



City of Minneapolis, Minnesota

Comprehensive Annual Financial Report

For the year ended December 31, 2009



Minneapolis **Finance Department**

COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF
MINNEAPOLIS, MINNESOTA

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

FINANCE DEPARTMENT

TABLE OF CONTENTS

INTRODUCTORY SECTION

	Page
Transmittal Letter	v
Organization Chart	x
Mayor and Council	xi
Certificate of Achievement for Excellence in Financial Reporting	xii

FINANCIAL SECTION

Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets	26
Statement of Activities	27
Fund Financial Statements	
Governmental Funds – Balance Sheet	28
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Assets – Governmental Activities	29
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balance	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities – Governmental Activities	31
Proprietary Funds – Statement of Net Assets	32
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Fund Net Assets	34
Proprietary Funds – Statement of Cash Flows	35
Statement of Fiduciary Net Assets	36
Statement of Net Assets Discrete Component Units (combining)	37
Statement of Activities Discrete Component Units (combining)	38
Notes to the Financial Statements	
Note 1 - Summary of Significant Accounting Policies	39
Note 2 - Deposits and Investments	51
Note 3 - Receivables	55
Note 4 - Capital Assets	57
Note 5 - Long-Term Debt	59
Note 6 - Industrial, Commercial, and Housing Revenue Bonds and Notes	64
Note 7 - Prior Year Defeasance of Debt	64
Note 8 - Demand Bonds	65
Note 9 - Leases	66
Note 10 - Interfund Transactions	67
Note 11 - Net Assets/Fund Balances	69
Note 12 - Restricted Net Assets – Governmental Activities	70
Note 13 - Restricted Net Assets – Business Type Activities	70
Note 14 - Deficit Balances	70
Note 15 - Defined Benefit Pension Plan – Statewide Public Employees Retirement Association	71

TABLE OF CONTENTS

	Page
Notes to the Financial Statements (continued)	
Note 16 - Defined Benefit Pension Plan – Multiple Employer Minneapolis Employees Retirement Fund	72
Note 17 - Defined Benefit Pension Plan – Single Employer Minneapolis Firefighter’s Relief Association, Minneapolis Police Relief Association	73
Note 18 - Defined Contribution Plan – CPED	76
Note 19 - Postemployment Healthcare Plan	76
Note 20 - Vacation, Severance, Sick and Compensatory Time Pay	78
Note 21 - Risk Management and Claims	78
Note 22 - Cleanup of Hazardous Materials	79
Note 23 - Other Commitments and Contingencies	79
Note 24 - Subsequent Events	79
Required Supplementary Information Other Than Management’s Discussion and Analysis:	
General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	81
Community Planning and Economic Development Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	82
Convention Center Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	83
Notes to the Required Supplementary Information	84
Other Supplementary Information:	
Combining and Individual Fund Statements and Schedules:	
Governmental Funds Balance Sheet – Nonmajor Funds	86
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Funds	87
Special Revenue Funds Combining Balance Sheet – Nonmajor Funds	88
Special Revenue Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Funds	89
Debt Service Funds Combining Balance Sheet – Nonmajor Funds	90
Debt Service Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Funds	91
Budgetary Comparison Schedules	
Arena Reserve Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	92
Board of Estimate and Taxation Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	93
HUD Consolidated Plan Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	94
Convention Facilities Reserve Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	95
Downtown Improvement District Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	96
Employee Retirement Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	97
Grants – Federal Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	98
Grants – Other Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	99
Police Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	100

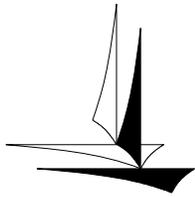
TABLE OF CONTENTS

	Page
Other Supplementary Information:	
Combining and Individual Fund Statements and Schedules: (continued)	
Internal Service Funds Combining Statement of Net Assets	101
Internal Service Funds Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	102
Internal Service Funds Combining Statement of Cash Flows	103
Engineering Materials and Testing Internal Service Fund	
Statement of Net Assets	104
Statement of Revenues, Expenses, and Changes in Net Assets	105
Statement of Cash flows	106
Intergovernmental Services Internal Service Fund	
Statement of Net Assets	107
Statement of Revenues, Expenses, and Changes in Net Assets	108
Statement of Cash flows	109
Property Services Internal Service Fund	
Statement of Net Assets	110
Statement of Revenues, Expenses, and Changes in Net Assets	111
Statement of Cash flows	112
Equipment Services Internal Service Funds	
Statement of Net Assets	113
Statement of Revenues, Expenses, and Changes in Net Assets	114
Statement of Cash flows	115
Public Works Stores Internal Service Fund	
Statement of Net Assets	116
Statement of Revenues, Expenses, and Changes in Net Assets	117
Statement of Cash flows	118
Self-Insurance Internal Service Fund	
Statement of Net Assets	119
Statement of Revenues, Expenses, and Changes in Net Assets	120
Statement of Cash flows	121
Combining Statement of Fiduciary Net Assets – Agency Funds	122
Fiduciary Funds Combining Statement of Changes in Assets and Liabilities – Agency Funds	123
Schedule of Governmental Activity Bonds and Notes	125
Schedule of Business Activity Bonds and Notes	131
Municipal Building Commission	
Balance Sheet	134
Statement of Revenue, Expenditures, and Changes in Fund Balance	135

STATISTICAL SECTION

Statistical Section (Unaudited)

Schedule 1 - Net Assets by Component	138
Schedule 2 - Changes in Net Assets	139
Schedule 3 - Fund Balance, Governmental Funds	140
Schedule 4 - Changes in Fund Balance, Governmental Funds	141
Schedule 5 - Assessed Value and Actual Value of Taxable Property	142
Schedule 6 - Direct and Overlapping Property Tax Rates	143
Schedule 7 - Principal Property Taxpayers	144
Schedule 8 - Property Tax Levies and Collections	145
Schedule 9 - Ratios of Outstanding Debt by Type	146
Schedule 10 - Ratios of Net General Bonded Debt Outstanding	147
Schedule 11 - Direct and Overlapping Governmental Activities Debt	148
Schedule 12 - Legal Debt Margin Information	149
Schedule 13 - Pledged-Revenue Coverage	150
Schedule 14 - Demographic and Economic Statistics	154
Schedule 15 - Principal Employers	155
Schedule 16 - Full-time Equivalent City Government Employees by Function	156
Schedule 17 - Operating Indicators by Function/Program	157
Schedule 18 - Capital Assets Statistics by Function/Program	159



Minneapolis
City of Lakes

Finance Department

Patrick P. Born
City Finance Officer

350 South 5th Street - Room 325M
Minneapolis MN 55415-1315

Office 612-673-3375
Fax 612-673-2042
TTY 612-673-2157

June 21, 2010

Mayor R. T. Rybak,
Council President Barbara Johnson,
City Council Members,
And Citizens of the City of Minneapolis, Minnesota

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, 2009. The purpose of the report is to provide the Mayor, City Council, City Staff, citizens, bond holders, and other interested parties with useful information concerning the City's operations and financial position. The City is responsible for the accuracy, completeness, and fairness of the data presented in this report.

To the best of our knowledge, the following report is accurate in all material respects. It has been prepared in accordance with standards 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. We believe the report contains all disclosures necessary for the reader to understand the City's financial affairs.

The transmittal letter is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditor's report.

STEWARDSHIP

The City prepares financial reports to promote *accountability*. The City's elected officials are accountable to the citizens; City management is accountable to the elected officials. This report gives citizens and other interested parties one means of assessing whether the elected and appointed officials in the City have faithfully carried out their role of being good stewards of the City's resources.

INTERNAL CONTROLS

The City's management is responsible for establishing a system of internal controls to:

- 1) Safeguard City assets from loss or unauthorized use or disposal.
- 2) Provide reliable financial records for preparing internal and external financial reports and for maintaining accountability over City assets.

- 3) Ensure compliance with applicable federal and state laws and regulations related to programs for which the City receives assistance.

No system of internal controls can be perfect. Therefore, internal controls are meant to provide “reasonable assurance”. Reasonable assurance means:

- 1) The cost of a control should not exceed the benefits likely to be derived from that control.
- 2) The costs and benefits of internal controls are subject to estimates and judgments by management.

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.

As the City’s governing board, the Mayor and City Council are responsible to:

- 1) Ensure that the City administration fulfills its responsibilities in the preparation of the financial statements;
- 2) Review the scope of the City’s audits and the accounting principles applied in the City’s financial reporting.

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 CITY AND ITS SERVICES

Physical Description

The City, located in Hennepin County, 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 is 59 square miles, including five square miles of inland water. The City drapes 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.

There are 81 residential neighborhoods within the City offering a broad range of housing to 169,000 households. Minneapolis has more than thirty theaters; the Guthrie Theater and the Children’s Theatre Company are recognized as two of the country’s best. The City boasts two world-class art museums and is home to the internationally acclaimed Minnesota Orchestra.

Minneapolis is home to an estimated 382,600 people (2000 Census data). According to 2000 Census data, the population within the City grew by 3.9 *percent* from 1990 to 2000, reversing a trend of declining population that began in 1950.

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

Most of the information above is from the *State of the City*, a publication of the City’s Community Planning and Economic Development Department. The *State of the City* contains a wealth of demographic and other data,

which paint a detailed and thorough picture of the City. The *State of the City* 2003 can be accessed from City's web site, at <http://www.ci.minneapolis.mn.us/planning/soc03/>.

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.

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 that 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.

Departments

The City organizes itself by departments, which are managed by department heads (see 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 and family support services; public works; assessment of property; attorney services; civil rights; planning; regulatory services; and management support services.

THE REPORTING ENTITY

The City organizes its financial activities in a variety of funds. In accordance with GASB Statement No. 14, 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 part of City government *in substance*. 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 statement set apart from the rest of the primary government. Units are discretely presented in the financial statements because, while the City is financially accountable for them, they do not meet the criteria for a blended component unit. The Minneapolis Park and Recreation Board, the Municipal Building Commission (MBC), and Meet Minneapolis are discretely presented components in the City's financial statements.

ECONOMIC CONDITION AND OUTLOOK

A discussion and analysis of City's overall financial condition during the fiscal year ended 2009 is included as part of the MD&A.

