

- **Minneapolis Youth Coordinating Board**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A – Reporting Entity

Joint Ventures (continued)

- **Metropolitan Emergency Services Board**

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

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

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

- **Mississippi Watershed Management Organization**

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

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

- **Shingle Creek Watershed Management Commission**

  The City is one of 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 nine cities with land in the Shingle Creek watershed entered into 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 Organization are available by contacting them at 3235 Fernbrook Lane N, Plymouth, MN 55447.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A – Reporting Entity

Joint Ventures (continued)

- **Basset Creek Watershed Management Commission**

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

  Current financial statements of the Basset Creek Watershed Management Commission are available on their website at www.bassettcreekwmo.org

B – Basis of Presentation

Government-Wide Financial Statements

The *statement of net position* and *statement of activities* display information about the primary government (the City) and its component units using the economic resources measurement focus and the 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. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between *governmental* and *business-type activities* of the City and between the City and its discretely presented component units. *Governmental* activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type* activities, which rely, to a significant extent, on fees charged to external parties.

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B – Basis of Presentation (continued)

Fund Financial Statements

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

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

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

Governmental Funds

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B – Basis of Presentation

Governmental Funds (continued)

accounted for on a spending, or "financial flow," measurement focus. This means that only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, as defined by GAAP, are generally included on the balance sheets. Reported fund balance (net current assets and deferred outflows of resources) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing

sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, governmental funds are said to present a summary of sources and uses of "available spendable resources" during a period.

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

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

The City reports the following major governmental funds:

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

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

- **Capital Project Fund – Permanent Improvement**
  This fund is used to account for capital acquisition, construction and improvement projects including bridge construction, sidewalk construction, street construction, the Heritage Park Project, 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 accrual basis of accounting. Revenues are recognized when they are earned. Unbilled utility service receivables are recorded at year-end. Expenses are recognized when they are incurred. Compensated absences are considered expenses when they are incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B – Basis of Presentation

Proprietary Funds (continued)

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

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

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

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

Enterprise Funds

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

The City reports the following major enterprise funds:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B – Basis of Presentation

Enterprise Funds (continued)

- **Solid Waste and Recycling Fund**
  This fund is used to account for the revenues and expenses for solid waste collection, disposal and recycling activities.

- **Community Planning and Economic Development Fund**
  This fund is used to account for the enterprise fund activities of the Department of Community Planning and Economic Development.

Non-Major Funds

The City reports the following non-major governmental funds:

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

Debt Service Funds:
Community Development Agency
Development
General Debt Service

Additionally, the City reports the following fund types:

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B – Basis of Presentation

Non-Major Funds (continued)

- **Agency Funds**

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

  - Minneapolis Agency
  - Skyway Debt Service Agency
  - Minneapolis Youth Coordinating Board Agency
  - Joint Board Agency

C – Budgets

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

The 2014 process for the 2015 budget involved the following:

January – early April

Department-level assessment of prior year and planning for current year
Analysis of what a department accomplished over the past year leads it to assess its business plan and make appropriate changes to the plan for the next year. Featured elements are reported and the reports made public. This analysis and reporting is the Department Results Minneapolis program. Additionally, the City engages in citywide strategic planning every four years to develop strategic policy guidance. The vision, values, city goals and strategic directions serve as guideposts for each department as it develops its business plan.

March

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

March – April

Capital Improvement Budget Development
The City has a five-year capital improvement plan. The departments prepare and modify capital improvement proposals on an annual basis. Finance, CPED, and the capital long-range improvements committee (CLIC) review the capital improvement proposals of the departments. CLIC is the citizen advisory committee to the Mayor and the City Council on capital programming.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C – Budgets (continued)

April – June

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

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

June – August

Mayor's Recommended Budget
The 2015 Mayor's Recommended Budget was based on program proposals submitted by departments. These program proposals are reviewed and discussed by the submitting department, the Mayor's Office, Council Members, the Coordinator's Office and Finance for priority-setting. In addition to reviewing operating budgets, the Mayor meets with representatives from CLIC before finalizing the capital budget recommendation. By City Charter, the Mayor must make recommendations to the City Council on the budget no later than August 15 of each year.

September

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

September – November

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

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

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C – Budgets (continued)

December

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

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

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

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

	Expenditure Budget at Beginning of Year	Changes During Year	Expenditure Budget at End of Year
General	$ 406,289	$ 2,045	$ 408,334
CPED Special Revenue	25,586	37,831	63,417
Arena Reserve Special Revenue	6,765	5,881	12,646
Board of Estimate and Taxation	188	16	204
Convention Center Special Revenue	45,863	4,605	50,468
HUD Consolidated Plan Special Revenue	15,514	6,887	22,401
Self-Managed Special Service Distrcits Special Revenue	6,100	150	6,250
Grants – Federal Special Revenue	10,419	12,153	22,572
Grants – Other Special Revenue	8,106	20,760	28,866
Police Special Revenue	2,132	41	2,173
Total	$ 526,962	$ 90,369	$ 617,331

The following non-major special revenue funds had expenditures in excess of appropriation for the fiscal year ending December 31, 2015.

	Final Budgeted Amounts	Actual	Variance
Board of Estimate and Taxation	$ 204	$ 206	$ (2)
Employee Retirement	35,638	37,612	(1,974)

To mitigate the effects of these excess expenditures, the City regularly reviews budgetary performance and makes adjustments as necessary.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D – Non-Current Governmental Assets/Liabilities

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

E – Deposits and Investments

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

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

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

F – Inventories of Materials And Supplies And Prepaid Items

Depending on the nature of the item, inventories are valued using the moving average valuation method or using the last price of the item purchased. Also, and depending on the nature of the item or the fund in which the inventory is recorded, the costs of inventories are recorded as expenses/expenditures when purchased, or when consumed rather than when purchased. Governmental fund inventories are recorded as expenditures at the time the inventory is consumed. Reported inventories of governmental funds are equally offset by nonspendable fund balance, to indicate the portion of fund balance not available for future appropriation. Inventory recorded in the proprietary funds is expensed as the supplies and materials are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government wide statement of net position and fund financial statements.

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.

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

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 deferred assessments for various services including street and utility improvements. City Council approves special assessments throughout the year. These assessments are reported in the General Fund, Permanent Improvement Capital Projects Fund, Special Assessment Debt Service Fund, Non-Major Governmental Funds, and Enterprise Funds. The amounts that are approved by City Council are set up as a receivable and not collected at year end are recorded as unavailable revenue.

H – Capital Assets

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

The estimated useful lives are as follows:

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I – Compensated Absences

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

J – Pensions

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

K – Interfund Transactions

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

L – Properties Held for Resale

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

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

M – Debt Service and Requirements (continued)

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.

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

N – Deferred Outflows/Inflows of Resources

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

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

O – Estimates

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

P – Change in Accounting Principle

During the year ended December 31, 2015, the City adopted new accounting guidance by implementing the provisions of GASB Statements 68, 71, and 82. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, requires governments providing defined benefit pensions to employees through pension plans administered through trusts to record their proportionate share of the net pension obligation as a liability on their financial statements along with related deferred outflows of resources, deferred inflows of resources, and pension expense. This statement also requires additional note disclosures and schedules in the required supplementary information.

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

P – Change in Accounting Principle (continued)

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, addresses an issue regarding amounts associated with contributions made to a pension plan after the measurement date of the net pension liability.

GASB Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*, modifies the measure of payroll that is presented in the required supplementary information schedules.

Q – Restatement of Net Position

As a result of a change in accounting principle for the implementation of GASB statements number 68 and 71, the City restated the beginning net position of the governmental and business-type activities as well as the discrete component units. Also for the year ended December 31, 2015, the City added the Minneapolis Telecommunications Network as a discretely presented component unit. This change in reporting entity resulted in the restatement of the net position of the discrete component units. Finally, there was a restatement of net position in the Stormwater Enterprise Fund as a result of a correction of prior year ending balances of construction in process, public improvements, and related accumulated depreciation. The effects of these changes are illustrated in the table below.

	Primary Government			
	Governmental Activities	Stormwater	Total Business-type Activities	Discrete Component Units
Net Position January 1, 2015	$ 1,278,328	$ 326,721	$ 895,753	$ 339,105
GASB Statement No. 68	(352,989)	(4,572)	(24,989)	(31,528)
GASB Statement No. 71	36,380	721	3,937	4,367
Change in reporting entity	-	-	-	352
Prior period adjustment	-	(7,021)	(7,021)	-
Balance January 1, 2015 - restated	$ 961,719	$ 315,849	$ 867,680	$ 312,296

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS

A – Deposits

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

Deposits, per book	$ 16,325
Investments	755,997
Imprest cash held by City	20
Total	$ 772,342
Primary Government:	
Cash and cash equivalents	$ 703,214
Cash in Agency Funds	1,267
Investments with trustees	41,743
Total primary government	$ 746,224
Discretely Presented Component Units:	
Park and Recreation Board:	
Cash and cash equivalents	22,063
Municipal Building Commission:	
Cash and cash equivalents	1,977
Meet Minneapolis:	
Cash and cash equivalents	1,951
Minneapolis Telecommunications Network	
Cash and cash equivalents	127
Total discretely presented component units	$ 26,118
Total reporting entity	$ 772,342

The City has executed a Depository Pledge Agreement with its depository bank. The depository bank pledges to secure the deposited funds, to the extent not insured by the Federal Deposit Insurance Corporation ("FDIC"), by pledging securities of any type permitted by the provisions of Chapter 118A of the Minnesota Statutes, which are eligible to be held in a Securities Account at the Federal Reserve Bank of San Francisco. The bank balances at the City's designated depository as of December 31, 2015, totaled $19,815.

Reconciliation of bank cash balances to book cash balance:	
Bank balance, per December 31, 2015 bank statement	$ 19,815
Reconciling items and outstanding checks	(3,490)
Deposits, per book	$ 16,325

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may be delayed or not be returned. The City's policy is to have its designated depositories comply with Minnesota Statutes Chapter 118A to pledge allowable securities to collateralize the City's deposits. At December 31, 2015, 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 of San Francisco at 110% of deposit value.

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

B – Investments

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

Investment derivative instruments

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

As of December 31, 2015, there were no derivative instruments held in the City's Investment Portfolio.

