



Dear Minneapolis residents,

Every four years the City engages in strategic planning to determine Citywide goals and strategic directions. In April of 2010, the Mayor and the City Council articulated six Citywide goals. These goals guide the elected officials during the budget process as they decide how to commit the City's resources.

A Safe Place to Call Home

People and businesses thrive in a safe and secure city

Jobs & Economic Vitality

A world-class city and 21st century economic powerhouse

Livable Communities, Healthy Lives

Our built and natural environment adds character to our city, enhances our health and enriches our lives

Many People, One Minneapolis

Inclusiveness is a treasured asset; everyone's potential is tapped

Eco-Focused

Minneapolis is an internationally recognized leader for a healthy environment and sustainable future

A City That Works

Minneapolis is a model of fiscal responsibility, technological innovation and values-based, results-driven municipal government

These goals can be found in more detail on the City's Web site at www.ci.minneapolis.mn.us.

If you have questions about any of the material presented in the Budget in Brief, please call 311 or (612) 673-3000.



City of Minneapolis 2011 Budget in Brief

Budget Process

Mayor's Recommended Budget

June through August

The Mayor holds budget hearings to review departmental budget proposals, other policy changes, and alternative funding options. After the initial review, the Mayor recommends a budget to the City Council no later than August 15.

City Council Budget Review and Development

October through November

The City Council discusses the Mayor's recommended budget. Each department presents its budget to the Ways and Means/Budget Committee with all Council members invited to attend. After these hearings, the Ways and Means/Budget Committee forwards a budget to the City Council with any changes made to the Mayor's recommendations.

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 owner will be required to pay. These statements also indicate the dates when truth in taxation public hearings will be held. State law was changed in the 2009 Legislative session to require the hearing after November 24. The hearing may be part of the City's regularly scheduled budget meeting but the meeting must be held after 6:00 p.m.

City Council Budget Adoption

December

The City Council adopts a final budget that reflects any and all changes made to the Mayor's recommended budget. The final budget is referred to as the "Adopted Budget."

THE CITY'S FUNDS

The accounts of the City are organized into funds. A fund is a group of related accounts used to control money that has been earmarked for specific activities or objectives. By keeping revenue in its appropriate funds, the City is able to obey laws that require certain money to be spent on specific uses. About 71 percent of the City's revenue is dedicated for a specific use. That means the City may not raise water bills to pay for police services, for example. Of the City's \$1.36 billion 2011 Adopted Budget, most of the big spending decisions occur within the City's \$392 million General Fund.

REVENUES AND EXPENDITURES - CITYWIDE AND GENERAL FUND

CITYWIDE

Police and Fire

The Police and Fire Departments make up 13.9 percent (\$189 million) of the City's budget. The City's 2011 Adopted Budget funds 862 sworn police in five different precincts and 396 firefighters at 19 stations.

Community Planning and Economic Development

The Community Planning and Economic Development (CPED) Department accounts for about 6.3 percent (\$81.9 million) of the City's budget. CPED's work includes the following goals: promoting a healthy economy by working with private businesses, developing an educated workforce and living-wage jobs, administering programs for housing development and redevelopment, and interpreting and enforcing zoning codes.

Public Works

The Public Works Department makes up the largest part of the City's budget (22.8 percent, \$310.3 million). The main tasks of Public Works include the following: offering safe transportation to residents by maintaining streets, bike paths and sidewalks; offering high-quality drinking water to residents and visitors by managing the sewer and water system, and facilitating the collection and disposal of garbage and recycling.

Property taxes are a major source of revenue for the City. The City receives about 43 percent of your property tax payments. For more information on property taxes, please see the section on the back page titled "Property Tax Dollar Breakdown."

Charges for services include utilities that residents pay for such as water, sewer, stormwater, garbage removal and recycling.

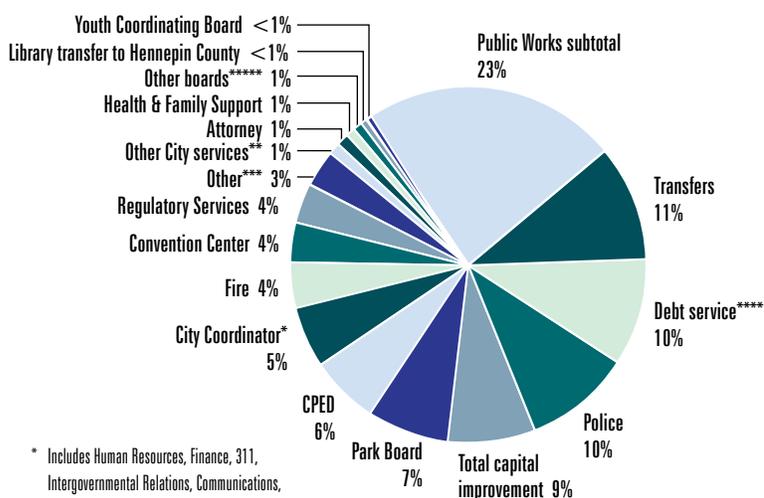
State government revenue is money that comes from the State of Minnesota - the largest source of which is Local Government Aid (LGA). The State of Minnesota uses a formula to distribute LGA funds to cities in the State. In 2011, Minneapolis was appropriated \$87.5 million. In 2010, the City was appropriated \$90 million but received just \$64.1M after unallotment and further legislative adjustments. For more information on LGA and the distribution formula, please visit <http://www.house.leg.state.mn.us/hrd/topics.asp?topic=32>.