LONG-TERM FINANCIAL PLANNING

The City's approach and policies regarding long-term financial planning are discussed in detail in the Management Discussion & Analysis 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 - Aaa

RISK MANAGEMENT

The City accounts for its risk management activities in an internal service fund and charges the operating funds annually for the anticipated actuarially projected ultimate incurred claims. The City's risk management program operates under the direction of the Risk Management and Claims Division, within the Finance Department. Various programs have been developed to reduce the City's risk of loss including: a comprehensive employee health wellness, and safety program; a strategy to reduce tort liability exposure; a financial plan to minimize losses; and, a strategy to reduce the frequency of injuries and illnesses and the cost of workers' compensation.

INDEPENDENT AUDIT

Minnesota law requires the Office of the State Auditor (OSA) to perform the City's annual audit. The OSA's report on the City's financial statements is based on their audit in accordance with generally accepted auditing standards. The Auditor's unqualified audit opinion is included as page one and two in the financial section of this report.

In addition to meeting the State and City's financial audit requirements, the OSA's audit was designed to meet the requirements of the federal Single Audit Act and the related U.S. Office of Management and Budget's Circular A-133. The OSA prepares a separate report on covered activities.

CERTIFICATE OF ACHIEVEMENT

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, 2008. A Certificate of Achievement is valid for a period of one year only. The City has received this prestigious award for 40 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.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the year 2009.

ACKNOWLEDGEMENTS

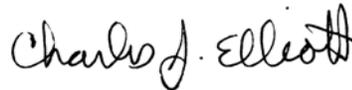
Preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the City's finance department. In addition, we would like to thank the State Auditor's Office for their thoroughness and professionalism in conducting the City's audit. Finally, we would like to thank the Mayor, members of the City Council, and the City Coordinator, Steven Bosacker, for their interest in conducting the financial operations of this City in a responsible and progressive manner.

Respectfully submitted,

Patrick P. Born
Finance Officer



Charles Elliott,
Controller



MAYOR AND COUNCIL

CITY OF MINNEAPOLIS, MINNESOTA

2009

Mayor R.T. RYBAK

CITY COUNCIL

Ward 1 PAUL OSTROW

Ward 2 CAM GORDON

Ward 3 DIANE HOFSTEDE

Ward 4 **President** BARBARA JOHNSON

Ward 5 DON SAMUELS

Ward 6 **Vice-President** ROBERT LILLIGREN

Ward 7 LISA GOODMAN

Ward 8 ELIZABETH GLIDDEN

Ward 9 GARY SCHIFF

Ward 10 RALPH REMINGTON

Ward 11 SCOTT BENSON

Ward 12 SANDRA COLVIN ROY

Ward 13 BETSY HODGES

In 2010, the following Council member changes occurred:

Ward 1 KEVIN REICH

Ward 10 MARGARET TUTHILL

Ward 11 JOHN QUINCY

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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

SUITE 500
525 PARK STREET
SAINT PAUL, MN 55103-2139

(651) 296-2551 (Voice)
(651) 296-4755 (Fax)
state.auditor@state.mn.us (E-mail)
1-800-627-3529 (Relay Service)

INDEPENDENT AUDITOR'S REPORT

Mayor and Members of the City Council
City of Minneapolis

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Minneapolis, Minnesota, as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Meet Minneapolis, which represents less than 1 percent, a negative 3 percent, and 8 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Meet Minneapolis component unit, is based solely on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Meet Minneapolis were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented

component units, each major fund, and the aggregate remaining fund information of the City of Minneapolis as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and the required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Minneapolis' basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2010, on our consideration of the City of Minneapolis' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. It does not include Meet Minneapolis, which was audited by other auditors.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 21, 2010

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

This section of the City of Minneapolis' comprehensive annual financial report presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2009. 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

- Assets of the City of Minneapolis exceeded liabilities at the close of the 2009 fiscal year by \$1,404,738 (net assets). Of this amount, \$147,359 is restricted for specific purposes (restricted net assets) and \$1,142,006 is invested in capital assets net of related debt and \$115,373 in unrestricted net assets.
- The City's total net assets increased by \$170,064. Governmental activities increased the City's net assets by \$135,674 and the business type activities by \$34,390.
- As of December 31, 2009, unreserved fund balance for the general fund was \$67,340.
- The City's total long-term bond and note liability decreased by \$26,998 from the prior year. Total bonds and notes issued in 2009 was \$230,501 including \$173,050 of refunding transactions and total debt retirement was \$257,499, including refunding transactions. Major new debt issuances included bonds of \$42,295 for various infrastructure improvements in the five-year capital plan, and \$9,800 for special assessment projects and \$5,356 for general obligation Water Revenue notes for water infrastructure 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 3 components; 1) Government-wide financial statements; 2) Fund financial statements; and 3) Notes to the basic financial statements. This report also contains 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 assets presents information on all City assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 development. The business-type activities of the City include sanitary sewer, stormwater, solid waste and recycling, water works, economic development, and parking.

The government-wide financial statements include not only the City of Minneapolis (known as primary government), but also legally separate entities for which the City is accountable. For the City of Minneapolis, component units are included in

(All dollar amounts are expressed in thousands unless otherwise indicated.)

the basic financial statements of the City, and consist of legally separate entities for which the City is financially accountable (discretely presented component units) and have substantially the same board as the City or provide services almost entirely to the primary government (blended component units). An example of blended funds is the Board of Estimate and Taxation (BET). Examples of discretely presented component units include the Minneapolis Park and Recreation Board (Park Board), the Municipal Building Commission (MBC) and Meet Minneapolis.

The government-wide financial statements can be found on pages 26-27 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 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 governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Minneapolis maintains 17 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 balance for the General Fund, the Community Planning and Economic Development Special Revenue Fund, the Convention Center Special Revenue Fund, Permanent Improvement Capital Project, and the Special Assessment Debt Service Fund, all of which are considered to be major funds. Data from the other 12 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 elsewhere in this report.

The governmental funds' financial statements can be found on pages 28-31 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 Works, 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 purchase 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 32-35 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 36 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 39-80

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 81-84 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets:

The City's assets exceeded liabilities by \$1,404,738 at the close of the fiscal year ending December 31, 2009 compared to \$1,234,674 at the end of the previous year.

Statement of Net Assets
December 31, 2009

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 674,551	\$ 588,640	\$ 184,384	\$ 201,413	\$ 858,935	\$ 790,053
Capital assets	1,007,348	978,193	924,275	904,214	1,931,623	1,882,407
Total assets	<u>1,681,899</u>	<u>1,566,833</u>	<u>1,108,659</u>	<u>1,105,627</u>	<u>2,790,558</u>	<u>2,672,460</u>
Current and other liabilities	193,344	181,735	45,608	56,430	238,952	238,165
Long-term liabilities	790,893	823,110	355,975	376,511	1,146,868	1,199,621
Total liabilities	<u>984,237</u>	<u>1,004,845</u>	<u>401,583</u>	<u>432,941</u>	<u>1,385,820</u>	<u>1,437,786</u>
Net assets:						
Invested in capital, net of related debt	526,551	536,126	615,455	591,964	1,142,006	1,128,090
Restricted net assets	112,895	59,629	34,464	34,456	147,359	94,085
Unrestricted net assets	58,216	(33,767)	57,157	46,266	115,373	12,499
Total net assets	<u>697,662</u>	<u>561,988</u>	<u>707,076</u>	<u>672,686</u>	<u>1,404,738</u>	<u>1,234,674</u>
Total liabilities and net assets	<u>\$ 1,681,899</u>	<u>\$ 1,566,833</u>	<u>\$ 1,108,659</u>	<u>\$ 1,105,627</u>	<u>\$ 2,790,558</u>	<u>\$ 2,672,460</u>

The largest portion of the City's net assets, \$1,142,006 reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, 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.

Another portion of the City's net assets represents unrestricted net assets of \$115,373, and for the first time the city reports a positive unrestricted net assets balance in its governmental activities.

The following table presents the net assets of the Primary government, (the City) and its discrete component units (Park Board, Meet Minneapolis, and the Municipal Building Commission):

(All dollar amounts are expressed in thousands unless otherwise indicated.)

**City and Discrete Component Units
Statement of Net Assets
December 31, 2009**

	Primary Government		Discrete Component Units		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 858,935	\$ 790,053	\$ 25,860	\$ 22,739	\$ 884,795	\$ 812,792
Capital assets	1,931,623	1,882,407	296,099	294,018	2,227,722	2,176,425
Total assets	<u>2,790,558</u>	<u>2,672,460</u>	<u>321,959</u>	<u>316,757</u>	<u>3,112,517</u>	<u>2,989,217</u>
Current and other liabilities	238,952	238,165	16,105	17,161	255,057	255,326
Long-term liabilities	1,146,868	1,199,621	10,594	11,091	1,157,462	1,210,712
Total liabilities	<u>1,385,820</u>	<u>1,437,786</u>	<u>26,699</u>	<u>28,252</u>	<u>1,412,519</u>	<u>1,466,038</u>
Net assets:						
Invested in capital, net of related debt	1,142,006	1,128,090	294,857	292,381	1,436,863	1,420,471
Restricted net assets	147,359	94,085	7,574	59	154,933	94,144
Unrestricted net assets	115,373	12,499	(7,171)	(3,935)	108,202	8,564
Total net assets	<u>1,404,738</u>	<u>1,234,674</u>	<u>295,260</u>	<u>288,505</u>	<u>1,699,998</u>	<u>1,523,179</u>
Total liabilities and net assets	<u>\$ 2,790,558</u>	<u>\$ 2,672,460</u>	<u>\$ 321,959</u>	<u>\$ 316,757</u>	<u>\$ 3,112,517</u>	<u>\$ 2,989,217</u>

Statement of Activities

The following table presents the changes in net assets for governmental and business-type activities:

**Statement of Activities
For the Year Ended December 31, 2009**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for services	\$ 100,551	\$ 126,071	\$ 265,644	\$ 226,872	\$ 366,195	\$ 352,943
Operating grants and contributions	92,775	100,095	-	2,641	92,775	102,736
Capital grants and contributions	26,928	13,136	1,826	-	28,754	13,136
General revenues:						
Property taxes	263,776	184,985	-	-	263,776	184,985
Property tax increment	13,440	82,686	-	-	13,440	82,686
Franchise fees	28,053	31,705	-	-	28,053	31,705
Convention center taxes	54,868	60,480	-	-	54,868	60,480
Other taxes	202	183	-	-	202	183
Local government aid	70,540	60,702	-	-	70,540	60,702
Grants & contributions not restricted to prgms	-	7	-	-	-	7
Gain on sale of capital assets	-	-	-	565	-	565
Interest and investment earnings	6,843	13,121	4,126	1,487	10,969	14,608
Miscellaneous	10,239	1,287	88	1,479	10,327	2,766
Total revenues	<u>668,215</u>	<u>674,458</u>	<u>271,684</u>	<u>233,044</u>	<u>939,899</u>	<u>907,502</u>

(All dollar amounts are expressed in thousands unless otherwise indicated.)