Interest Rate Risk

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

The following table presents the City of Minneapolis' investment balances (excluding accrued earnings) at December 31, 2015, and information relating to interest rate risks:

Investment Type	Weighted Average Maturity (Years)	Carrying (Fair) Value
U.S. Treasury obligations	1.9	$ 347,633
U.S. Federal Agency obligations	0.8	193,510
U.S. Mortgage obligations	2.7	115,316
Municipal bonds	1.4	76,229
Commercial paper	0.1	7,770
Mutual funds	0.1	11,943
Negotiable certificates of deposit	0.5	3,596
Portfolio Weighted Average Maturity	1.6	
Total investments		$ 755,997
Deposits per book		16,325
Imprest cash		20
Total cash and investments		$ 772,342

NOTE 2 – DEPOSITS AND INVESTMENTS

B – Investments (continued)

Credit Risk

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

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

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

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

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

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

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For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS

B – Investments (continued)

At December 31, 2015, the City's investments were rated by Standard & Poor's and Moody's as follows:

Investment Type	Standard & Poor's			Moody's		
U.S. Treasury obligations	AA+	$	347,633	Aaa	$	347,633
U.S. Federal agency obligations	AAA	$	3,528	Aaa	$	192,426
	AA+		188,898	Aa1		-
	Not rated		1,084	Not rated		1,084
Total federal agency obligations		$	193,510		$	193,510
U.S. Mortgage obligations	AA+	$	115,316	Aaa	$	115,316
Municipal bonds						
	AAA	$	24,176	Aaa	$	23,750
	AA+		15,199	Aa1		19,368
	AA		11,246	Aa2		18,546
	AA-		9,529	Aa3		-
	A-		-	A3		388
	Not rated		16,079	Not rated		14,177
Total municipal bonds			76,229			76,229
Commercial paper	A-1+	$	4,021	P-1	$	7,770
	A-1		3,749	P-1		-
Total commercial paper		$	7,770		$	7,770
Mutual funds	AAAmG	$	11,943	Aaa-mf	$	11,943
Negotiable certificates of deposit	FDIC Insured	$	3,596	FDIC Insured	$	3,596
Total		$	755,997		$	755,997

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, 2015.

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.

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For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 3 – RECEIVABLES

A – Receivables Detail

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

Governmental Activities	General Fund	Community Planning and Economic Development	Permanent Improvement	Special Assessment	Non-Major Governmental Funds	Internal Service Funds	Total Governmental
Accounts	$ 11,336	$ 296	$ 1,096	$ -	$ 2,530	$ 316	$ 15,574
Taxes	3,183	158	22	-	1,367	-	4,730
Special assessments	529	597	2,812	35,943	1,230	-	41,111
Intergovernmental	5,225	406	31,544	-	6,969	-	44,144
Loans	-	170,459	-	-	89,618	-	260,077
Loans due from component unit	-	11	-	-	2,020	-	2,031
Accrued interest	869	376	44	9	260	-	1,558
Gross receivables	21,142	172,303	35,518	35,952	103,994	316	369,225
Less: Allowance for uncollectibles	(33)	(145,904)	-	-	(68,393)	-	(214,330)
Total receivables (due within one year)	$ 21,109	$ 26,399	$ 35,518	$ 35,952	$ 35,601	$ 316	$ 154,895
Long-term portion of loans due from component unit	$ -	$ 36	$ -	$ -	$ 1,010	$ -	$ 1,046

Business-type Activities	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development	Total Business-type
Accounts	$ 3,934	$ 3,327	$ 4,646	$ 926	$ 3,261	$ 76	$ 16,170
Special assessments	136	275	2,611	6,043	162	-	9,227
Intergovernmental	-	334	653	2,308	31	-	3,326
Loans	-	-	-	-	-	1,036	1,036
Accrued interest	-	-	-	-	-	254	254
Gross receivables	4,070	3,936	7,910	9,277	3,454	1,366	30,013
Less: Allowance for uncollectibles	-	-	-	-	-	(986)	(986)
Total receivables (due within one year)	$ 4,070	$ 3,936	$ 7,910	$ 9,277	$ 3,454	$ 380	$ 29,027
Long-term portion of loans and notes receivable	$ -	$ -	$ -	$ -	$ -	$ 330	$ 330

B – Business-type Activities – Leases

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

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

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 3 – RECEIVABLES

B – Business-type Activities – Leases (continued)

The future payment requirements for these agreements are as follows:

Scheduled Lease Payments	Capitalized Leases
2016	$ 8,789
2017	8,749
2018	8,636
2019	7,860
2020	7,664
2021-2025	33,502
2026-2030	28,642
2031-2035	25,354
2036-2040	16,627
Subtotal	145,823
Less: Interest over lease term	(61,033)
Total Principal	84,790
Less: Unexpended construction funds	(5)
Net Capitalized Leases and notes receivable	84,785
Less: Current Portion	(4,035)
Noncurrent Portion	$ 80,750

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For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS

A – Current Year Activity

Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015
Governmental Activities				
Capital assets, not being depreciated				
Land and easements	$ 110,789	$ -	$ (1)	$ 110,788
Construction in progress	193,890	79,969	(75,545)	198,314
Total capital assets, not being depreciated	304,679	79,969	(75,546)	309,102
Capital assets, being depreciated				
Infrastructure	887,085	29,457	-	916,542
Buildings and structures	581,698	14,296	(245)	595,749
Public improvements	29,393	104	-	29,497
Machinery and equipment	133,402	12,972	(6,720)	139,654
Computer equipment	72,283	2,309	(2,468)	72,124
Software	55,799	14,853	(17,960)	52,692
Other capital outlay	51	-	-	51
Total capital assets, being depreciated	1,759,711	73,991	(27,393)	1,806,309
Less accumulated depreciation for:				
Infrastructure	(441,688)	(26,865)	-	(468,553)
Buildings and structures	(211,892)	(11,975)	245	(223,622)
Public improvements	(8,343)	(1,180)	-	(9,523)
Machinery and equipment	(89,246)	(8,968)	6,352	(91,862)
Computer equipment	(67,471)	(2,349)	2,468	(67,352)
Software	(49,567)	(2,110)	17,954	(33,723)
Other capital outlay	(51)	-	-	(51)
Total accumulated depreciation	(868,258)	(53,447)	27,019	(894,686)
Total capital assets, being depreciated, net	891,453	20,544	(374)	911,623
Governmental activities capital assets, net	$ 1,196,132	$ 100,513	$ (75,920)	$ 1,220,725

Depreciation expense was charged to governmental functions as follows:

General Government	$ 276
Public Safety	1,591
Public Works	27,717
Community Planning and Economic Development	11,347
Depreciation on capital assets held in the City's internal service fund is charged to the various functions based on their usage of assets.	12,516
Total depreciation expense - governmental functions	$ 53,447

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS

A – Current Year Activity (continued)

	Balance January 1, 2015 Restated	Additions	Retirements	Balance December 31, 2015
Business-type activities				
Capital assets, not being depreciated				
Land and easements	$ 128,382	$ -	$ -	$ 128,382
Construction in progress	46,040	31,385	(25,941)	51,484
Total capital assets, not being depreciated	174,422	31,385	(25,941)	179,866
Capital assets, being depreciated				
Buildings and structures	519,907	10,909	-	530,816
Public improvements	718,904	8,967	-	727,871
Machinery and equipment	55,793	6,257	-	62,050
Computer equipment	1,521	171	-	1,692
Software	2,842	-	-	2,842
Other capital outlay	34	-	-	34
Total capital assets, being depreciated	1,299,001	26,304	-	1,325,305
Less accumulated depreciation for:				
Buildings and structures	(212,259)	(11,458)	-	(223,717)
Public improvements	(245,468)	(9,064)	-	(254,532)
Machinery and equipment	(26,621)	(3,722)	-	(30,343)
Computer equipment	(1,515)	(12)	-	(1,527)
Software	(2,842)	-	-	(2,842)
Other capital outlay	(34)	-	-	(34)
Total accumulated depreciation	(488,739)	(24,256)	-	(512,995)
Total capital assets, being depreciated, net	810,262	2,048	-	812,310
Business-type activities capital assets, net	$ 984,684	$ 33,433	$ (25,941)	$ 992,176

The beginning balance of business-type activities was restated to correct construction in process, public improvements, and accumulated depreciation reported in a prior period. This correction was part of the capital assets of the Stormwater Enterprise Fund. Restatement amounts of $5,959 for construction in progress, ($13,955) in public improvements, and $975 in related accumulated depreciation are reflected in the above beginning balances.

Interest incurred during the construction phase of capital assets is capitalized. Total interest incurred for business-type activities during 2015 was $5,645. Of this amount, $446 was capitalized.

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS

A – Current Year Activity (continued)

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

Sanitary Sewer	$ 1,522
Stormwater	4,339
Water Treatment and Distribution Services	10,615
Municipal Parking	6,456
Solid Waste and Recycling	976
Economic Development	348
Total depreciation expense - business-type functions	$ 24,256

B – Capital Project Commitments

For the year 2015, the City of Minneaplis made Capital Project commitments for the following:

Property Services	$ 12,910
Sewer Construction	24,300
Street Construction	38,710
Bridge Construction	10,400
Sidewalk Construction	3,675
Street Lighting	1,400
Traffic Signals	9,060
Bicycle Trails	760
Non-Departmental	8,002
Information Technology	3,300
Water	22,250
Total Capital Project Commitments	$ 134,767

C – Discretely Presented Component Units

Activity for the discretely presented component units for the year ended December 31, 2015, was as follows:

Minneapolis Park and Recreation Board	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015
Capital assets, not being depreciated	$ 108,353	$ 29,377	$ (16,200)	$ 121,530
Capital assets, being depreciated, net	192,048	1,639	(62)	193,625
	$ 300,401	$ 31,016	$ (16,262)	$ 315,155
Depreciation expense charged	$ 13,086			

Municipal Building Commission	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015
Capital assets, not being depreciated	$ 10,596	$ 1,418	$ -	$ 12,014
Capital assets, being depreciated, net	14,976	(3,326)	-	11,650
	$ 25,572	$ (1,908)	$ -	$ 23,664
Depreciation expense charged	$ 3,334			

NOTE 5 – LONG-TERM DEBT

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

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

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

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

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

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

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

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

2015 Bond and Note Sales
In 2015, the City of Minneapolis issued bonds and notes totaling $42,710. Of this amount $22,710 of bonds were issued to refund existing debt and $20,000 of general obligation notes were issued to finance new capital improvements. Below are details of the 2015 debt issuances.

NOTE 5 – LONG-TERM DEBT (continued)

In March 2015, the City issued $8,245 of Tax Increment Revenue Refunding Bonds (Village at St. Anthony Falls Project) Series 2015. The City received net proceeds of $8,160 including a $39 bond premium offset by a $124 million underwriter discount. These net proceeds were used on April 6, 2015 along with $1,200 of cash on hand to redeem the remaining $5,460 million of Tax Increment Revenue Refunding Bonds (Village at St. Anthony Falls Project), Series 2004 and remaining $3,370 of Tax Increment Revenue Refunding Bonds (Village at St. Anthony Falls Project), Series 2005 and to pay the costs of issuing the bonds and establishing a $405 debt service reserve fund. The refunding bonds were issued in fixed rate mode and had interest rates ranging from 1.60% to 4.00% and a final maturity date of March 1, 2027. As a result of this refunding, the City realized aggregate debt service savings of $1,625 and an economic gain of $1,343 or 11.79% net present value savings on the refunded bonds debt service.