Tax increment property tax revenue is money being paid back to the City. Sometimes the City issues bonds to fund development in an economically disadvantaged district of the City. Then when the development begins to pay property taxes, the taxes go to the City to repay the bonds. This year, \$10.6 million of this revenue will go to fund neighborhood programs and Target Center debt service.

Sales and other taxes include some taxes unique to the City. The City of Minneapolis collects a 0.5 percent sales tax that is dedicated to help fund the Convention Center. The City also collects additional taxes on lodging, restaurant, liquor and entertainment sales. 6.875 percent of total sales tax collected in Minneapolis goes to the State of Minnesota.

Total Expense Budget – Use of Funds

2011 Adopted Budget: \$1.36 billion



* Includes Human Resources, Finance, 311, Intergovernmental Relations, Communications, Internal Audit, Neighborhood and Community Relations and BIS

** Includes Assessor, City Clerk/Elections/Council, Civil Rights & Mayor

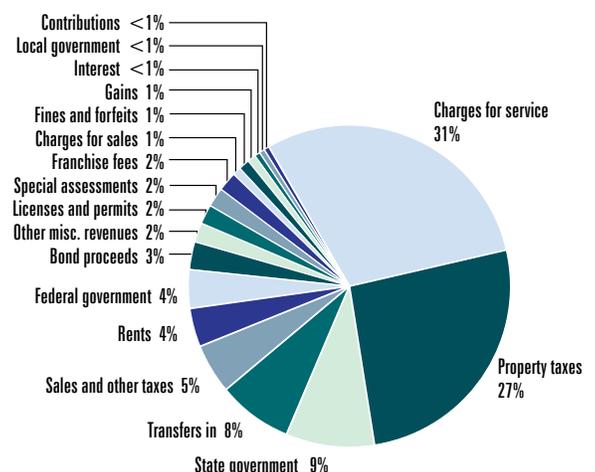
*** Includes Non-departmental, Health and Welfare, Workers' Compensation, Liability, Contingency and Pensions

**** Does not include debt service paid directly from proprietary funds or by independent boards

***** Includes the Neighborhood Revitalization Program, Board of Estimate and Taxation, Municipal Building Commission, and the City allocation to the Minneapolis Public Housing Authority.

Total Revenue Budget – Source of Funds

2011 Adopted Budget: \$1.37 billion

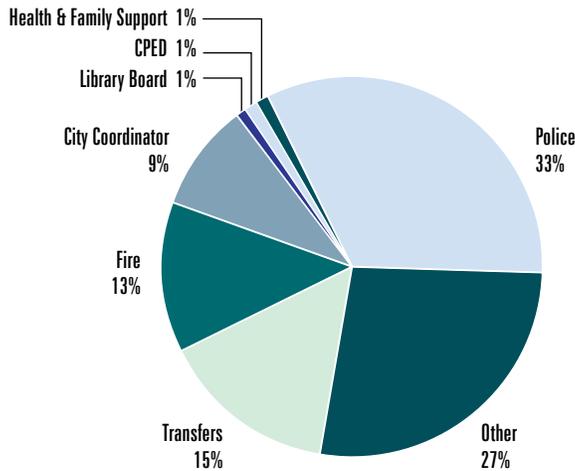


GENERAL FUND

The fund where the City has the most discretion is the General Fund. The two major sources of funding for the General Fund are local property taxes and Local Government Aid from the State. These two sources make up 63% of the General Fund budget of \$392.3 million. The General Fund is about 29 percent of the citywide budget. Here is a more detailed look at the General Fund:

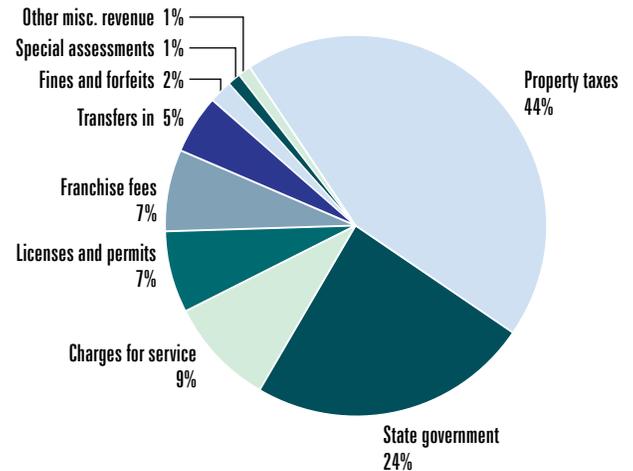
General Fund Expense Budget – Expenditures by Services