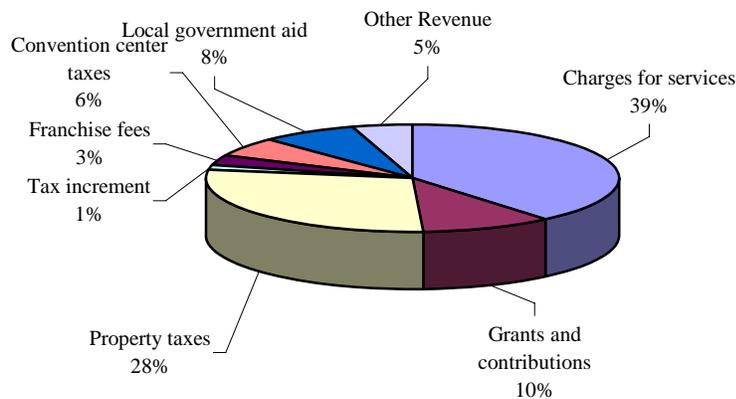
**Statement of Activities
For the Year Ended December 31, 2009**

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Expenses						
General government	72,276	79,609	-	-	72,276	79,609
Public safety	244,134	232,210	-	-	244,134	232,210
Public works	94,752	50,523	-	-	94,752	50,523
Culture and recreation	13,483	29,607	-	-	13,483	29,607
Health and welfare	14,164	13,028	-	-	14,164	13,028
Community & economic development	110,344	122,936	6,860	6,367	117,204	129,303
Interest on long-term debt	28,753	36,405	-	-	28,753	36,405
Sanitary Sewer	-	-	32,892	38,057	32,892	38,057
Stormwater	-	-	24,856	24,027	24,856	24,027
Solid waste and recycling	-	-	23,641	26,514	23,641	26,514
Water works	-	-	51,751	56,310	51,751	56,310
Municipal parking	-	-	51,929	50,833	51,929	50,833
Total expenses	577,906	564,318	191,929	202,108	769,835	766,426
Excess (deficiency) before transfers	90,309	110,140	79,755	30,936	170,064	141,076
Transfers	45,365	4,250	(45,365)	(4,250)	-	-
Change in net assets	135,674	114,390	34,390	26,686	170,064	141,076
Net assets - January 1, 2009	561,988	447,598	672,686	646,000	1,234,674	1,093,598
Net assets - December 31, 2009	\$ 697,662	\$ 561,988	\$ 707,076	\$ 672,686	\$ 1,404,738	\$ 1,234,674

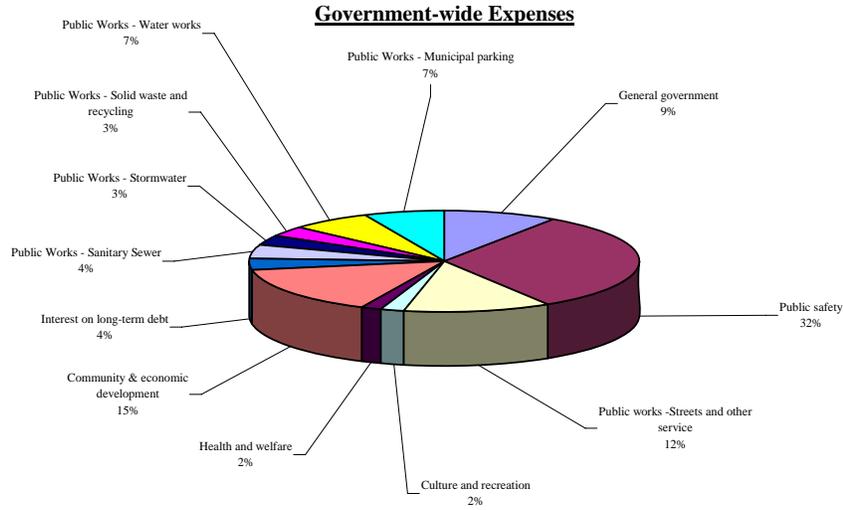
Governmental Activities—Governmental activities increased the City’s net assets by \$135,674 compared to an increase of \$114,390 in 2008. Governmental activities are supported by charges for services, grants, and contributions. Additionally, general revenues cover any net expense after program specific revenues are applied. In 2009, the City relied primarily on taxes, various charges for services, and grants for funding governmental activities. Specifically, property tax increment revenues supported economic development activities.

A significant expense in the statement of activities, compared to fund statements, is depreciation. Current year depreciation for governmental activities was \$58,208

Government-wide Revenues



(All dollar amounts are expressed in thousands unless otherwise indicated.)

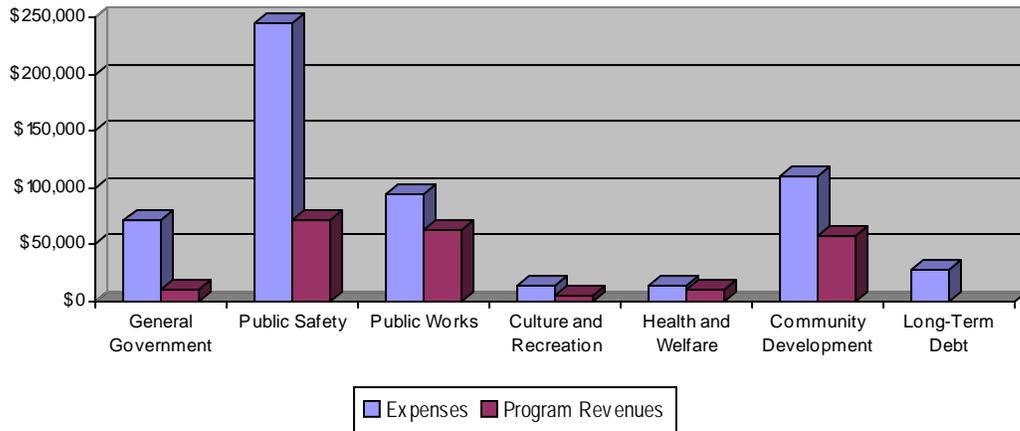


**Summary of expenses and program revenues - Governmental Activities
For the Year ended December 31, 2009**

Functions/Programs	Expenses	Program revenues	Net (Expense) Revenue by Program
General government	\$ 72,276	\$ 10,226	\$ (62,050)
Public safety	244,134	72,329	(171,805)
Public works	94,752	63,231	(31,521)
Culture and recreation	13,483	6,079	(7,404)
Health and welfare	14,164	10,011	(4,153)
Community & economic development	110,344	58,378	(51,966)
Interest on long term debt	28,753	-	(28,753)
	<u>\$ 577,906</u>	<u>\$ 220,254</u>	<u>\$ (357,652)</u>
General revenues and transfers supporting governmental activities			<u>493,326</u>
Change in net assets			135,674
Net assets - January 1, 2009			<u>561,988</u>
Net assets - December 31, 2009			<u>\$ 697,662</u>

(All dollar amounts are expressed in thousands unless otherwise indicated.)

Summary of Expenses and Program Revenues - Governmental Activities



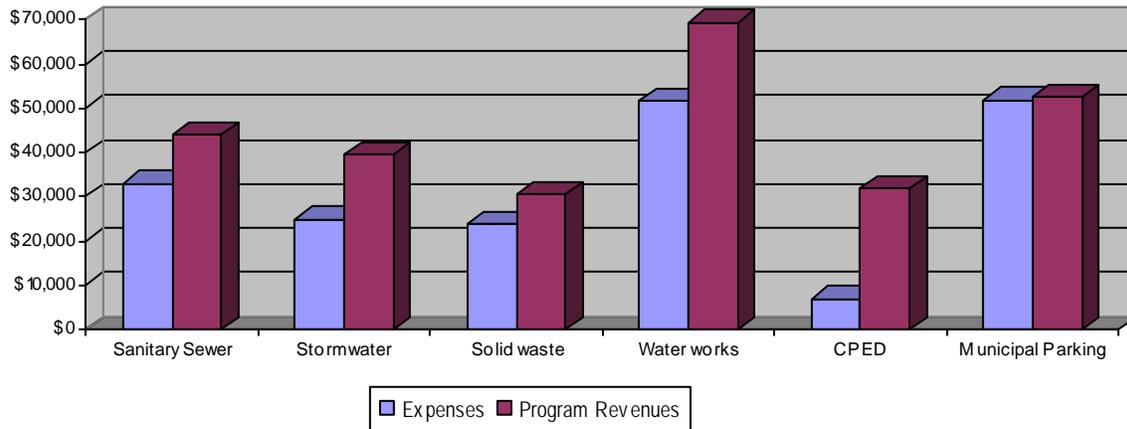
Business-Type Activities—Business-type activities increased the City’s net assets by \$34,390 compared with an increase of \$26,686 in 2008.

Summary of expenses and program revenues - Business-Type Activities For the Year ended December 31, 2009

Functions/Programs	Expenses	Program revenues	Net (Expense) Revenue by Program
Sanitary sewer	\$ 32,892	\$ 43,949	\$ 11,057
Stormwater	24,856	39,418	14,562
Solid waste and recycling	23,641	30,411	6,770
Water works	51,751	69,365	17,614
Community & economic development	6,860	31,820	24,960
Municipal parking	51,929	52,507	578
	<u>\$ 191,929</u>	<u>\$ 267,470</u>	<u>\$ 75,541</u>
General revenues net of transfers out supporting business-type activities			(41,151)
Change in net assets			34,390
Net assets - January 1, 2009			672,686
Net assets - December 31, 2009			<u>\$ 707,076</u>

(All dollar amounts are expressed in thousands unless otherwise indicated.)