In March 2015, the City also issued $7,460 of Tax Increment Revenue Refunding Bonds (Grant Park Project) Series 2015. The City received net proceeds of $7,337 including a $22 reoffering discount and a $101 underwriter discount. These net proceeds were used on April 13, 2015 along with $1,259 of cash on hand to redeem the remaining $8,160 of Tax Increment Revenue Refunding Bonds (Grant Park Project), Series 2006 and to pay the costs of issuing the bonds and establishing a $310 debt service reserve fund. The refunding bonds were issued in fixed rate mode and had interest rates ranging from 1.55% to 4.00% and a final maturity date of March 1, 2030. As a result of this refunding, the City realized aggregate debt service savings of $1,624 and an economic gain of $1,411 or 10.70% net present value savings on the refunded bonds debt service.

In September 2015, the City issued $920 of Tax Increment Revenue Refunding Bonds (East River/Unocal Site Project) Series 2015. The City received net proceeds of $904 including a $16 underwriter discount. These net proceeds were used on October 26, 2015 along with $564 of cash on hand to redeem the remaining $1,360 of Tax Increment Revenue Refunding Bonds (East River/Unocal Site Project), Series 2007 and to pay the costs of issuing the bonds and establishing a $55 debt service reserve fund. The refunding bonds were issued in fixed rate mode and had interest rates ranging from 1.25% to 4.00% and a final maturity date of March 1, 2025. As a result of this refunding, the City realized aggregate debt service savings of $881 and an economic gain of $584 or 9.93% net present value savings on the refunded bonds debt service.

In September 2015, the City also issued $6,085 of Tax-Exempt Tax Increment Revenue Refunding Bonds (Ivy Tower Project) Series 2015. The City received net proceeds of $6,096 including a bond premium of $118 offset by an underwriter discount of $107. These net proceeds were used on October 26, 2015 along with $804 of cash on hand to redeem the remaining $4,155 of Tax Increment Revenue Refunding Bonds (Ivy Tower Condo Project), Series 2005 and $2,338 Tax-Exempt Tax Increment Revenue Note (Ivy Tower Hotel Project), Series 2006 and to pay the costs of issuing the bonds and establishing a $284 debt service reserve fund. The refunding bonds were issued in fixed rate mode and had interest rates ranging from 1.25% to 5.00% and a final maturity date of March 1, 2029. As a result of this refunding, the City realized aggregate debt service savings of $1,110 and an economic gain of $1,078 or 9.74% net present value savings on the refunded bonds debt service.

In December 2015, the City issued a $25,000 Tax-Exempt General Obligation Note, Series 2015A to US Bank to finance a portion of the costs of a complete renovation of the Nicollet Mall roadway and streetscape in downtown Minneapolis. The note was issued on December 18, 2015 and will provide up to 24 months of drawdown flexibility for the project to reimburse expenses on a monthly basis during construction. Upon completion, or no later than December 18, 2017, this note will be taken out with a general obligation fixed rate bond financing. The fixed rate bonds will be paid for with special assessments levied on benefitting property owners in a broad section of the downtown area. The special assessments are currently planned to begin in 2017. The tax-exempt note is in variable rate mode and accrues interest based on the weekly SIFMA index plus a bank spread. Upon closing on December 18th, 2015, the City completed the first reimbursement draw for $5,000 which will be the liability recorded on the City's books as of December 31, 2015.

NOTE 5 – LONG-TERM DEBT (continued)

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

In December 2015, the City also issued a $6,300 Tax-Exempt General Obligation Note, Series 2015C to US Bank. The proceeds of this note will be received on January 19, 2016 and will be used on this same day to refund the 2018 – 2021 callable maturities of the City's General Obligation Various Purpose Refunding Bonds, Series 2005B totaling $6,240. A portion of the proceeds will be used to pay the accrued interest on the callable maturities from December 1, 2015 to January 19, 2016 and to pay costs of issuing the note. The tax-exempt note is in variable rate mode and will accrue interest based on the weekly SIFMA index plus a bank spread. This note will have a three-year term expiring on December 18, 2018 and may be extended. The note will have maturities structured from 2018 – 2021 corresponding to the refunded bonds. Since this note will be drawn on January 19, 2016, there will be no liability reflected on the City's books as of December 31, 2015. The aggregate debt service savings and net present value savings are not able to be calculated since the refunding notes are in variable rate mode.

Minnesota Public Facilities Authority Notes

The City has entered into six general obligation notes with the Minnesota Public Facilities Authority (PFA) to finance the City's drinking water ultra-filtration project and new filter presses project. The notes are part of a federally sponsored below market financing program related to the Safe Drinking Water Act and the City saves 1.5% on interest costs by participating in the program. The interest rates on the six notes range from 1.00% - 2.83% and the final maturity dates range from 8/20/19 to 8/20/27. The City received proceeds totaling $104,188 over the years and at December 31, 2015, the outstanding debt balance of the six general obligation notes in this program is $75,870.

Discrete Component Unit Debt

Due to current debt issuance policies, the City issues debt on behalf of the Minneapolis Park and Recreation Board and the Municipal Building Commission and previously issued debt for the Minneapolis Library Board. The Minneapolis Public Library System was merged into the Hennepin County Library System on January 1, 2008. As of December 31, 2015, $86,770 of the outstanding governmental debt is related to activities of these discretely presented component units and is reported within the debt balances of the primary government. Of this balance, $73,745 is related to library improvements transferred to the Hennepin County Library System. The capital assets purchased with funds obtained from this debt issuance are held by the respective discrete component units and are reported with their capital assets on the Statement of Net Position, with the exception of the library assets now held by Hennepin County.

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 5 – LONG-TERM DEBT (continued)

Long-term liabilities at December 31, 2015 are detailed below.

	Balance 1/1/2015	Additions	Retirements	Balance 12/31/2015	Due Within One Year
Governmental Activities:					
Bonds and Notes					
Property Tax Supported GO Bonds	$ 128,530	$ -	$ 38,365	$ 90,165	$ 21,725
Property Tax Supported GO Notes	-	15,000	-	15,000	-
Self-Supporting GO Bonds	211,770	-	20,995	190,775	21,920
GO Improvement Bonds	49,213	-	14,920	34,293	6,796
GO Improvement Notes	-	5,000	-	5,000	-
Tax Increment GO Bonds	84,180	-	7,825	76,355	4,955
Tax Increment GO Notes	4,060	-	410	3,650	440
Revenue Bonds	23,500	22,710	23,500	22,710	1,085
Revenue Notes	14,055	-	360	13,695	380
Internal Service Fund Related GO Bonds	21,630	-	5,625	16,005	3,035
Total Governmental Bonds and Notes	536,938	42,710	112,000	467,648	60,336
Other Long-term Liabilities					
Unamortized Premium (Discount)	8,632	135	2,653	6,114	-
Total Long-term Liabilities Governmental	545,570	42,845	114,653	473,762	60,336
Business-type Activities:					
Bonds and Notes					
Stormwater Fund GO Bonds	4,736	-	2,236	2,500	2,500
Sanitary Sewer Fund GO Bonds	9,300	-	3,500	5,800	2,000
Water Fund GO Bonds	25,769	-	4,294	21,475	5,030
Water Fund GO Notes	80,230	-	4,360	75,870	4,350
Municipal Parking Fund GO Bonds	72,822	-	5,335	67,487	4,594
Municipal Parking Fund GO Notes	38,650	-	105	38,545	1,375
CPED Related Non GO Fund					
General Agency Reserve Fund System	90,100	-	5,310	84,790	4,035
Total Business-type Bonds and Notes	321,607	-	25,140	296,467	23,884
Other Long-term Liabilities					
Unamortized Premium (Discount)	3,106	-	658	2,448	53
Total Long-term Liabilities Business-type	324,713	-	25,798	298,915	23,937
Total Long-term Liabilities	$ 870,283	$ 42,845	$ 140,451	$ 772,677	$ 84,273

For the fiscal year ended December 31, 2015 (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, 2015, annual debt service requirements for Governmental activities to maturity are as follows:

Year Ending	Governmental Activity - Non-Proprietary Bonds		Governmental Activity - Non-Proprietary Notes	
December 31:	Principal	Interest	Principal	Interest
2016	$ 56,481	$ 13,102	$ 820	$ 1,407
2017	48,756	11,964	5,870	1,365
2018	50,976	10,819	15,925	1,071
2019	60,780	9,359	985	274
2020	42,950	7,575	1,045	224
2021 - 2025	80,505	24,392	3,500	364
2026 - 2030	25,290	13,441	-	-
2031 - 2035	13,445	9,632	9,200	-
2036 - 2040	16,855	6,286	-	-
2041 - 2044	18,260	1,759	-	-
	$ 414,298	$ 108,329	$ 37,345	$ 4,705

Year Ending	Internal Service Fund Bonds		Total Governmental Activity Bonds & Notes	
December 31:	Principal	Interest	Principal	Interest
2016	$ 3,035	$ 474	$ 60,336	$ 14,983
2017	3,160	386	57,786	13,715
2018	9,810	294	76,711	12,184
2019	-	-	61,765	9,633
2020	-	-	43,995	7,799
2021 - 2025	-	-	84,005	24,756
2026 - 2030	-	-	25,290	13,441
2031 - 2035	-	-	22,645	9,632
2036 - 2040	-	-	16,855	6,286
2041 - 2044	-	-	18,260	1,759
	$ 16,005	$ 1,154	$ 467,648	$ 114,188

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 5 – LONG-TERM DEBT (continued)

Amortization of Outstanding Business-type Activities City Debt

As of December 31, 2015, annual debt service requirements for Business-type Activities to maturity are as follows:

Year Ending	Bonds		Notes		Total	
December 31:	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 18,159	$ 7,939	$ 5,725	$ 3,915	$ 23,884	$ 11,854
2017	13,354	7,332	8,005	3,741	21,359	11,073
2018	12,124	6,821	9,550	3,504	21,674	10,325
2019	12,655	6,400	9,845	3,221	22,500	9,621
2020	10,315	5,925	10,240	2,927	20,555	8,852
2021 - 2025	62,430	22,742	33,340	10,951	95,770	33,693
2026 - 2030	20,845	12,383	28,690	5,048	49,535	17,431
2031 - 2035	17,915	7,439	9,020	907	26,935	8,346
2036 - 2040	14,255	2,372	-	-	14,255	2,372
	$ 182,052	$ 79,353	$ 114,415	$ 34,214	$ 296,467	$ 113,567

Discretely Presented Component Unit

Activity for the Minneapolis Park and Recreation Board for the year ended December 31, 2015, was as follows:

	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015	Amounts due Within one year
Notes payable	$ 373	$ 2,000	$ 50	$ 2,323	$ 52

Year Ending December 31:	Principal	Interest
2016	52	15
2017	2,055	53
2018	58	10
2019	61	7
2020	64	4
2021	33	1
Total	$ 2,323	$ 90

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

As of December 31, 2015, outstanding industrial, commercial, and housing revenue bonds and notes approximated $2,305 million. The bonds are payable solely from revenues of the respective enterprises and do not constitute an indebtedness of the City. They are not a charge against the City's general credit or taxing power.