2011 Adopted Budget: \$392.3 million



General Fund Revenue Budget – Sources of Funds

2011 Adopted Budget: \$392.3 million



* Other departments: Assessor, Council/Clerk/Elections, Civil Rights, Health and Family Support, Mayor, Regulatory Services, Public Works, CPED, Contingency

CAPITAL PLAN

Every year, the City adopts a plan for capital improvements for the next five years. Capital improvements include projects such as street construction, bridges, public buildings, traffic systems, park improvements, sewers, water infrastructure, etc. Capital projects tend to be costly, so the City issues bonds to help cover the cost. The City uses the cash received from bond sales to pay for capital projects, and repays investors over time at tax exempt interest rates determined by competitive bids received at the time the bonds were issued. This process is similar to a homeowner taking out a home improvement loan to complete a major home repair project.

The 2011 budget includes the 2011-2015 five-year capital plan. The five-year total for the capital budget is \$593.667 million, with 93 percent of it within the Public Works Department. The three biggest capital expense categories include street paving (\$251 million), stormwater sewers (\$107 million) and water infrastructure (\$52 million).

Debt Service and Bonds

Currently, the City's total general obligation debt outstanding is around \$982 million. General obligation bonds are backed by the full faith and taxing authority of the City. Approximately 24 percent of this debt is paid for

with future property tax payments, 31 percent is paid by fees collected for sewer, water and parking services, and the balance is supported by sales taxes, tax increment, special assessments and other user fees. Annually, the City pays between \$125 - \$150 million in principal and interest on bonds.

The City's bonds receive the highest possible ratings from all three major credit rating agencies. The ratings represent the strength of the City's credit and thus the safety of investing in City bonds. The City's top bond ratings reflect the sound financial management of the City and allow the City to borrow money from investors at low interest rates.

Capital Long-Range Improvement Committee (CLIC)

Elected officials gather feedback from residents regarding what capital projects the City should undertake. The Capital Long-Range Improvement Committee consists of 33 residents (seven appointed by the Mayor and two appointed by each of the 13 Council members to represent their wards). CLIC members rank proposed capital projects and present their recommendations to the Mayor and City Council.

PROPERTY TAX DOLLAR BREAKDOWN

Your property tax dollars are split among several different organizations. The three organizations that receive the greatest proportion of your property taxes are the City of Minneapolis, Hennepin County, and Minneapolis Public Schools. The City typically receives about 43 percent of the revenue from property tax payments. Hennepin County receives about 28 percent, and the School District about 26 percent. The other 3 percent of property tax revenue is split between Metro Mosquito Control, Metropolitan Council, Metro Transit, the Minneapolis Institute of Arts, Hennepin County Regional Railroad Authority and the School Board referendum.

2011 Adopted Budget Property Tax Breakdown

Under the 2011 Adopted Budget, a Minneapolis home with an estimated value of \$196,650 will pay about \$1,309 in property taxes to the City in the year 2011. See where that \$1,309 goes on the adjacent chart and table:

City Property Tax Breakdown for Home Valued at \$196,650

	Tax on typical home
	\$1,309.00
Police	\$276.32
Fire	\$113.92
Public Works	\$68.06
Other City departments	\$145.07
Closed pension funds and pension management plan	\$185.61
Capital and debt service	\$94.80
Miscellaneous (includes contingency)	\$141.74
Library referendum debt service	\$43.22
Park	\$219.56
Independent boards less Park	\$20.70

Property Tax Breakdown
2011 Adopted Budget



UTILITY RATES

The City charges for the following utilities: tap water, managing stormwater, managing sanitary sewers, and garbage/recycling. In the 2011 Adopted Budget, utility rates for a home with the average consumption will increase 2.9 percent from 2010 rates.

Average Annual Utility Bill Cost

Combined utility bill cost for average Minneapolis consumer

	2010 average	2011 average	Annual % change	Annual \$ change
Sanitary Sewer	\$ 210.96	\$ 220.00	4.3%	\$ 9.04
Storm Water	133.08	137.00	2.9%	3.92
Water	292.80	307.00	4.8%	14.20
Solid/Waste/Recycling	288.00	288.00	0.0%	0.00
Total Utilities	924.84	952.00	2.9%	27.16

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For online information about Minneapolis program performance and progress, go to <http://www.ci.minneapolis.mn.us/results-oriented-minneapolis/resultsminneapolis.asp>.

If you need this material in an alternative format please call 612-673-2162. Deaf and hard-of-hearing people call at 612-673-3000. TTY users call 612-673-2157 or 612-673-2626.

Attention- If you have any questions regarding this material please call 311. Hmong - Ceeb toom. Yog koj xav tau kev pab txhais cov xov no rau koj dawb, hu 612-673 2800.

Spanish - Atención. Si desea recibir asistencia gratuita para traducir esta información, llame 612-673-2700.

Somali - Ogow. Haddii aad dooneyso in lagaa kaalmeeyo tarjamadda macluumaadkani oo lacag la' aan wac 612-673-3500.