Summary of Expenses and Program Revenues - Business-Type Activities



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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

During 2009, five governmental funds including the General Fund are presented as major funds. These funds include two Special Revenue Funds (Community Planning and Economic Development Fund, and Convention Center Fund), the Permanent Improvement Capital Projects Fund, and the Special Assessment Debt Services Fund. At December 31, 2009, the City's governmental funds reported combined ending fund balances of \$510,697 an increase of \$83,085 compared with the prior year. Approximately 60 percent of this total amount (\$304,280) constitutes unreserved fund balance, which is available for spending at the City's discretion. The following presents the amounts of unreserved balances by various fund types:

<u>Fund Type</u>	<u>Unreserved Balance</u>
General fund	\$ 67,340
Special revenue funds	106,681
Debt service funds	112,895
Capital projects fund	17,364
Total	<u>\$ 304,280</u>

The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for land development and specific projects (\$156,766), 2) to liquidate contracts and purchase orders of the prior period (\$28,562), or 3) for a variety of other restricted purposes (\$21,089).

(All dollar amounts are expressed in thousands unless otherwise indicated.)

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

**Revenues by Source
Governmental Funds**

Revenue by Source	FY 2009		FY 2008		Increase/ (Decrease) Amount
	Amount	Percent of Total	Amount	Percent of Total	
Taxes	\$ 359,500	51.27 %	\$ 362,553	53.79 %	\$ (3,053)
Licenses and permits	29,348	4.19	27,118	4.02	2,230
Intergovernmental revenues	179,880	25.65	151,308	22.45	28,572
Charges for services and sales	59,340	8.46	62,186	9.23	(2,846)
Fines and forfeits	9,621	1.38	9,700	1.45	(79)
Special assessments	20,897	2.98	18,018	2.67	2,879
Interest	7,037	1.00	13,660	2.03	(6,623)
Miscellaneous revenue	35,542	5.07	29,420	4.37	6,122
Total	\$ 701,165	100.00 %	\$ 673,963	100.00 %	\$ 27,202

**Expenditures by Function
Governmental Funds**

Expenditures by Function	FY 2009		FY 2008		Increase/ (Decrease) Amount
	Amount	Percent of Total	Amount	Percent of Total	
General government	\$ 65,357	8.87 %	\$ 59,567	8.90 %	\$ 5,790
Public safety	242,061	32.86	237,692	35.51	4,369
Public works	43,495	5.90	43,893	6.56	(398)
Culture and recreation	13,424	1.82	29,607	4.42	(16,183)
Health and Welfare	13,953	1.89	13,309	1.99	644
Community & economic development	115,384	15.66	117,396	17.54	(2,012)
Capital Outlay	83,656	11.36	39,160	5.85	44,496
Debt service - principal retirement	102,518	13.91	68,617	10.25	33,901
Debt service - interest payment	56,924	7.73	60,191	8.98	(3,267)
Total	\$ 736,772	100.00 %	\$ 669,432	100.00 %	\$ 67,340

General Fund

The General Fund is the general operating fund of the City. As of December 31, 2009, unreserved fund balance in the General Fund was \$67,340, while total fund balance reached \$68,267. The fund balance of the City's General Fund increased by \$18,579 during the current fiscal year. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

The following table provides changes in revenues by source from 2008 to 2009:

(All dollar amounts are expressed in thousands unless otherwise indicated.)

General Fund					
Revenues By Source					
Revenues by Source	2009		2008		Increase/ (Decrease)
	Amount	Percent of Total	Amount	Percent of Total	Amount
Taxes	\$ 194,622	50.25 %	\$ 181,392	50.52 %	\$ 13,230
Licenses and permits	27,576	7.12	25,922	7.22	1,654
Intergovernmental revenues	85,301	22.03	75,605	21.06	9,696
Charges for services and sales	37,717	9.74	38,339	10.68	(622)
Fines and forfeits	8,529	2.20	8,670	2.41	(141)
Special assessments	3,248	0.84	4,869	1.36	(1,621)
Interest	1,087	0.28	4,082	1.14	(2,995)
Miscellaneous revenues	1,175	0.30	1,011	0.28	164
Total revenues	<u>\$ 359,255</u>	<u>92.76</u>	<u>\$ 339,890</u>	<u>94.66</u>	<u>\$ 19,365</u>
Transfers in	<u>28,036</u>	<u>7.24</u>	<u>19,164</u>	<u>5.34</u>	<u>8,872</u>
Total revenues and other financing sources	<u><u>\$ 387,291</u></u>	<u><u>100.00</u></u>	<u><u>\$ 359,054</u></u>	<u><u>100.00</u></u>	<u><u>\$ 28,237</u></u>

In 2009, General Fund revenues and transfers have increased by about 7.9% from the previous year. Some highlights included:

- Tax revenues increased by \$13,230 or 7%, this increase is due to the decertification of several Tax Increment Financing districts.
- Licenses and permits increased by \$1,654 primarily due to the activity in and surrounding the new baseball stadium.
- There was a \$1,621 decrease in special assessments because several of the special assessment levies are now accounted for in two of the City's special revenue funds.
- The decrease in interest of \$2,995 is due to lower cash balances in the fund and much lower interest rates.

The following table provides the changes in expenditures by function from 2008 to 2009:

General Fund					
Expenditures by Function					
Expenditures by Function	2009		2008		Increase/ (Decrease)
	Amount	Percent of Total	Amount	Percent of Total	Amount
General government	\$ 55,023	14.92 %	\$ 52,218	14.32 %	\$ 2,805
Public safety	213,932	58.02	208,636	57.22	5,296
Public works	41,191	11.17	42,288	11.60	(1,097)
Culture and recreation	7,750	2.10	22,009	6.04	(14,259)
Health and family support	4,464	1.21	4,083	1.12	381
Community & economic development	3,729	1.01	3,475	0.95	254
Total expenditures	<u>326,089</u>	<u>88.44</u>	<u>332,709</u>	<u>91.25</u>	<u>(6,620)</u>
Transfers out	<u>42,623</u>	<u>11.56</u>	<u>31,902</u>	<u>8.75</u>	<u>10,721</u>
Total expenditures and other financing uses	<u><u>\$ 368,712</u></u>	<u><u>100.00%</u></u>	<u><u>\$ 364,611</u></u>	<u><u>100.00%</u></u>	<u><u>\$ 4,101</u></u>

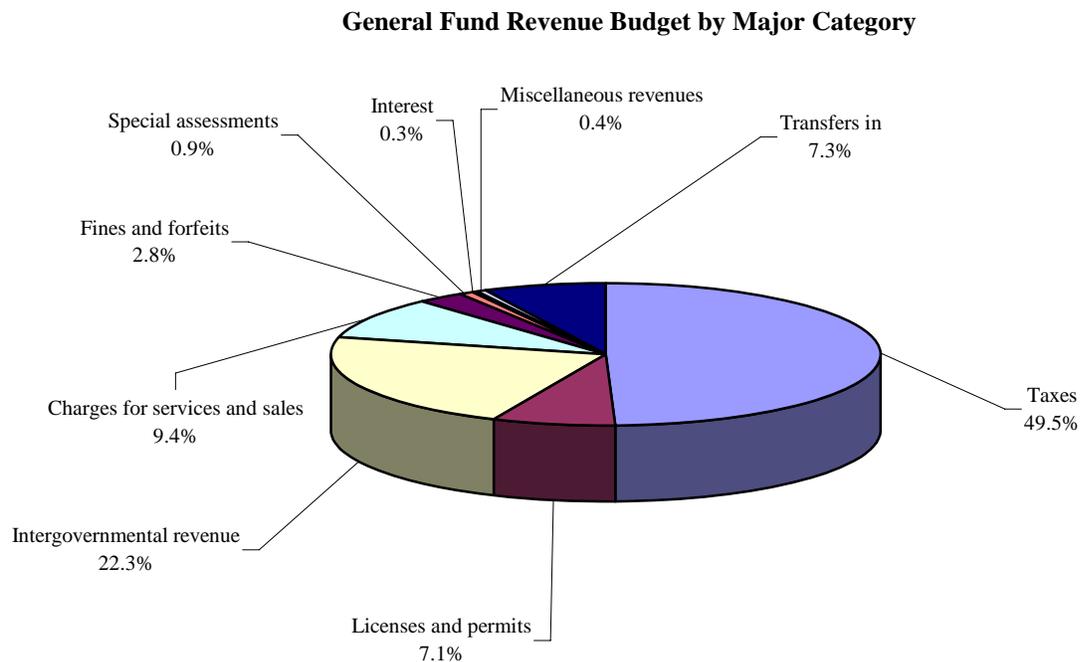
(All dollar amounts are expressed in thousands unless otherwise indicated.)

Overall, general fund expenditures increased by \$4,101 or 1.1 % from the previous year. This was primarily due to the payments to Hennepin County for the library merger, and to additional funding for public safety.

General Fund Budgetary Highlights: The final budget for the City’s General Fund represents the original budget, 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 2009, the following were significant budget actions:

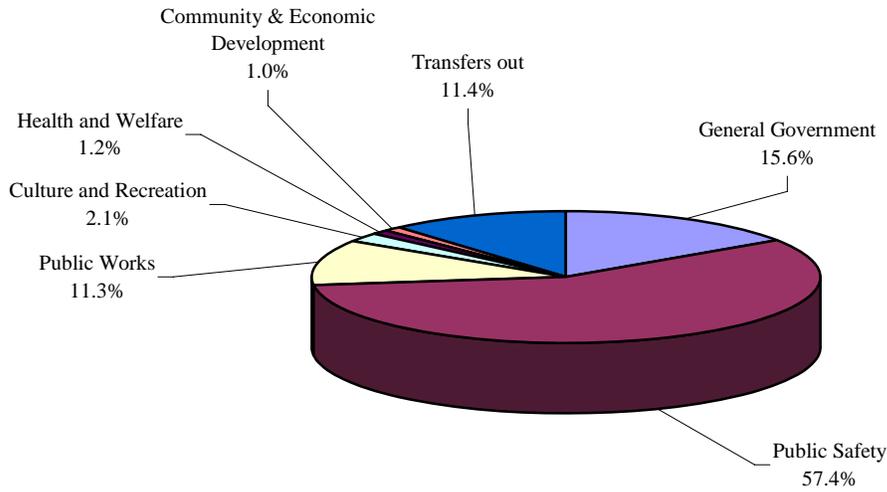
- The original General Fund appropriation for fiscal year 2009 was \$378,126, which included projected transfers out of \$43,875. The final appropriation was \$373,126. General revenues and other resources were originally estimated at \$378,127, which included projected transfers of \$17,726. The final revenue estimate was \$382,713 including transfers of \$27,903.
- \$1,300 of 2008 unspent appropriation was carried forward into 2009.
- Significant budgetary variances between the final amended budget and the actual results included:
 - 1) Tax revenues exceeded budgeted amounts by \$5,064 due to the decertification of tax increment financing districts.
 - 2) Fine and forfeit revenue was \$2,338 below budget due to decreased fines in traffic enforcement.
 - 3) General government expenditures were \$3,230 below budget mainly because the City did not spend \$1,925 that had been budgeted for contingencies.