For the fiscal year ended December 31, 2015 (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	Community Planning and Economic Development	Permanent Improvement	Special Assessment	Non-Major Governmental	Total Governmental
Property taxes	$ 1,652	$ -	$ 12	$ -	$ 678	$ 2,342
Special assessments	461	597	2,781	36,268	1,056	41,163
Loans receivable	-	24,601	30,747	-	21,225	76,573
Interest	270	117	14	3	80	484
Other unavailable revenue	770	374	-	-	-	1,144
Total Deferred inflows of resources	$ 3,153	$ 25,689	$ 33,554	$ 36,271	$ 23,039	$ 121,706

NOTE 8 – LEASES

A – Operating Leases

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

Year Ending December 31	Governmental Activities Amount
2016	$ 3,434
2017	2,731
2018	2,675
2019	2,587
2020	2,171
2021-2025	10,780
2026-2030	10,194
2031-2035	5,364
2036-2040	77
	$ 40,013

B – Operating leases with scheduled rent increases

The City leases office space for various operations. The leases contain scheduled rent increases with terms varying from five to seventeen years. The operating lease transactions are measured on a straight-line basis over the lease term per GASB Statement No. 13 – *Accounting for Operating Leases with Scheduled Rent Increases.* Application of the straight-line basis to the total lease expenditures of $384 over the lease terms results in a total annual lease amount of $182.

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 8 – LEASES

B – Operating leases with scheduled rent increases (continued)

For 2015 the amount of lease expenditures is as follows:

	Amount
Operating leases	$ 187
Additional straight line basis	(5)
Total expenditures	$ 182

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

Year	Governmental Activities Amount
2016	$ 116
2017	118
2018	120
2019	30
Total minimum lease payments	$ 384

NOTE 9 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables

The composition of interfund balances as of December 31, 2015 are as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Non-major Governmental Funds	Non-major Governmental Funds	$ 2,500
Internal Service Funds	Internal Service Funds	385
	Total	$ 2,885

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

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Permanent Improvement Fund	$ 1,250
CPED Special Revenue Fund	Permanent Improvement Fund	2,750
Convention Center Special Revenue Fund	Internal Service Funds	1,750
	Total	$ 5,750

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

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 9 – INTERFUND TRANSACTIONS (continued)

Transfers

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

Fund Transferred To	Fund Transferred From		Total Transfers In
Governmental Funds:			
General Fund	Municipal Parking Fund	$ 4,148	
	Stormwater Fund	110	4,258
CPED Special Revenue Fund	Non-Major Governmental Funds	2,423	2,423
Permanent Improvement Fund	General Fund	307	
	Internal Service Funds	1,297	1,604
Special Assessment Debt Service Fund	Permanent Improvement Fund	439	439
Non-Major Governmental Funds	General Fund	52,343	
	Non-Major Governmental Funds	24,321	
	CPED Special Revenue Fund	22,349	
	Permanent Improvement Fund	2,748	
	Municipal Parking Fund	3,569	105,330
	Total Governmental Funds		$ 114,054
Proprietary Funds:			
Business-type Activities			
Water Treatment and Distribution Services Fund	General Fund	$ 25	
	Permanent Improvement Fund	80	
	Sanitary Sewer Fund	1,285	1,390
Municipal Parking Fund	CPED Special Revenue Fund	525	525
Solid Waste & Recycling Fund	General Fund	325	
	Municipal Parking Fund	146	471
CPED Enterprise Fund	CPED Special Revenue Fund	693	693
	Total Business-type Activities		$ 3,079
Governmental Activities			
Internal Service Funds	General Fund	$ 6,499	
	Permanent Improvement Fund	115	
	Non-Major Governmental Funds	2,751	
	Internal Service Funds	1,317	10,682
	Total Governmental Activities		$ 10,682

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

NOTE 10 – NET POSITION/FUND BALANCES

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

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

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

<u>Nonspendable</u> – 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.

<u>Restricted</u> – 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).

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

<u>Assigned</u> – 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.

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

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

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 10 – NET POSITION/FUND BALANCES (continued)

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

Fund Balances	General	Community Planning and Economic Development	Permanent Improvement	Special Assessment	Non-Major Governmental	Total
Nonspendable						
Propertie held for resale	$ -	$ 33,109	$ -	$ -	$ 8,822	$ 41,931
Advances to other funds	1,250	-	-	-	-	1,250
Prepaid items	1	-	-	-	-	1
Total nonspendable	1,251	33,109	-	-	8,822	43,182
Restricted for:						
Debt service:						
Community development	-	-	-	-	2,394	2,394
Development	-	-	-	-	9	9
General debt service	-	-	-	-	19,810	19,810
Special assessment	-	-	-	4,723	-	4,723
Community and economic development	-	131,673	-	-	-	131,673
Capital improvements	-	-	5,889	-	-	5,889
Grants	-	-	-	-	2,307	2,307
Law enforcement:						
Gambling compliance	-	-	-	-	273	273
Forfeitures	-	-	-	-	1,226	1,226
Total restricted	-	131,673	5,889	4,723	26,019	168,304
Assigned to:						
General government	-	-	-	-	628	628
Public safety:						
Police	-	-	-	-	150	150
Compliance and regulation	-	-	-	-	4,498	4,498
Community & economic development	-	36,404	-	-	82,430	118,834
Neighborhood & community relations	-	-	-	-	3,910	3,910
Pension obligations	-	-	-	-	24,224	24,224
Capital improvements	-	-	630	-	-	630
Total assigned	-	36,404	630	-	115,840	152,874
Unassigned	104,740	-	-	-	-	104,740
Total fund balances	$ 105,991	$ 201,186	$ 6,519	$ 4,723	$ 150,681	$ 469,100

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For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 11 – RESTRICTED NET POSITION – GOVERNMENTAL ACTIVITIES

Certain components of net position are classified on the statement of net position as restricted because their use is limited. The Governmental Activities report restricted amounts that are not available for operations or are legally restricted by outside parties for use for a specific purpose. As of December 31, 2015, the Governmental Activities restricted net position is as follows:

Purpose	Amount
Debt service:	
Community development	$ 2,394
Development	9
General debt service	19,810
Special assessment	4,723
Community and economic development	131,673
Law enforcement:	
Gambling compliance	273
Forfeitures	1,226
Grants	2,307
Capital improvements	5,889
Total restricted net position	$ 168,304

NOTE 12 – RESTRICTED NET POSITION – BUSINESS-TYPE ACTIVITIES

Certain components of net position are classified on the statement of net position as restricted because their use is limited. The Business-type Activities report restricted net position amounts that are not available for operations or are legally restricted by outside parties for use for a specific purpose. As of December 31, 2015, the Business-type component of restricted net position is as follows:

Purpose	Amount
Debt service	$ 34,856

NOTE 13 – DEFINED BENEFIT PENSION PLANS

A – Plan Description

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

1. General Employees Retirement Fund (GERF)

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

NOTE 13 – DEFINED BENEFIT PENSION PLANS

A – Plan Description (continued)

2. Public Employees Police and Fire Fund (PEPFF)

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

3. Teacher Retirement Association Fund (TRA)

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

B - Benefits Provided

PERA and TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

PERA: Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given 1 percent increases.

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

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

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement is age 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

NOTE 13 – DEFINED BENEFIT PENSION PLANS

B - Benefits Provided (continued)

2. PEPFF Benefits

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50.0 percent after five years up to 100 percent after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50.0 percent after ten years up to 100.0 percent after twenty years of credited service. The annuity accrual rate is 3.0 percent of average salary for each year of service. For PEPFF who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

3. TRA Benefits

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

C – Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.50 percent, respectively, of their annual covered salary in calendar year 2015. Participating employers are required to contribute 11.78 percent of pay for Basic Plan members and 7.50 percent for Coordinated Plan members in calendar year 2015. The City, Park Board, and MBC contributions to the GERF for the year ended December 31, 2015, were $32,333, $5,320, and $518, respectively. The employer’s contributions were equal to the required contribution as set by state statute.

2. PEPFF Contributions

Plan members were required to contribute 10.80 percent of their annual covered salary in calendar year 2015. Employers were required to contribute 16.20 percent of pay for PEPFF members in calendar year 2015. Contributions to the PEPFF for the year ended December 31, 2015, were $28,504 for the City and $473 for the Park Board. Employer contributions were equal to the required contributions as set by state statute.

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 13 – DEFINED BENEFIT PENSION PLANS

C – Contributions (continued)

3. TRA Contributions

The City's contributions to the TRA for the year ended December 31, 2015, were $2,250. The City's contributions were equal to the required contributions as set by state statute.

D – Pension Costs

1. GERF Pension Costs

At December 31, 2015, the City, Park Board, and MBC reported a liability of $354,821, $62,247, and $4,509 respectively for the proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion share was 6.8465 percent, which was an increase of 4.0571 percent from its proportion measured as of June 30, 2014. A majority of the increase is due to the January 1, 2015 merger of the Minneapolis Employees Retirement Fund (MERF) with GERF. Prior to January 1, 2015, MERF was a separate plan within PERA and a majority of the plans participants are current and former City employees. At June 30, 2015, the Park Board's proportion share was 1.2011 percent, which was an increase of 0.7186 percent from its proportion measured as of June 30, 2014. At June 30, 2015, MBC's proportion share was 0.0870 percent, which was a decrease of 0.0334 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City, Park Board, and MBC recognized pension expense of $93,053, $16,736, and $1,889, respectively for the proportionate share of the GERF's pension expense.

At December 31, 2015, the City, Park Board, and MBC reported proportionate shares of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	City	Park Board	MBC	City	Park Board	MBC
Differences between expected and actual economic experiences	$ -	$ -	$ -	$ 17,889	$ 3,138	$ 227
Difference between projected and actual investment earnings	33,589	5,893	427	-	-	-
Changes in proportion	153,619	25,317	-	10,682	-	1,177
Contributions paid to PERA subsequent to the measurement date	23,402	4,289	428	-	-	-
Total	$ 210,610	$ 35,499	$ 855	$ 28,571	$ 3,138	$ 1,404

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 13 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

1. GERF Pension Costs (continued)

Contributions subsequent to the measurement date are shown as deferred outflows in the above table and will be recognized as a reduction to net pension liability for the year ended December 31, 2016. These contributions total $23,402 for the City, $4,289 for the Park Board, and $428 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
2016	$ 50,080	$ 8,866	$ (361)
2017	50,080	8,866	(361)
2018	50,080	8,866	(361)
2019	8,397	1,473	106

2. PEPFF Pension Costs

At December 31, 2015, the City and Park Board reported a liability of $220,680 and $3,500, respectively for the proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion share was 19.422 percent, which was a decrease of 0.438 percent from its proportion measured as of June 30, 2014. At June 30, 2015, the Park Board's proportion share was 0.308 percent, which was an increase of 0.011 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City and Park Board recognized pension expense of $37,109 and $623 respectively for the proportionate share of the PEPFF's pension expense.

The City and Park Board also recognized $1,748 and $28 respectively as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contribution to the Public Employees Police and Fire Fund. Legislation requires the State of Minnesota to contribute $9,000 to the Public Employees Police and Fire Fund each year, starting in fiscal year 2014, until the plan is 90.0 percent funded.

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For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 13 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

2. PEPFF Pension Costs (continued)

At December 31, 2015, the City and Park Board reported proportionate shares of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	City	Park Board	City	Park Board
Differences between expected and actual economic experiences	$ -	$ -	$ 35,787	$ 568
Difference between projected and actual investment earnings	38,450	610	-	-
Changes in proportion	-	99	3,942	-
Contributions paid to PERA subsequent to the measurement date	20,285	246	-	-
Total	$ 58,735	$ 955	$ 39,729	$ 568

Contributions subsequent to the measurement date are shown as deferred outflows in the above table and will be recognized as a reduction to net pension liability for the year ended December 31, 2016. These contributions total $20,285 for the City and $246 for the Park Board. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount	
	City	Park Board
2016	$ 1,667	$ 59
2017	1,667	59
2018	1,667	59
2019	1,667	59
2020	(7,947)	(95)

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 13 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs (continued)

3. TRA Pension Costs

At December 31, 2015, the City reported a liability of $36,565 for the proportionate share of the TRA's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Each employer's proportion of the net pension liability was based on the employer's contributions received by TRA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of TRA's participating employers. At June 30, 2015, the City's proportion share was 0.5911 percent, which was a decrease of 0.1131 percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of $3,251 for its proportionate share of the TRA's pension expense.

At December 31, 2015, the City reported proportionate shares of the TRA's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experiences	$ 34	$ -
Changes in actuarial assumptions	2,811	-
Difference between projected and actual investment earnings	3,626	
Changes in proportion	-	3,356
Total	$ 6,471	$ 3,356

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 are shown as deferred outflows in the above table and would be recognized as a reduction to net pension liability for the year ended December 31, 2016. 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
2016	$ 669
2017	669
2018	669
2019	669
2020	439

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

E – Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the individual entry age normal actuarial cost method and the following actuarial assumptions:

Assumption	GERF/PEPFF	TRA
Inflation	2.75% per year	3.00%
Active Member Payroll Growth	3.50% per year	3.75% based on years of service
Investment Rate of Return	7.90%	8.00%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees in GERF and PEPFF are assumed to be 1.0 percent effective every January 1st through 2035 and 2037 respectively, and 2.5 percent thereafter, and 2.5 percent for all years for TRA.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERF was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. The experience study for PEPFF was for the period July 1, 2004, through June 30, 2009. The experience study for TRA was for the period of July 1, 2004, to June 30, 2008, and a limited scope experience study dated August 29, 2014. The limited scope experience study addressed only inflation and long-term rate of return for the GASB 67 valuation. There were no changes in actuarial assumptions in 2015 for PERA or TRA.

The long-term expected rate of return on pension plan investments is 7.9 percent for PERA and 8.0 percent for TRA. The State Board of Investment, which manages the investments of PERA and TRA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	45%	5.50%
International Stocks	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%

F – Discount Rate

The discount rate used to measure the total pension liability was 7.9 percent for PERA and 8.0 percent for TRA. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current and active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 13 – 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:

Plan and Entity	1% Decrease to Discount Rate	Current Discount Rate	1% Increase in Discount Rate
GERF Discount Rate	6.9%	7.9%	8.9%
City	557,905	354,821	187,105
Park Board	97,875	62,247	32,825
MBC	7,089	4,509	2,378
PEPFF Discount Rate	6.9%	7.9%	8.9%
City	430,106	220,680	47,656
Park Board	6,821	3,500	756
TRA Discount Rate	7.0%	8.0%	9.0%
City	55,657	36,565	20,633

H – Pension Plan Fiduciary Net Position

Detailed information about PERA's fiduciary net position is available in a separately issued PERA financial report. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

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; by writing to TRA at 60 Empire Drive #400, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-2409 or 1-800-657-3669.

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NOTE 14 – DEFINED CONTRIBUTION PLAN – CPED

A – Plan Description

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

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, 2015, was $1,969 and the CPED's total payroll was $18,339.

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 $109 and $100 respectively to the plan during the year, which amounts represented 5.53 percent and 5.1 percent respectively of the covered payroll.

NOTE 15 – POSTEMPLOYMENT BENEFITS PLAN

A – Plan Description

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

There is no separate, audited GAAP-basis postemployment benefit plan report available.

B – Funding Policy

Retirees and their spouses contribute to the healthcare plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with Medica and Delta Dental. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2015, the City contributed $2,168 to the plan. As of January 1, 2015, there were approximately 347 retirees receiving health benefits from the City's health plan.

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 15 – POSTEMPLOYMENT BENEFITS PLAN (continued)

C – Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	$ 3,216
Interest on net OPEB obligation	1,081
Adjustment to annual required contribution	(1,335)
Annual OPEB cost (expense)	2,962
Contributions made	2,168
Increase in net OPEB obligation	794
Net OPEB obligation – beginning of year	36,023
Net OPEB obligation – end of year	$ 36,817

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, 2014 and 2013 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	$ 2,962	73.19%	$36,817
12/31/2014	$12,018	42.57%	$36,023
12/31/2013	$11,606	45.85%	$29,123

D – Funded Status and Funding Progress

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

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

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 15 – POSTEMPLOYMENT BENEFITS PLAN (continued)

E – Actuarial Methods and Assumptions

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

In the January 1, 2015, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 3.0 percent discount rate, which is based on a blend of the long-term expected return on (1) plan assets to the extent they are projected to be sufficient to pay plan benefits, and (2) employer general assets to the extent that projected plan assets are insufficient to pay plan benefits. The City currently does not plan to prefund for this benefit. At the actuarial valuation date, the annual healthcare cost trend rate was calculated to be 7.2 percent initially, reduced incrementally to an ultimate rate of 5.0 percent after 7 years. Both rates included a 2.75 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The original amortization period is 30 years, as of January 1, 2015, 30 years remain.

Primary Government

	Balance 1/1/2015	Additions	Retirements	Balance 12/31/2015
Other postemployment benefits payable:				
Governmental activities	$ 33,356	$ 1,984	$ -	$ 35,340
Business-type activites	2,667	-	(1,190)	1,477
Total	$ 36,023	$ 1,984	$ (1,190)	$ 36,817

Discretely Presented Component Units

Activity for the discretely presented component units for the year ended December 31, 2015, was as follows:

	Balance 1/1/2015	Additions	Retirements	Balance 12/31/2015
Other postemployment benefits payable:				
Minneapolis Park and Recreation Board	$ 3,967	$ 167	$ 213	$ 3,921
Municipal Building Commission	348	96	108	336
Total	$ 4,315	$ 263	$ 321	$ 4,257

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 16 – VACATION, SEVERANCE, SICK AND COMPENSATORY TIME PAY

Depending on the terms of their collective bargaining contract, or the policies applicable to their classification, employees may accumulate up to 50 days of vacation.

Sick leave may be accumulated indefinitely by employees. Also, employees have the option of being paid once a year for current unused sick leave accumulated over a minimum base of 60 days or, under certain circumstances, CPED employees may be allowed to have unused sick leave converted to vacation and added to their vacation balance. Payments are based on a sliding scale ranging from 50 percent to 100 percent depending on the base level attained. In addition, under certain circumstances, employees leaving City employment may qualify to receive payment for 50 percent of their unused sick leave at their current rate of pay.

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

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

Primary Government

	Balance 1/1/2015	Additions	Retirements	Balance 12/31/2015	Amounts Due Within One Year
Compensated absences payable:					
Governmental activities	$ 34,064	$ 21,454	$ 20,272	$ 35,246	$ 18,064
Business-type activites	2,835	2,601	2,451	2,985	895
Total	$ 36,899	$ 24,055	$ 22,723	$ 38,231	$ 18,959

Discretely Presented Component Units

Activity for the discretely presented component units for the year ended December 31, 2015, was as follows:

	Balance 1/1/2015	Additions	Retirements	Balance 12/31/2015	Amounts Due Within One Year
Compensated absences payable:					
Minneapolis Park and Recreation Board	$ 4,475	$ 2,635	$ 2,616	$ 4,494	$ 2,631
Municipal Building Commission	195	181	164	212	161
Total	$ 4,670	$ 2,816	$ 2,780	$ 4,706	$ 2,792

NOTE 17 – RISK MANAGEMENT AND CLAIMS

The City is self-insured and exposed to a variety of risks related to liability claims; property, personal injury and accidents. The City is self-insured for workers' compensation, general liability, and re-employment. Liability claims under $25 and unrepresented are managed by Risk Management and Claims. Liability claims that are represented and over $25 are managed by the City Attorneys’ Office. The City, CPED and the BET are self-insured for general liability. The workers' compensation program includes the BET and all City departments. The Park Board and MBC maintain their own workers' compensation and liability programs. The claims liability of $51,973 reported in the Self-Insurance Internal Service Fund at December 31, 2015, 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 2015 for claim exposure and settlements payments, calculated that the claims liability at December 31, 2015 is $51,973, an increase of $2,122 from the liability amount of $49,851 at December 31, 2014.