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



(All dollar amounts are expressed in thousands unless otherwise indicated.)

General Fund Expenditure Budget by Function



Community Planning and Economic Development (CPED) Special Revenue Fund

The Community Planning & 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 our historic structures. These programs are financed primarily through state and local grants, tax increment financing, and administrative fees collected for the issuance of housing and economic revenue bonds. A development account 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 and UDAG repayments.

The total revenues of the CPED Special Revenue fund in 2009 were \$94,306, 75% of the fund's revenue was derived from property tax increment. The remaining revenue was derived from a variety of miscellaneous sources. The expenditures for the fund in 2009 were \$54,908. 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 fund revenues and fund expenditures in 2009 was comparable to the prior year.

The fund's transfers to other funds of \$62,920 were primarily to provide resources for the debt service of obligations issued by the City for community development programs and to provide a \$9,947 operating transfer to the City's General Fund.

At year-end the fund balance of the fund was \$229,226; essentially unchanged from the prior year. The unreserved portion of the fund balance at December 31, 2009 was \$65,772. The remaining fund balance was reserved primarily for property held for development, encumbrances, or for specific development projects.

(All dollar amounts are expressed in thousands unless otherwise indicated.)

Minneapolis Convention Center Special Revenue Fund

Operations of the Minneapolis Convention Center are reported as a Special Revenue Fund in the fund statements. The Convention Center activity is funded from local taxes and Convention Center operating revenues. Local Taxes from the Convention Center include:

- 0.5% citywide sales tax;
- 3% food and liquor tax applied to core downtown establishments;
- 3% citywide entertainment tax;
- 3% (January – June) and 2.625% (July – December) citywide lodging tax for motels and hotels with 50 units or more

Overall tax proceeds for 2009 were over 9% below 2008 levels and over 7% under budget.

Minneapolis Convention Center Taxes

<u>Taxes</u>	<u>2009 Budget</u>	<u>2009 Actual</u>	<u>2008 Actual</u>
Sales and Use	\$ 29,500	\$ 26,470	\$ 29,502
Entertainment	9,954	9,071	9,631
Food	10,000	9,887	10,789
Liquor	3,850	3,769	3,939
Lodging	6,000	5,671	6,619
Total	<u>\$ 59,304</u>	<u>\$ 54,868</u>	<u>\$ 60,480</u>

The total revenues for the Convention Center in 2009 were \$69,331 and came in under 2008 levels by nearly 12% and under the 2009 budget by nearly 9%. The shortfall can be attributed to a decrease in operating, non operating, and tax revenues as there was a scaling back and cancellations of events and ancillary services, in addition to a reduction in consumer spending and a lower return on investment interest.

For 2009, total expenditures finished the year nearly 14% under 2008 levels and 32% under budget. As the Convention Center anticipated smaller revenues for 2009, management worked on cost containment and applied a return on investment (ROI) analysis on potential new services. As a result of project delays, the Convention Center spent \$2.4 million in 2009 on ongoing equipment and improvement, which was 70% under budget or nearly \$3 million less than 2008 through the same period.

Convention Center variable rate bonds were refinanced in 2009, and the 2009 transfer to debt service was \$15 million, which was over \$3 million under budget.

The 2009 fund balance ended the year at \$48,624, which was significantly better than the \$39,743 budgeted. The 2009 ending fund balance grew by \$317 as the result of expenditure savings, in addition to savings in debt service that more than offset the reduction in revenues.

Permanent Improvement Capital Project Fund

The funding for the Permanent Improvement Fund is primarily from three sources. The first source includes bonds that are sold by the City of Minneapolis for capital projects. The second source is from the State of Minnesota and the third is Federal Funds. State and Federal revenues are primarily used for capital assets including bridges, streets, street lighting and traffic signals.

(All dollar amounts are expressed in thousands unless otherwise indicated.)

The Permanent Improvement Fund is used to build infrastructure for the City including bridges, sidewalks, streets, traffic signals, street lights, and fund other capital projects. During 2009, \$79,126 of capital outlay occurred which was a 106% increase from 2008.

The key assets constructed with these funds included:

- Bridges - \$1,549
- Streets - \$42,005
- Traffic Signals & Street Lighting - \$7,789
- Bike Trails- \$5,810
- Heritage Park (Near North) project - \$848
- Property Service - \$13,632

The fund balance decreased from \$21,368 in 2008 to \$18,377 in 2009. This decrease was due to the utilization of bonds that had been sold. Additionally, revenues for the fund increased from \$29,235 in 2008 to \$43,705 in 2009 due to increased funding from state and federal sources for Capital Projects.

Special Assessment Debt Service funds

The City of Minneapolis uses special assessment debt service funds to collect special assessments from residents and businesses for public improvements which 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 2009, the City had \$50,531 of debt outstanding for special assessment improvements, including \$10,100 of new bonds issued during 2009. During 2009, the City received debt related assessment collections and interest earnings of \$8,548 and paid total debt service of \$8,492 on special assessment bonds, of which \$6,540 was principal repayment.

Enterprise Funds

The City operates six enterprise funds: Sanitary Sewer, Stormwater, Solid Waste and Recycling, Water Works, Community Planning and Economic Development (CPED), and Municipal Parking.

Overall, the enterprise funds had a positive net asset of \$725,070 at December 31, 2009. Total net assets for all enterprise funds increased by \$36,272 during 2009.

The following table summarizes the total assets, total liabilities, operating income, changes in net assets, and net asset balances for each of the enterprise funds, from 2008 to 2009:

(All dollar amounts are expressed in thousands unless otherwise indicated.)

Enterprise Funds
Key Balance Sheet Account Balances and Operating Activities
December 31, 2009

	Sanitary Sewer	Stormwater	Solid Waste & Recycling	Water Works	CPED	Municipal Parking	Total	
							2009	2008
Assets	\$ 105,305	\$ 283,219	\$ 28,918	\$ 280,063	\$ 103,026	\$ 328,312	\$ 1,128,843	\$ 1,122,449
Liabilities	15,646	26,012	970	111,527	62,809	186,809	403,773	433,651
Operating Income(loss)	4,427	15,817	1,978	11,570	31,856	8,152	73,800	39,751
Changes in net assets	2,146	13,516	1,916	8,896	(665)	10,463	36,272	24,097
Net Assets	\$ 89,659	\$ 257,207	\$ 27,948	\$ 168,536	\$ 40,217	\$ 141,503	\$ 725,070	\$ 688,798

Sanitary Sewer Fund

The Sanitary Sewer Fund accounts for the majority of the payments to the Metropolitan Council Environmental Services (MCES) for sewage interceptor and treatment services. It also accounts for the sanitary sewer maintenance and design. Overall, the net asset balance as of December 31, 2009 was \$89,659.

Stormwater Fund

The Stormwater Fund accounts for stormwater activities including the Combined Sewer Overflow (CSO) program. Overall, the net asset balance as of December 31, 2009 was \$257,207.

Solid Waste and Recycling Fund

The Solid Waste and Recycling Fund accounts for solid waste collection, disposal and recycling operations. The fund also includes “clean city” activities such as neighborhood clean sweeps, litter and graffiti removal, and litter control in the business districts. City crews provide approximately one-half of the solid waste collection services, while the remaining services are provided through contracts with private operators. The fund reported an increase in net assets of \$1,916 for 2009. The fund’s net asset balance at December 31, 2009 was \$27,948.

Water Works Fund

The Water Works Fund accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. The City sells water directly to the cities of Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal, and Edina. Net assets increased \$8,896 for the year, resulting in a net asset balance at December 31, 2009 of \$168,536.

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 assets decreased by \$665 during the year, resulting in a net asset balance at December 31, 2009 of \$40,217. Transfers in the amount of \$30,101 were made from the resources generated by the programs of the CPED Enterprise Fund for the benefit of other development activities of the City.

(All dollar amounts are expressed in thousands unless otherwise indicated.)

Municipal Parking Fund

The Municipal Parking Fund accounts for the operation and maintenance of parking ramps, lots, on-street parking meters, municipal impound lot, and traffic/parking control system. The net asset balance for December 31, 2009 was \$141,503, which is an increase of \$10,463 from 2008 balance.

A parking fund revised financial plan is being developed to address declining results of operations and cash deficits within the fund. The plan will include a business strategy to address the diminishing use of City parking facilities; updates to aging revenue control equipment; management practices; maintenance to prevent future capital expense; and a strategy to maximize revenue on the existing programs.

Internal Service Funds

The City operates six internal service funds: Engineering Materials and Testing; Intergovernmental Services; Property Services; Equipment Services; Public Works Stores; and the Self Insurance. Internal service funds charge user fees to recover the cost of operations and accumulate equity for purposes of maintaining the on-going operations provided to the government.

While the financial condition of the internal service funds continues to represent a financial challenge for the City, key measures taken in 2001 have resulted in improved financial performance. The financial condition of these funds had reached a low point at year-end 2000 when the combined net asset deficit had declined to (\$54,407). Now at the end of 2009, the combined net assets in the internal service funds have improved to \$55,696. The initial improvement resulted from a change in accounting principle and prior period adjustments of \$17,555 in 2001, due to the implementation of GASB Statement No. 34. The restatement recognized assets previously unrecorded within the internal service funds. The remaining improvement of \$92,548 can be credited to the deficit reduction plans that the managers of their respective funds implemented. Another milestone reached is that the six Internal Service Funds have a positive combined cash balance that continues to increase.

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

**Internal Service Funds
Key Balance Sheet Account Balances and Operating Activities
December 31, 2009**

	<u>Eng. Materials & Testing</u>	<u>Intergovern- mental Services</u>	<u>Property Services</u>	<u>Equipment Services</u>	<u>Public Work Stores</u>	<u>Self-Insurance</u>	<u>Total 2009</u>	<u>Total 2008</u>
Cash	\$ 560	\$ 1	\$ 353	\$ 1,377	\$ 4	\$ 26,509	\$ 28,804	\$ 17,053
Assets	582	59,336	35,167	57,573	4,881	29,814	187,353	179,025
Liabilities	92	45,658	7,957	31,025	1,678	45,247	131,657	135,517
Operating Income(Loss)	520	(5,402)	(686)	219	347	(12,252)	(17,254)	5,723
Changes in net assets	462	8,810	(226)	2,764	318	60	12,188	30,143
Net Assets	\$ 490	\$ 13,678	\$ 27,210	\$ 26,548	\$ 3,203	\$ (15,433)	\$ 55,696	\$ 43,508

Engineering Materials and Testing Fund

This fund accounts for operations of the City’s Engineering Laboratory testing and inspection services along with the purchases of asphalt and ready-mix concrete. In 2003, the City Council took action to indefinitely discontinue operations of the asphalt plant. As a result, the Fund continues to account for the outside purchases of asphalt and ready-mix concrete.

In 2009, the fund earned an operating income of \$520 after sustaining operating losses of \$115 and \$29 for years 2008 and 2007 respectively. After a reduction to net assets of \$168 from 2007 to 2008, the fund increased net assets in 2009 by \$462 to achieve an ending net asset balance of \$490.

(All dollar amounts are expressed in thousands unless otherwise indicated.)

Intergovernmental Services Fund

This fund accounts for information technology services, central mailing and printing services, and telecommunication operations. In 2003, the fund's beginning net asset balance was restated by \$7,866 to reflect corrections made to accurately present the fund's capital assets, accumulated depreciation, and related liability amounts. This positive adjustment reduced the beginning net asset deficit from (\$40,850) to (\$32,984). The fund has recorded a total increase in net assets of \$46,662 for years 2003 through 2009. The fund attained a positive net asset balance in 2008 at \$4,868 and increased the balance by \$8,810 in 2009 to achieve an ending balance of \$13,678. The updated long term financial plan forecasted the fund to increase net assets by \$8,640 for fiscal year 2009 and end the year with net assets of \$769. This fund has performed better than projected for the last six years. The projected cash balance at year end 2009 is \$16 compared to an actual cash balance of \$1. The cash balance did not increase at the same rate as net assets due to a payment of debt principal of \$26,090 and an increase to notes receivable. In 2009, \$16,800 of refunding bonds was issued to retire old debt and achieve a lower interest rate for current debt.

Property Services Fund

The Property Service Fund is responsible for the management and maintenance of City owned real estate, including police precinct structures, fire stations, public works buildings, office buildings, parking structures and properties held for development purposes. The fund is not financially responsible for City Hall, the Convention Center, parking facilities, or Water and Park Board Buildings. 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. Beginning in 2009, the Council approved a City-wide charge for City Hall rent. The Property Services Fund collects the rental charge and remits to the Municipal Building Commission. Ownership of some of the City's properties is recorded as assets of this fund resulting in a depreciation expense. Currently, the Property Services Fund does not have rental and maintenance rates sufficient to fully recover depreciation, which results in an operating loss and a decrease to net assets each year. The fund has incurred a total decrease of \$3,018 from the 2003 ending net asset balance of \$30,228 to the 2009 balance of \$27,210. In 2009, the decrease to net assets is \$226 representing a reduction of 0.8% from the 2008 balance of \$27,436.

Equipment Services Fund

Equipment Services accounts for the City's fleet of vehicles and related equipment and accessories. In addition, the fund manages the dispatch of City-owned and contractual equipment. A long range financial plan was developed for the fund in 2003 and the fund has progressively increased its net asset balance from \$13,266 in 2004 to \$26,548 in 2009. The fund reported an increase in net assets of \$2,764 or 12.0% in 2009 from the ending balance of \$23,784 in 2008. The 2009 net asset balance is tracking slightly behind the projected 2009 balance determined in the long range financial plan. The 2009 ending cash balance is \$1,377, an increase of \$1,366 from the ending balance of \$11 in 2008.

The Fleet Services Division uses an activity based rate model to calculate equipment and labor rental rates charged to customers based on actual expenses related to the vehicle and the replacement cost of the vehicle. A new financial subsystem was implemented in 2008 to account for the multitude of transactions related to the maintenance and repair of the vehicles in a more efficient manner. The long range financial plan for this fund eliminated the sale of bonds to support the equipment purchases in 2006.

Public Works Stores Fund

This fund accounts for the centralized procurement, 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. For 2009, the fund reported a net asset increase of \$318 with an ending net asset balance of \$3,203. A new inventory system was implemented in 2008 to integrate inventory transactions with the City's new financial system and involved several procedural changes for the recording of inventory. When inventory is received, the system requires that goods are "put-away" with an offsetting transaction that reduces the fund's expenditures for materials. The cost of goods sold is no longer recorded. Revenue is recorded as an overhead charge based on the value of goods sold to each department.

Self-Insurance Fund

The Self-Insurance Fund accounts for employee dental and COBRA insurance benefits programs, occupational health services, severance payments, tort liability program, workers' compensation program, and the related administrative costs. With the implementation of the new financial system, benefit payments for medical, long term disability and life insurance are paid directly from payroll and no longer pass through this fund. The net asset balance at year end 2009 is a deficit of (\$15,433), a slight increase from the 2008 deficit of \$(15,493). The 2009 increase to net assets is minimal due to a 2009

(All dollar amounts are expressed in thousands unless otherwise indicated.)

actuarial study that increased the unpaid claims liability by \$10,740, from \$31,773 in 2008 to \$42,513 in 2009. The increase to the claims liability resulted in a corresponding decrease to the net income earned and to net assets. In 2003, a long range financial plan was implemented when the fund's net asset balance was a deficit of (\$40,983). The plan was updated in 2008 and predicted a net asset balance deficit of (\$13,260) and an ending cash balance of \$23,412. In 2009, the fund's ending cash balance is \$26,509 with a balance of \$2,486 due from other funds. The performance of the fund over the past six years compared to the original long range financial plan resulted in a net asset balance that is ahead of plan and a cash balance that is significantly increased over the original forecast. In 2006, the City Council adopted a one-time use of General Fund reserve of \$3,082 to assist in the reduction of bond debt. At year end 2008, the total bond debt of \$1,060 has been defeased.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

The City's investment in capital assets for its governmental and business-type activities, as of December 31, 2009, was \$1,931,623 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads, highways, and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 2.6 % (a 2.9% increase for governmental activities and a 2.2% increase for business-type activities).

The following table summarizes capital assets for governmental and business-type activities for 2009 and 2008:

Capital Assets (Net of depreciation)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land and easements	\$ 111,084	\$ 111,084	\$ 126,521	\$ 126,521	\$ 237,605	\$ 237,605
Infrastructure	188,436	100,309	243,686	240,508	432,122	340,817
Construction in progress	229,249	299,384	64,662	122,317	293,911	421,701
Structures and Improvements	392,350	390,051	481,285	409,478	873,695	799,529
Equipment	86,229	77,365	8,121	5,390	94,350	82,755
Total	\$1,007,348	\$ 978,193	\$ 924,275	\$ 904,214	\$1,931,623	\$1,882,407

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

- The completion of \$14,915 in downtown street repavement projects.
- The completion of a new building for Fire Station #15 for \$4,395.
- The completion of the Dinkytown Bridge Project for \$8,346
- The completion of a two-year \$30,000 project to improve Marquette and 2nd avenues in downtown Minneapolis. This project was to improve bus traffic on both streets.

Additional information on the City's capital assets can be found in Note 4 on pages 57-59 of this report.

Long-term debt. As of December 31, 2009, the City had total long-term bonds outstanding of \$1,105,164 compared to \$1,132,215 in the prior year. Of this amount, \$808,916 related to governmental activities and \$296,248 related to business activities. The City had \$152,390 or 13.8% of the outstanding bonds in variable rate mode at year-end. In addition to bonded debt, the City had \$91,356 of long-term revenue notes outstanding at December 31, 2009, of which \$19,040 related to governmental activities and \$72,316 related to business activities.

The table below shows various classifications of the City's bonded debt at December 31, 2009 and the amount of principal due in 2010.

(All dollar amounts are expressed in thousands unless otherwise indicated.)

Summary of Outstanding Bonded Indebtedness	Balance 1/1/2009	Additions	Retirements	Balance 12/31/2009	Due in 2010
General Obligation (GO) Bonds:					
Property Tax Supported GO Bonds	\$ 247,525	\$ 25,180	\$ 31,550	\$ 241,155	\$ 12,140
Self Supporting GO Bonds	233,975	19,250	33,685	219,540	10,420
Special Assessment GO Bonds	46,810	10,100	6,379	50,531	7,080
Tax Increment GO Bonds	155,970	62,880	17,985	200,865	57,975
Internal Service Fund Related GO Bonds	71,665	17,915	28,735	60,845	11,305
Enterprise Fund Related GO Bonds	269,893	89,820	120,831	238,882	22,485
Total General Obligation Bonds	<u>1,025,838</u>	<u>225,145</u>	<u>239,165</u>	<u>1,011,818</u>	<u>121,405</u>
Revenue Bonds:					
Economic Development Revenue Bonds	45,647	-	9,667	35,980	9,270
Other Community Development Related Bonds	60,730	-	3,364	57,366	3,370
Total Outstanding Bonds	<u>\$ 1,132,215</u>	<u>\$ 225,145</u>	<u>\$ 252,196</u>	<u>\$ 1,105,164</u>	<u>\$ 134,045</u>

The City maintained a “AAA” rating from Standard & Poor’s and Fitch Ratings and an “Aa1” rating from Moody’s for its general obligation debt throughout 2009.

Additional information on the City’s Long term debt can be found in Note 5 on pages 59-65 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 future costs:

- The City’s long-term financial plans have been adopted for all three of the internal service funds (Equipment Services, Self-Insurance, and Intergovernmental Services) to increase net assets and to attain a positive cash balance. Equipment Services plan has not been updated since 2005, but work started in 2009 to update the workout plan. The plan is expected to be completed in mid-2010.
- Like other jurisdictions, employee wages and benefits make up over 50 percent of the City’s General Fund expenses, increases to which are driven by rapid growth in healthcare costs. In 2007, the City adopted a compensation philosophy to develop a strategic approach to compensation.
- 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. The County will be responsible for operating costs for the libraries in future years. Under the financial agreement, the City will 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 is 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.