For the fiscal year ended December 31, 2015 (Dollar Amounts Expressed in Thousands)

NOTE 17 – RISK MANAGEMENT AND CLAIMS (continued)

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

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

Changes in the claims liabilities during fiscal 2014 and 2015 are:

	2014	2015
Liability balance – January 1	$ 54,668	$ 49,851
Current year claims and changes in estimates	5,432	11,595
Claim payments	(10,249)	(9,473)
Liability balance – December 31	$ 49,851	$ 51,973

NOTE 18 – CLEANUP OF HAZARDOUS MATERIALS

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

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

NOTE 19 – OTHER COMMITMENTS AND CONTINGENCIES

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

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

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

NOTE 20 – SUBSEQUENT EVENTS

The City issued the following note since December 31, 2015.

In March 2016, the City issued a $74,000 Taxable General Obligation Sales Tax Note (Target Center Project), Series 2016 to Wells Fargo Bank, National Association to finance the City's share of the re-construction and upgrade of the Target Center Arena in downtown Minneapolis. The other funding partners include $49,000 from the Minnesota Timberwolves Basketball Limited Partnership; a Minnesota limited partnership and $5,900 from AEG Management TWN, LLC, the manager of the facility. The note was issued on March 23, 2016 and will provide up to 364 days of drawdown flexibility for the project to reimburse a proportionate share of expenses on a monthly basis during construction. The City and the bank may agree to extend the drawdown facility but the note matures on March 23, 2018. The City intends to complete a general obligation fixed rate bond financing to refund the note sometime before the maturity date. The general obligation note and general obligation fixed rate bonds will be paid for with local sales tax revenue. Upon closing on March 23, 2016, the City completed the first reimbursement draw request for $4,097. The taxable note is in variable rate mode and accrues interest based on the weekly LIBOR index rate plus a bank spread. The interest rate at the inception of the note was 0.65 percent.

GENERAL FUND **CITY OF MINNEAPOLIS, MINNESOTA**
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2015 **(In Thousands)**

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES:				
Taxes	$ 259,081	$ 263,031	$ 267,316	$ 4,285
Licenses and permits	39,045	39,045	44,317	5,272
Intergovernmental revenues	83,118	83,118	82,625	(493)
Charges for services and sales	44,328	43,408	46,873	3,465
Fines and forfeits	7,248	7,248	6,539	(709)
Special assessments	3,569	3,469	3,202	(267)
Investment earnings	2,300	2,300	1,613	(687)
Miscellaneous revenues	6,589	3,559	3,398	(161)
Total revenues	445,278	445,178	455,883	10,705
CURRENT EXPENDITURES:				
Current:				
General government:				
Mayor	1,918	1,933	1,932	1
Council & Clerk	7,919	7,958	7,883	75
Assessor	4,869	4,869	4,613	256
Attorney	9,002	9,002	8,514	488
Civil rights	3,168	3,257	3,107	150
Clerk - Elections	1,312	1,312	1,311	1
Coordinator	3,249	3,162	3,159	3
Coordinator - 311	3,683	3,758	3,646	112
Coordinator - Communications	2,212	2,212	2,091	121
Coordinator - Finance	22,170	22,170	22,154	16
Coordinator - Human resources	7,231	7,271	6,847	424
Coordinator - Intergovernmental relations	1,513	1,497	1,365	132
Internal audit	507	507	538	(31)
Contingency	4,007	4,007	-	4,007
Coordinator - Information technology	-	125	-	125
Total general government	72,760	73,040	67,160	5,880
Public safety:				
Regulatory services	17,572	17,607	16,367	1,240
Coordinator - 911	9,052	9,052	8,759	293
Coordinator - Emergency management	768	768	767	1
Fire	60,231	61,445	61,315	130
Police	148,341	148,638	147,884	754
Total public safety	235,964	237,510	235,092	2,418
Public works:				
Administration	3,120	3,120	3,005	115
Engineering design	3,276	2,734	3,924	(1,190)
Field services	31,345	31,245	30,196	1,049
Transportation and special projects	16,115	16,692	15,894	798
Total public works	53,856	53,791	53,019	772
Culture and recreation - Library	2,363	2,363	2,363	-
Health and welfare - Health and family support	8,439	8,439	8,289	150
Community planning & economic development:				
Community planning & economic development	32,482	32,683	30,809	1,874
Coordinator - Neighborhood & community relations	425	508	358	150
Total community planning & economic development	32,907	33,191	31,167	2,024
Total expenditures	406,289	408,334	397,090	11,244
Excess (deficiency) of revenues over (under) expenditures	38,989	36,844	58,793	21,949
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	4,682	4,682	4,258	(424)
Transfers to other funds	(57,193)	(59,193)	(59,499)	(306)
Total other financing sources (uses)	(52,511)	(54,511)	(55,241)	(730)
Net change in fund balance	(13,522)	(17,667)	3,552	21,219
Fund balance - January 1	102,439	102,439	102,439	-
Fund balance - December 31	$ 88,917	$ 84,772	$ 105,991	$ 21,219

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

COMMUNITY PLANNING AND ECONOMIC DEVELOPMENT **CITY OF MINNEAPOLIS, MINNESOTA**
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2015 **(In Thousands)**

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES:				
Taxes	$ 42,650	$ 42,650	$ 44,428	$ 1,778
Intergovernmental revenues	-	-	3	3
Charges for services and sales	3,964	3,964	4,940	976
Special assessments	-	-	84	84
Investment earnings	511	511	936	425
Miscellaneous revenues	2,587	6,704	9,003	2,299
Total revenues	49,712	53,829	59,394	5,565
EXPENDITURES:				
Current:				
Community planning & economic development	25,586	63,417	40,871	22,546
Excess (deficiency) of revenues over (under) expenditures	24,126	(9,588)	18,523	28,111
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	2,243	2,243	2,423	180
Transfers to other funds	(28,415)	(28,415)	(23,567)	4,848
Total other financing sources (uses)	(26,172)	(26,172)	(21,144)	5,028
Net change in fund balance	(2,046)	(35,760)	(2,621)	33,139
Fund balance - January 1	203,807	203,807	203,807	-
Fund balance - December 31	$ 201,761	$ 168,047	$ 201,186	$ 33,139

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

For the Fiscal Year Ended December 31, 2015 (Dollar Amounts Expessed In Thousands)

Schedule of City of Minneapolis' Contributions
PERA General Employee Retirement Fund
Required Supplementary Information (Last Ten Years*)

Fiscal Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll** (d)	Contributions as a Percentage of Covered Payroll*** (b/d)
December 31,2015	$ 32,333	$ 32,333	$ -	$167,834	19.3%

Schedule of Municipal Building Commission's Contributions
PERA General Employee Retirement Fund
Required Supplementary Information (Last Ten Years*)

Fiscal Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll** (d)	Contributions as a Percentage of Covered Payroll*** (b/d)
December 31,2015	$ 518	$ 518	$ -	$ 2,447	21.2%

* 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.

For the Fiscal Year Ended December 31, 2015 (Dollar Amounts Expessed In Thousands)

Schedule of City of Minneapolis' Proportionate Share of Net Pension Liability
PERA General Employee Retirement Fund
Required Supplementary Information (Last Ten Years*)

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liaibility (Asset)	Employer's Proportionate Share (Amount) of the Net Liability (Asset) (a)	Employer's Covered Payroll** (b)	Employer's Proportionate of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position of the Total Pension Liability
June 30, 2015	6.8465%	$ 354,821	$ 160,155	221.5%	78.2%

Schedule of Municipal Building Commission's Proportionate Share of Net Pension Liability
PERA General Employee Retirement Fund
Required Supplementary Information (Last Ten Years*)

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liaibility (Asset)	Employer's Proportionate Share (Amount) of the Net Liability (Asset) (a)	Employer's Covered Payroll** (b)	Employer's Proportionate of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position of the Total Pension Liability
June 30, 2015	0.0870%	$ 4,509	$ 2,365	190.7%	78.2%

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.
** For purposes of this schedule, covered payroll is defined as "pensionable wages."

For the Fiscal Year Ended December 31, 2015 (Dollar Amounts Expessed In Thousands)

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

Fiscal Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll** (d)	Contributions as a Percentage of Covered Payroll*** (b/d)
December 31,2015	$ 28,504	$ 28,504	$ -	$ 104,749	27.2%

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

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liaibility (Asset)	Employer's Proportionate Share (Amount) of the Net Liability (Asset) (a)	Employer's Covered Payroll** (b)	Employer's Proportionate of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position of the Total Pension Liability
June 30, 2015	19.422%	$ 220,680	$ 101,015	218.5%	86.6%

* 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.

For the Fiscal Year Ended December 31, 2015 (Dollar Amounts Expessed In Thousands)

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

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

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

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liaibility (Asset)	Employer's Proportionate Share (Amount) of the Net Liability (Asset) (a)	Employer's Covered Payroll** (b)	Employer's Proportionate of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position of the Total Pension Liability
June 30, 2015	0.5911%	$ 36,365	$ -	N/A	76.8%

* 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."

For the Fiscal Year Ended December 31, 2015 (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. The following department in the General Fund had expenditures in excess of appropriation for the fiscal year ending December 31, 2015.

	Final Budgeted Amounts	Actual	Variance
General Fund:			
Internal Audit	$ 507	$ 538	$ (31)

To mitigate the effects of these excess expenditures, the City regularly reviews budgetary performance and makes adjustments as necessary.

NOTE 3 – POSTEMPLOYMENT BENEFITS PLAN

A – Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2011	$ -	$ 96,450	$ 96,450	0.0%	$ 287,649	33.5%
1/1/2013	$ -	$ 118,093	$ 118,093	0.0%	$ 284,134	41.6%
1/1/2015	$ -	$ 35,720	$ 35,720	0.0%	$ 329,441	10.8%

B – Plan Changes Affecting Actuarial Accrued Liability

Changes to actuarial assumptions and plan participation caused a decrease in the actuarial accrued liability (AAL) between the valuations dated 1/1/2013 and 1/1/2015. Management reviewed and approved both the population data and actuarial assumptions used. A summary of the changes with the greatest effect is found below.

- The number of total plan participants decreased by 7.3 percent due to the Minneapolis Public Housing Authority no longer participating in the City's plan.
- The 1/1/2013 valuation used a healthcare cost trend rate of 8.0 percent initially reduced to 5.0 percent after 12 years with a 3.0 percent inflation rate. The 1/1/2015 valuation used lower rates with a healthcare cost trend rate of 7.2 percent initially reduced to 5.0 percent after seven years with a 2.75 percent inflation rate.
- Changes in actuarial methodologies between the actuaries preparing the 1/1/2013 and the 1/1/2015 valuation caused the greatest reduction in AAL. For example, the most recent valuation differentiates between the contribution rates of different participant classes while the prior valuation used a blended rate.
- Actual medical claims experience and coverage election varied significantly from the previously projected amounts. New projections more closely aligned to actual experience resulted in a reduction in AAL.