Increased pension costs associated with the City’s three closed pension plans – the Minneapolis Employee Retirement Fund (MERF), Minneapolis Fire Relief Association (MFRA), and Minneapolis Police Relief Association (MPRA) – continue to have a significant impact on the City’s budget. From 2006-2009, property tax supported contributions to the three closed funds totaled \$60.4 million. For two of the plans, MFRA and MPRA, the City is responsible for making up for stock market underperformance of state law assumptions (6% investment return), increasing the liability by millions of dollars during economic downturns. Combined with legislatively approved changes, City payments will increase from \$7.1 million in 2009 to \$15.5 million in 2010 for the three closed pension plans. The City is currently exploring merging these three funds into the larger statewide plans, which will stabilize the funding of these plans due to the inclusion of new members and the additional time needed to recover from short-term market losses.

(All dollar amounts are expressed in thousands unless otherwise indicated.)

The City issued \$61,000 in bonds in 2002-03 due to a provision in state law, called the “liquidity trigger” which, upon an employee’s retirement, required the City to transfer enough money from the employee’s contributions and City funds from the active fund of MERF into the retired fund to pay the employee’s and his or her survivor’s entire expected retirement benefits. This provision was removed in 2007, which allowed State aid to function as originally intended – to fully fund the retired fund by 2020 – and to allow more time for investment returns to assist in financing these large payments.

Before removal of the liquidity trigger, the expected City-only contribution from 2007 to 2022 was \$101,000 (as calculated by the City’s consulting actuary). Eliminating the liquidity trigger decreased the City’s overall projected contribution to \$56,600 over the same 16-year period – a \$44,400 decrease. No additional bonds are expected to be issued for this fund.

The MPRA’s pension costs will continue to increase due to the growth in payments made to beneficiaries, negative performance of the stock market as reflected in the actuarial assumptions and changes to the mortality table. Although the City issued a total of \$53,300 in bonds in 2002-04 to finance these increases, no additional bonds are expected to be issued for this fund.

The MFRA, although previously 100 percent funded, has experienced a reduction in its funding levels primarily due to negative performance of the stock market as reflected in the actuarial assumptions and changes to the mortality table. In 2005, the City resumed contributions to MFRA. The City issued \$4.7 million in bonds in 2004 to cover these shortages. The MFRA’s pension costs are also increasing due to growth in payments made to beneficiaries. No additional bonds are expected to be issued for this fund.

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).

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. With the 2010 budget, the City adopted a five-year financial direction. Specifically, growth in salary and wages was budgeted at 2.5%. Health insurance costs increased twelve percent from the 2008 amount to 2009, with costs increasing from \$47,100 to \$52,700. Health insurance cost for 2010 is budgeted at \$57,700. The five-year financial direction includes an average 20% annual health insurance cost increase from 2011 – 2015.

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 2010 budget includes \$24.4 million in property tax for closed pension fund expenses. The City estimates total closed fund pension obligations of approximately \$1 billion through 2028. Due to sound financial management, the City does not anticipate a need to bond for pension costs in 2010. Additionally, the City is in active litigation with two funds. An initial court order reduced City obligations by nearly \$10 million in 2010. A final order related to further reduced City obligations has not been issued.

Although the City continues to have a deficit net in one of its internal service funds, future budgets will continue to address this deficit through a Council-adopted workout plan. The 2010 budget includes an additional \$1,400 in funding for debt obligations in 2012. This amount is in addition to the \$1,400 budgeted in the workout plan.

Economic Outlook and Tax Trends

Minneapolis has historically had a strong commercial and industrial tax base. For taxes payable in 1998, Minneapolis commercial and industrial property provided 54% of the total tax revenue for the City with the downtown Central Business District (CBD) alone providing 38%. For taxes payable in 2010, commercial and industrial property declined to 37% of the City total. Corresponding percentages for residential property (defined as 1-3 dwelling units) show that this class provided 35% of the City's taxes in 1998; it is estimated that this proportion will be 54% of taxes payable in 2010.

The Minneapolis real estate market ending in January of 2010 increased 1.9% from January of 2009. For property taxes payable in 2010, the commercial/industrial share of taxes is projected to be flat. This shift reversal from residential to commercial/industrial, while insignificant compared to the shift in tax burden onto residential property from 2001-2006, should provide further relief for residential property owners in 2010. These factors were considered in preparing the City's budget for the 2010 fiscal year.

Downtown Office Space—Vacancy Rate:

Because of the importance of real estate taxes as a source of local government revenue, real estate statistics are an important economic gauge for municipalities. Several commercial real estate companies compile and report real estate statistics. Cassidy Turley reports on local real estate conditions quarterly. Cassidy Turley's statistics indicate a slight increase in vacancy rates in the Minneapolis CBD. Compared to the fourth quarter of 2008, the vacancy rate in the CBD has increased from 16.2% to 19.4% in the fourth quarter of 2009.

Employment:

The unemployment rate for the City of Minneapolis as of March 2010 is 6.8% according to the Minnesota Department of Employment and Economic Development. This economic indicator compares favorably to the State of Minnesota (8.2%) and the national unemployment rate (10.2%).

(All dollar amounts are expressed in thousands unless otherwise indicated.)

REQUEST 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 the 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.ci.minneapolis.mn.us.



THIS PAGE IS INTENTIONALLY BLANK

STATEMENT OF NET ASSETS
December 31, 2009

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

	Primary Government			Discrete Component Units	Total
	Governmental Activities	Business-type Activities	Total		
<u>ASSETS</u>					
Cash and cash equivalents	\$ 403,898	\$ 55,873	\$ 459,771	\$ 18,265	\$ 478,036
Deposits with fiscal agents	342	-	342	-	342
Fund investments	20,605	-	20,605	-	20,605
Investments with trustees	65,522	37,749	103,271	-	103,271
Receivables (net)	64,348	31,581	95,929	6,097	102,026
Loans receivable from component unit	1,626	-	1,626	-	1,626
Due from other government agencies	39,274	79	39,353	1,243	40,596
Capital leases	150	2,590	2,740	-	2,740
Prepays and other assets	266	-	266	134	400
Inventories	5,810	3,969	9,779	121	9,900
Internal Balances	3,059	(3,059)	-	-	-
Long-term portion of loans and notes receivable	5,125	1,243	6,368	-	6,368
Long-term portion of loans due from component unit	6,954	-	6,954	-	6,954
Long-term portion of capital lease receivable	9,710	53,585	63,295	-	63,295
Long-term deferred charges	2,097	762	2,859	-	2,859
Properties held for resale	45,765	12	45,777	-	45,777
Capital assets:					
Nondepreciable	340,333	191,183	531,516	95,866	627,382
Depreciable, net	667,015	733,092	1,400,107	200,233	1,600,340
Total assets	<u>\$ 1,681,899</u>	<u>\$ 1,108,659</u>	<u>\$ 2,790,558</u>	<u>\$ 321,959</u>	<u>\$ 3,112,517</u>
<u>LIABILITIES</u>					
Accrued salaries and benefits	\$ 9,727	\$ 1,078	\$ 10,805	\$ 1,945	\$ 12,750
Accounts payable	16,766	4,430	21,196	3,079	24,275
Interest payable	3,939	4,451	8,390	107	8,497
Unpaid claims payable	11,034	-	11,034	5,973	17,007
Loans payable to primary government	-	-	-	1,626	1,626
Due to other governmental agencies	3,983	19	4,002	-	4,002
Unearned revenue	20,189	807	20,996	220	21,216
Deposits held for others	5,005	6,008	11,013	-	11,013
Long-term interest payable	-	6,092	6,092	-	6,092
Compensated absences:					
Due within one year	14,115	759	14,874	3,001	17,875
Due beyond one year	16,324	1,768	18,092	1,483	19,575
Other postemployment benefits - due beyond one year	7,358	1,115	8,473	1,317	9,790
Long-term portion of loan payable to primary government	-	-	-	6,954	6,954
Long-term liabilities:					
Due within one year	108,586	28,056	136,642	154	136,796
Due beyond one year	767,211	347,000	1,114,211	840	1,115,051
Total liabilities	<u>984,237</u>	<u>401,583</u>	<u>1,385,820</u>	<u>26,699</u>	<u>1,412,519</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	526,551	615,455	1,142,006	294,857	1,436,863
Restricted:					
Debt service	112,895	34,464	147,359	-	147,359
Culture and recreation	-	-	-	7,574	7,574
Unrestricted	58,216	57,157	115,373	(7,171)	108,202
Total net assets	<u>697,662</u>	<u>707,076</u>	<u>1,404,738</u>	<u>295,260</u>	<u>1,699,998</u>
Total liabilities and net assets	<u>\$ 1,681,899</u>	<u>\$ 1,108,659</u>	<u>\$ 2,790,558</u>	<u>\$ 321,959</u>	<u>\$ 3,112,517</u>