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(In Thousands)

	Special Revenue	Debt Service	Total Non-Major Governmental
ASSETS			
Cash and cash equivalents	$ 119,205	$ 19,586	$ 138,791
Investments with trustees	-	2,187	2,187
Receivables:			
Accounts - net	2,530	-	2,530
Taxes	482	885	1,367
Special assessments	1,230	-	1,230
Intergovernmental	6,969	-	6,969
Loans - net	21,225	-	21,225
Loans due from component unit	3,030	-	3,030
Accrued interest	220	40	260
Due from other funds	2,500	-	2,500
Advances to other funds	1,750	-	1,750
Properties held for resale	8,822	-	8,822
Total assets	$ 167,963	$ 22,698	$ 190,661
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Salaries payable	$ 646	$ -	$ 646
Accounts payable	7,740	12	7,752
Intergovernmental payable	20	-	20
Due to other funds	2,500	-	2,500
Deposits held for others	1,665	-	1,665
Unearned revenue	4,358	-	4,358
Total liabilities	16,929	12	16,941
Deferred inflows of resources:			
Unavailable revenue	22,566	473	23,039
Fund balances:			
Nonspendable	8,822	-	8,822
Restricted	3,806	22,213	26,019
Assigned	115,840	-	115,840
Total fund balances	128,468	22,213	150,681
Total liabilities, deferred inflows of resources, and fund balances	$ 167,963	$ 22,698	$ 190,661

GOVERNMENTAL FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2015 **(In Thousands)**

	Special Revenue	Debt Service	Total Non-Major Governmental
REVENUES:			
Taxes	$ 31,877	$ 45,654	$ 77,531
Licenses and permits	1,271	-	1,271
Intergovernmental revenues	59,332	49	59,381
Charges for services and sales	9,538	-	9,538
Fines and forfeits	314	-	314
Special assessments	10,149	-	10,149
Investment earnings	1,053	128	1,181
Miscellaneous revenues	20,433	1,327	21,760
Total revenues	133,967	47,158	181,125
EXPENDITURES:			
Current:			
General government	35,396	-	35,396
Public safety	21,889	-	21,889
Public works	1,065	-	1,065
Health and welfare	12,946	-	12,946
Community planning & economic development	89,830	-	89,830
Intergovernmental:			
Public safety	168	-	168
Debt Service:			
Principal retirement	-	68,950	68,950
Interest and fiscal charges	-	14,733	14,733
Bond issuance costs	-	482	482
Payments to refunded bond escrow agents	-	22,753	22,753
Total expenditures	161,294	106,918	268,212
Excess (deficiency) of revenues over (under) expenditures	(27,327)	(59,760)	(87,087)
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	62,092	43,238	105,330
Transfers to other funds	(24,321)	(5,174)	(29,495)
Premium (discount)	-	135	135
Refunding bonds issued	-	22,710	22,710
Total other financing sources (uses)	37,771	60,909	98,680
Net change in fund balances	10,444	1,149	11,593
Fund balances - January 1	118,024	21,064	139,088
Fund balances - December 31	$ 128,468	$ 22,213	$ 150,681

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SPECIAL REVENUE FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
December 31, 2015 **(In Thousands)**

	Arena Reserve	Board of Estimate and Taxation	Convention Center	HUD Consolidated Plan
ASSETS				
Cash and cash equivalents	$ 16,317	$ 286	$ 66,210	$ 457
Receivables:				
Accounts - net	-	-	1,043	1,023
Taxes	-	3	-	-
Special assessments	-	-	-	14
Intergovernmental	-	-	-	228
Loans - net	-	-	-	21,225
Loans due from component unit	-	-	3,030	-
Accrued interest	36	-	140	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	1,750	-
Properties held for resale	-	-	-	6,371
Total assets	$ 16,353	$ 289	$ 72,173	$ 29,318
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Salaries payable	$ 4	$ 4	$ 293	$ 91
Accounts payable	1,117	7	2,985	717
Intergovernmental payable	-	-	-	-
Due to other funds	-	-	-	900
Deposits held for others	-	-	1,665	-
Unearned revenue	-	-	-	-
Total liabilities	1,121	11	4,943	1,708
Deferred inflows of resources:				
Unavailable revenue	11	2	44	21,239
Fund balances:				
Nonspendable	-	-	-	6,371
Restricted	-	-	-	-
Assigned	15,221	276	67,186	-
Total fund balances	15,221	276	67,186	6,371
Total liabilities, deferred inflows of resources, and fund balances	$ 16,353	$ 289	$ 72,173	$ 29,318

(In Thousands)

Self-Managed Special Service Districts	Employee Retirement	Grants-Federal	Grants-Other	Police	Neigborhood & Community Relations	Regulatory Services	Total
$ 198	$ 23,944	$ 71	$ 1,422	$ 1,663	$ 4,105	$ 4,532	$ 119,205
-	-	12	103	300	-	49	2,530
-	479	-	-	-	-	-	482
56	-	-	2	-	-	1,158	1,230
-	-	4,019	2,722	-	-	-	6,969
-	-	-	-	-	-	-	21,225
-	-	-	-	-	-	-	3,030
2	32	-	-	-	-	10	220
-	-	-	2,500	-	-	-	2,500
-	-	-	-	-	-	-	1,750
-	-	1,251	1,200	-	-	-	8,822
$ 256	$ 24,455	$ 5,353	$ 7,949	$ 1,963	$ 4,105	$ 5,749	$ 167,963
$ -	$ -	$ 58	$ 75	$ 26	$ 19	$ 76	$ 646
-	-	1,119	1,251	259	176	109	7,740
-	6	14	-	-	-	-	20
-	-	1,600	-	-	-	-	2,500
-	-	-	-	-	-	-	1,665
-	-	1,211	3,114	29	-	4	4,358
-	6	4,002	4,440	314	195	189	16,929
4	225	-	2	-	-	1,039	22,566
-	-	1,251	1,200	-	-	-	8,822
-	-	-	2,307	1,499	-	-	3,806
252	24,224	100	-	150	3,910	4,521	115,840
252	24,224	1,351	3,507	1,649	3,910	4,521	128,468
$ 256	$ 24,455	$ 5,353	$ 7,949	$ 1,963	$ 4,105	$ 5,749	$ 167,963

SPECIAL REVENUE FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2015 **(In Thousands)**

	Arena Reserve	Board of Estimate and Taxation	Convention Center	HUD Consolidated Plan
REVENUES:				
Taxes	$ 1,580	$ 163	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	18,273
Charges for services and sales	-	-	6,524	1,419
Fines and forfeits	-	-	-	-
Special assessments	-	-	-	1
Investment earnings	57	-	534	348
Miscellaneous revenues	1,352	-	11,920	1,090
Total revenues	2,989	163	18,978	21,131
EXPENDITURES:				
Current:				
General government	-	206	-	1,843
Public safety	-	-	-	977
Public works	-	-	-	-
Health and welfare	-	-	-	1,187
Community planning & economic development	3,367	-	43,666	16,747
Intergovernmental:				
Public safety	-	-	-	-
Total expenditures	3,367	206	43,666	20,754
Excess (deficiency) of revenues over (under) expenditures	(378)	(43)	(24,688)	377
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	5,523	4	50,340	-
Transfers to other funds	-	-	(24,321)	-
Total other financing sources (uses)	5,523	4	26,019	-
Net change in fund balances	5,145	(39)	1,331	377
Fund balances - January 1	10,076	315	65,855	5,994
Fund balances - December 31	$ 15,221	$ 276	$ 67,186	$ 6,371

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, 2015 **(In Thousands)**

Self-Managed Special Service Districts	Employee Retirement	Grants-Federal	Grants-Other	Police	Neighborhood & Community Relations	Regulatory Services	Total
$ -	$ 29,832	$ -	$ 115	$ 187	$ -	$ -	$ 31,877
-	-	-	-	1,073	-	198	1,271
8	5,209	14,200	21,453	189	-	-	59,332
-	-	123	940	450	-	82	9,538
-	-	-	-	314	-	-	314
6,298	-	-	-	-	-	3,850	10,149
(6)	95	-	2	-	-	23	1,053
-	4,481	372	1,170	-	-	48	20,433
6,300	39,617	14,695	23,680	2,213	-	4,201	133,967
6,241	26,078	272	756	-	-	-	35,396
-	11,534	2,360	925	1,660	-	4,433	21,889
-	-	1,041	24	-	-	-	1,065
-	-	6,571	5,188	-	-	-	12,946
-	-	4,249	16,164	-	5,352	285	89,830
-	-	168	-	-	-	-	168
6,241	37,612	14,661	23,057	1,660	5,352	4,718	161,294
59	2,005	34	623	553	(5,352)	(517)	(27,327)
-	-	-	-	-	6,225	-	62,092
-	-	-	-	-	-	-	(24,321)
-	-	-	-	-	6,225	-	37,771
59	2,005	34	623	553	873	(517)	10,444
193	22,219	1,317	2,884	1,096	3,037	5,038	118,024
$ 252	$ 24,224	$ 1,351	$ 3,507	$ 1,649	$ 3,910	$ 4,521	$ 128,468

(In Thousands)

	Community Development Agency	Development	General Debt Service	Total
ASSETS				
Cash and cash equivalents	$ 206	$ 9	$ 19,371	$ 19,586
Investments with trustees	2,187	-	-	2,187
Receivables:				
Taxes	-	-	885	885
Accrued interest	1	-	39	40
Total assets	$ 2,394	$ 9	$ 20,295	$ 22,698
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	$ -	$ -	$ 12	$ 12
Deferred Inflows of Resources:				
Unavailable revenue	-	-	473	473
Fund balances:				
Restricted	2,394	9	19,810	22,213
Total liabilities, deferred inflows of resources, and fund balances	$ 2,394	$ 9	$ 20,295	$ 22,698

DEBT SERVICE FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2015 **(In Thousands)**

	Community Development Agency	Development	General Debt Service	Total
REVENUES:				
Taxes	$ -	$ -	$ 45,654	$ 45,654
Intergovernmental revenues	-	-	49	49
Investment earnings	1	-	127	128
Miscellaneous revenues	-	181	1,146	1,327
Total revenues	1	181	46,976	47,158
EXPENDITURES:				
Debt Service:				
Principal retirement	995	28,485	39,470	68,950
Interest and fiscal charges	1,441	10,337	2,955	14,733
Bond issuance costs	482	-	-	482
Payments to refunded bond escrow agents	22,753	-	-	22,753
Total expenditures	25,671	38,822	42,425	106,918
Excess (deficiency) of revenues over (under) expenditures	(25,670)	(38,641)	4,551	(59,760)
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	4,086	38,641	511	43,238
Transfers to other funds	(2,423)	-	(2,751)	(5,174)
Premium (discount)	135	-	-	135
Refunding bonds issued	22,710	-	-	22,710
Total other financing sources (uses)	24,508	38,641	(2,240)	60,909
Net change in fund balances	(1,162)	-	2,311	1,149
Fund balances - January 1	3,556	9	17,499	21,064
Fund balances - December 31	$ 2,394	$ 9	$ 19,810	$ 22,213

(In Thousands)

	Engineering Materials and Testing	Inter-governmental Services	Property Services	Equipment Services	Public Works Stores	Self-Insurance	Total
ASSETS							
Current assets:							
Cash and cash equivalents	$ 1,553	$ 38,360	$ 4,958	$ 23,702	$ 16	$ 75,650	$ 144,239
Receivables:							
Accounts - net	66	101	19	24	-	106	316
Due from other funds	-	-	-	-	-	385	385
Inventories	-	-	15	1,243	5,703	-	6,961
Properties held for resale	-	-	-	-	-	433	433
Prepaid items	-	741	-	-	-	-	741
Total current assets	1,619	39,202	4,992	24,969	5,719	76,574	153,075
Long-term assets:							
Capital assets:							
Non-depreciable:							
Land and easements	-	-	20,821	2,186	-	-	23,007
Construction in progress	-	18,070	-	3,013	-	-	21,083
Depreciable:							
Buildings and structures	-	-	25,588	30,062	-	-	55,650
Less accumulated depreciation	-	-	(21,588)	(9,690)	-	-	(31,278)
Public improvements	-	-	7,937	1,704	-	-	9,641
Less accumulated depreciation	-	-	(3,466)	(444)	-	-	(3,910)
Machinery and equipment	463	2,270	12,671	84,329	107	-	99,840
Less accumulated depreciation	(287)	(1,410)	(9,735)	(53,073)	(107)	-	(64,612)
Computer equipment	61	70,368	162	-	7	-	70,598
Less accumulated depreciation	(61)	(65,697)	(162)	-	(7)	-	(65,927)
Software	-	52,132	8	-	9	-	52,149
Less accumulated depreciation	-	(33,163)	(8)	-	(9)	-	(33,180)
Other capital outlay	15	-	21	-	15	-	51
Less accumulated depreciation	(15)	-	(21)	-	(15)	-	(51)
Total long - term assets	176	42,570	32,228	58,087	-	-	133,061
Total assets	$ 1,795	$ 81,772	$ 37,220	$ 83,056	$ 5,719	$ 76,574	$ 286,136
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows - pensions	$ 1,011	$ 7,919	$ 4,970	$ 5,539	$ 737	$ 7,013	$ 27,189
LIABILITIES							
Current liabilities:							
Salaries payable	$ 30	$ 251	$ 151	$ 158	$ 21	$ 167	$ 778
Accounts payable	44	3,022	410	1,856	247	1,252	6,831
Due to other funds	-	-	-	-	385	-	385
Interest payable	-	-	6	33	-	-	39
Unearned revenue	-	6,953	-	-	-	-	6,953
Bonds payable - current portion	-	-	820	2,215	-	-	3,035
Compensated absences payable - current portion	21	153	120	113	15	143	565
Unpaid claims payable - current portion	-	-	-	-	-	11,595	11,595
Total current liabilities	95	10,379	1,507	4,375	668	13,157	30,181
Long-term liabilities:							
Bonds payable	-	-	1,745	11,643	-	-	13,388
Advances from other funds	-	1,750	-	-	-	-	1,750
Compensated absences payable	48	357	281	263	35	333	1,317
Other postemployment benefits	21	139	120	312	26	147	765
Net pension liability	1,703	13,341	8,374	9,332	1,242	11,816	45,808
Unpaid claims payable	-	-	-	-	-	40,378	40,378
Total long - term liabilities	1,772	15,587	10,520	21,550	1,303	52,674	103,406
Total liabilities	$ 1,867	$ 25,966	$ 12,027	$ 25,925	$ 1,971	$ 65,831	$ 133,587
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows - pensions	$ 137	$ 1,074	$ 674	$ 751	$ 100	$ 951	$ 3,687
NET POSITION							
Net investment in capital assets	$ 176	$ 43,383	$ 29,663	$ 44,229	$ -	$ -	$ 117,451
Unrestricted	626	19,268	(174)	17,690	4,385	16,805	58,600
Total net position	$ 802	$ 62,651	$ 29,489	$ 61,919	$ 4,385	$ 16,805	$ 176,051

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the Fiscal Year Ended December 31, 2015

(In Thousands)

	Engineering Materials and Testing	Inter-governmental Services	Property Services	Equipment Services	Public Works Stores	Self-Insurance	Total
Operating revenues:							
Charges for services and sales	$ 1,539	$ 41,419	$ 5,348	$ 15,614	$ 1,355	$ 30,087	$ 95,362
Fines and forfeits	-	-	-	-	-	28	28
Rents and commissions	-	-	15,498	13,679	-	-	29,177
Total operating revenues	1,539	41,419	20,846	29,293	1,355	30,115	124,567
Operating expenses:							
Personnel costs	1,422	9,304	8,040	8,342	1,029	15,865	44,002
Contractual services	499	27,070	11,139	4,843	247	8,564	52,362
Materials, supplies, services and other	69	3,402	1,780	6,426	24	3,987	15,688
Depreciation	-	4,559	1,341	6,616	-	-	12,516
Total operating expenses	1,990	44,335	22,300	26,227	1,300	28,416	124,568
Operating income (loss)	(451)	(2,916)	(1,454)	3,066	55	1,699	(1)
Nonoperating revenues (expenses):							
Interest expense	-	(46)	(61)	(344)	-	-	(451)
Gain (loss) on disposal of capital assets	-	(40)	8	260	-	-	228
Other revenues	1	61	1,595	106	78	1,181	3,022
Total nonoperating revenues (expenses)	1	(25)	1,542	22	78	1,181	2,799
Income (loss) before transfers	(450)	(2,941)	88	3,088	133	2,880	2,798
Transfers in (out):							
Transfers from other funds	-	7,659	819	1,912	-	292	10,682
Transfers to other funds	-	-	(1,614)	-	-	(1,000)	(2,614)
Total transfers	-	7,659	(795)	1,912	-	(708)	8,068
Change in net position	(450)	4,718	(707)	5,000	133	2,172	10,866
Net position - January 1, as restated (see Note 1)	1,252	57,933	30,196	56,919	4,252	14,633	165,185
Net position - December 31	$ 802	$ 62,651	$ 29,489	$ 61,919	$ 4,385	$ 16,805	$ 176,051

COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended December 31, 2015 **(In Thousands)**

	Engineering Materials and Testing	Inter-governmental Services	Property Services	Equipment Services	Public Works Stores	Self-Insurance	Total
Cash flows from operating activities:							
Cash received from customers	$ 127	$ 195	$ 267	$ 36	$ -	$ (34)	$ 591
Cash received from interfund activities	1,348	38,547	20,561	29,253	1,355	30,114	121,178
Payments to suppliers	(340)	(29,066)	(12,296)	(6,622)	(535)	(9,820)	(58,679)
Payments to employees	(1,136)	(6,960)	(6,656)	(6,857)	(822)	(13,977)	(36,408)
Payments for interfund activities	(207)	(2,222)	(573)	(4,281)	(244)	(1,506)	(9,033)
Other nonoperating revenue	1	61	1,595	106	78	1,181	3,022
Net cash provided (used) by operating activities	(207)	555	2,898	11,635	(168)	5,958	20,671
Cash flows from non-capital financing activities:							
Transfers from other funds	-	7,659	819	1,912	-	292	10,682
Repayment of advances from other funds	-	(1,500)	-	-	-	-	(1,500)
Transfers to other funds	-	-	(1,614)	-	-	(1,000)	(2,614)
Repayment from (payment to) other fund for cash deficit	-	-	-	-	183	(183)	-
Net cash provided (used) by non-capital financing activities	-	6,159	(795)	1,912	183	(891)	6,568
Cash flows from capital and related financing activities:							
Principal paid on bonds	-	(2,705)	(820)	(2,100)	-	-	(5,625)
Interest paid on bonds	-	(108)	(98)	(460)	-	-	(666)
Acquisition and construction of capital assets	(176)	(15,429)	-	(10,886)	-	-	(26,491)
Proceeds from sale of capital assets	-	-	15	414	-	-	429
Net cash provided (used) by capital and related financing activities	(176)	(18,242)	(903)	(13,032)	-	-	(32,353)
Net increase (decrease) in cash and cash equivalents	(383)	(11,528)	1,200	515	15	5,067	(5,114)
Cash and cash equivalents, beginning of year	1,936	49,888	3,758	23,187	1	70,583	149,353
Cash and cash equivalents, end of year	$ 1,553	$ 38,360	$ 4,958	$ 23,702	$ 16	$ 75,650	$ 144,239
Reconciliation of operating income to net cash provided (used) by operating activities							
Operating income (loss)	$ (451)	$ (2,916)	$ (1,454)	$ 3,066	$ 55	$ 1,699	$ (1)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:							
Depreciation	-	4,559	1,341	6,616	-	-	12,516
Accounts receivable - net	(64)	(101)	(19)	(4)	-	(35)	(223)
Intergovernmental receivable	-	-	1	-	-	-	1
Inventories	-	-	4	(5)	(460)	-	(461)
Prepaid items	-	33	-	-	-	-	33
Deferred outflows - pensions	(912)	(7,143)	(4,483)	(4,997)	(665)	(6,326)	(24,526)
Salaries payable	2	40	1	(18)	2	(40)	(13)
Accounts payable	21	(747)	46	372	(48)	(897)	(1,253)
Unearned revenue	-	(2,677)	-	-	-	-	(2,677)
Compensated absences payable	7	101	49	(11)	4	29	179
Other postemployment benefits	(22)	(143)	(138)	(127)	(17)	(179)	(626)
Net pension liability	1,074	8,414	5,281	5,886	783	7,452	28,890
Unpaid claims payable	-	-	-	-	-	2,123	2,123
Deferred inflows - pensions	137	1,074	674	751	100	951	3,687
Other nonoperating revenue	1	61	1,595	106	78	1,181	3,022
Net cash provided (used) by operating activities	$ (207)	$ 555	$ 2,898	$ 11,635	$ (168)	$ 5,958	$ 20,671
Non-cash investing, capital and financing activities:							
Loss on disposal of capital assets	$ -	$ (40)	$ (7)	$ (154)	$ -	$ -	$ (201)