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

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2009

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

FUNCTIONS/PROGRAMS	Net (Expenses) Revenues and Changes in Net Assets									
	Primary Government					Discrete Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
	\$ 72,276	\$ 6,060	\$ 4,166	\$ -	\$ (62,050)	\$ -	\$ (62,050)	\$ -	\$ -	\$ (62,050)
General government	244,134	42,511	29,818	-	(171,805)	-	(171,805)	-	-	(171,805)
Public safety	94,752	22,112	14,191	26,928	(31,521)	-	(31,521)	-	-	(31,521)
Public works	13,483	-	6,079	-	(7,404)	-	(7,404)	-	-	(7,404)
Culture and recreation	14,164	452	9,559	-	(4,153)	-	(4,153)	-	-	(4,153)
Health and welfare	110,344	29,416	28,962	-	(51,966)	-	(51,966)	-	-	(51,966)
Community & economic development	28,753	-	-	-	(28,753)	-	(28,753)	-	-	(28,753)
Interest on long-term debt										
Total governmental activities	577,906	100,551	92,775	26,928	(357,652)	-	(357,652)	-	-	(357,652)
Business-type activities:										
Sanitary Sewer	32,892	43,949	-	-	-	11,057	11,057	-	-	11,057
Stormwater	24,856	39,418	-	-	-	14,562	14,562	-	-	14,562
Solid waste and recycling	23,641	30,411	-	-	-	6,770	6,770	-	-	6,770
Water works	51,751	67,539	-	1,826	-	17,614	17,614	-	-	17,614
Community & economic development	6,860	31,820	-	-	-	24,960	24,960	-	-	24,960
Municipal Parking	51,929	52,507	-	-	-	578	578	-	-	578
Total business-type activities	191,929	265,644	-	1,826	-	75,541	75,541	-	-	75,541
Total primary government	\$ 769,835	\$ 366,195	\$ 92,775	\$ 28,754	\$ (357,652)	\$ 75,541	\$ (282,111)	\$ -	\$ -	\$ (82,111)
Component units:										
Discrete component units	\$ 11,976	\$ 29,519	\$ 11,118	\$ 10,964						
General Revenues:										
Taxes:										
General property tax and fiscal disparities					263,776		263,776		54,469	318,245
Property tax increment					13,440		13,440		-	13,440
Franchise fees					28,053		28,053		-	28,053
Convention center taxes					54,868		54,868		-	54,868
Other taxes					202		202		-	202
Local government aid - unrestricted					70,540		70,540		9,710	80,250
Grants and contributions not restricted to programs					-		-		200	200
Unrestricted interest and investment earnings					6,843		6,843		4,126	10,969
Other					10,239		10,239		88	11,645
Gain on sale of capital assets					-		-		1,318	1,318
Transfers					45,365		45,365		1,433	46,798
Total general revenues and transfers					493,326		493,326		67,130	560,456
Change in net assets					135,674		135,674		34,390	170,064
Net assets- January 1					561,988		561,988		672,686	1,234,674
Net assets- December 31					697,662		697,662		707,076	1,404,738

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

**GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	General	Community Planning and Economic Development	Convention Center	Permanent Improvement	Special Assessment	Non-Major Governmental	Total
<u>ASSETS</u>							
Cash and cash equivalents	\$ 75,884	\$ 167,692	\$ 27,777	\$ 32,842	\$ 11,310	\$ 59,589	\$ 375,094
Deposits with fiscal agents	-	-	-	-	-	342	342
Fund investments	-	20,605	-	-	-	-	20,605
Investments with trustees	-	2,589	-	-	-	62,933	65,522
Receivables:							
Accounts - net	4,378	866	5,986	1,695	-	442	13,367
Taxes	3,596	525	-	56	-	820	4,997
Special assessments	510	-	-	3,344	33,652	795	38,301
Intergovernmental	4,402	801	-	17,008	-	16,679	38,890
Loans	-	6,282	-	-	-	4,765	11,047
Loans due from component unit	-	-	8,580	-	-	-	8,580
Accrued interest	361	599	103	251	42	227	1,583
Due from other funds	676	97	-	-	-	8,611	9,384
Advances to other funds	864	10	9,250	-	-	-	10,124
Land held for development	-	37,831	-	-	-	7,501	45,332
Prepaid items	22	97	-	-	-	-	119
Total assets	\$ 90,693	\$ 237,994	\$ 51,696	\$ 55,196	\$ 45,004	\$ 162,704	\$ 643,287
<u>LIABILITIES and FUND BALANCES</u>							
Liabilities:							
Salaries payable	\$ 7,252	\$ 141	\$ 360	\$ 240	\$ -	\$ 599	\$ 8,592
Accounts payable	4,237	850	1,631	4,004	14	2,868	13,604
Intergovernmental payable	3,917	-	1	-	-	43	3,961
Due to other funds	1,273	-	-	15,461	-	9,231	25,965
Deposits held for others	3,162	763	1,080	-	-	-	5,005
Deferred Revenue - unavailable	2,585	6,807	-	17,114	33,534	1,088	61,128
Deferred Revenue - unearned	-	207	-	-	-	14,128	14,335
Total liabilities	22,426	8,768	3,072	36,819	33,548	27,957	132,590
Fund balances:							
Reserved for:							
Land held for development	-	37,831	-	-	-	7,501	45,332
Specific development projects	-	111,434	-	-	-	-	111,434
Street/Highway projects	-	-	-	1,013	-	-	1,013
Encumbrances	41	7,800	4,719	-	-	8	12,568
Prepaid items	22	97	-	-	-	-	119
Loans	-	6,282	8,580	-	-	-	14,862
Advances	864	10	9,250	-	-	-	10,124
Pension liability	-	-	-	-	-	10,965	10,965
Unreserved, reported in							
General Fund	67,340	-	-	-	-	-	67,340
Special Revenue Fund	-	65,772	26,075	-	-	14,834	106,681
Debt Service Fund	-	-	-	-	11,456	101,439	112,895
Capital Project Fund	-	-	-	17,364	-	-	17,364
Total fund balances	68,267	229,226	48,624	18,377	11,456	134,747	510,697
Total liabilities and fund balances	\$ 90,693	\$ 237,994	\$ 51,696	\$ 55,196	\$ 45,004	\$ 162,704	\$ 643,287

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 Assets - Governmental Activities
December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

Fund balances - total governmental funds	\$	510,697
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Non-Depreciable	309,175	
Depreciable	1,055,570	
Accumulated Depreciation	<u>(497,089)</u>	867,656
Capital Lease Receivable for parking ramp		9,860
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds, primarily deferred special assessments.		
		61,128
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.		
		55,696
Receivable from business-type funds for internal service fund activity		
		17,994
Accruals to record an accounts receivable allowance, interest receivable on loans and notes, and an adjustment to loans and notes receivable balances.		
		(7,604)
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	(779,375)	
Other post employment benefits payable	(6,443)	
Operating and Capital leases payable	(78)	
Contracts payable	(8)	
Bond Interest Payable	(3,727)	
Compensated Absences	<u>(28,134)</u>	<u>(817,765)</u>
Net assets of governmental activities	\$	<u>697,662</u>

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

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>General</u>	<u>Community Planning and Economic Development</u>	<u>Convention Center</u>	<u>Permanent Improvement</u>	<u>Special Assessment</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
REVENUES:							
Taxes	\$ 194,622	\$ 70,302	\$ 54,868	\$ 1,577	\$ -	\$ 38,131	\$ 359,500
Licenses and permits	27,576	-	-	334	-	1,438	29,348
Intergovernmental revenues	85,301	808	-	34,843	-	58,928	179,880
Charges for services and sales	37,717	9,725	4,583	3,600	-	3,715	59,340
Fines and forfeits	8,529	-	-	-	-	1,092	9,621
Special assessments	3,248	-	-	1,327	8,398	7,924	20,897
Interest	1,087	3,663	836	370	150	931	7,037
Miscellaneous revenues	1,175	9,808	9,044	1,654	31	13,830	35,542
Total revenues	<u>359,255</u>	<u>94,306</u>	<u>69,331</u>	<u>43,705</u>	<u>8,579</u>	<u>125,989</u>	<u>701,165</u>
EXPENDITURES:							
Current:							
General government	55,023	-	-	1,047	-	9,287	65,357
Public safety	213,932	-	-	-	-	28,129	242,061
Public works	41,191	-	-	-	-	2,304	43,495
Culture and recreation	7,750	-	-	5,674	-	-	13,424
Health and welfare	4,464	-	-	-	-	9,489	13,953
Community & economic development	3,729	50,378	34,574	-	-	26,703	115,384
Capital outlay	-	4,530	-	79,126	-	-	83,656
Debt Service:							
Principal retirement	-	-	-	-	6,540	95,978	102,518
Interest and fiscal charges	-	-	-	-	1,952	54,972	56,924
Total expenditures	<u>326,089</u>	<u>54,908</u>	<u>34,574</u>	<u>85,847</u>	<u>8,492</u>	<u>226,862</u>	<u>736,772</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,166</u>	<u>39,398</u>	<u>34,757</u>	<u>(42,142)</u>	<u>87</u>	<u>(100,873)</u>	<u>(35,607)</u>
OTHER FINANCING SOURCES (USES):							
Transfers from other funds	28,036	30,585	1,000	4,579	216	86,843	151,259
Transfers to other funds	(42,623)	(62,920)	(35,440)	(2,771)	-	(10,436)	(154,190)
Bonds issued	-	-	-	35,280	-	-	35,280
Premium (Discount)	-	-	-	2,063	-	2,150	4,213
Refunding bonds issued	-	-	-	-	-	82,130	82,130
Total other financing sources (uses)	<u>(14,587)</u>	<u>(32,335)</u>	<u>(34,440)</u>	<u>39,151</u>	<u>216</u>	<u>160,687</u>	<u>118,692</u>
Net change in fund balances	18,579	7,063	317	(2,991)	303	59,814	83,085
Fund balances - January 1	<u>49,688</u>	<u>222,163</u>	<u>48,307</u>	<u>21,368</u>	<u>11,153</u>	<u>74,933</u>	<u>427,612</u>
Fund balances - December 31	<u>\$ 68,267</u>	<u>\$ 229,226</u>	<u>\$ 48,624</u>	<u>\$ 18,377</u>	<u>\$ 11,456</u>	<u>\$ 134,747</u>	<u>\$ 510,697</u>

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

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the
Statement of Activities - Governmental Activities
For the Fiscal Year Ended December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

Net increase (decrease) in fund balances - total governmental funds	\$	83,085
Amounts reported for governmental activities in the statement of activities are different because:		
Interest receivable is not recorded within the fund level statements.		(142)
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.		12,188
Transfers from business-type funds for internal service fund activity		1,882
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:		75,841
Less loss on retirement of capital assets		(87)
Less current year depreciation		(42,475)
Revenues and expenses in the statement of activities that do not provide current financial resources are not reported as revenues and expenses in the funds.		199
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:		
Bonds Principal Payments	102,518	
Bond Proceeds	(121,623)	(19,105)
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	28,171	
Change in other post employment benefits payable	(2,778)	
Change in compensated absences	(1,105)	24,288
Increase (decrease) in net assets of governmental activities	\$	135,674

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

**PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Business-type Activities - Enterprise Funds						Governmental Activities	
	Sanitary Sewer	Stormwater	Water Works	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development	Total	Internal Service Funds
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 9,640	\$ 14,445	\$ 93	\$ 13,211	\$ 18,460	\$ 24	\$ 55,873	\$ 28,804
Investments with trustees	-	-	-	-	-	37,749	37,749	-
Receivables:								
Accounts - net	3,312	4,376	5,139	4,546	2,783	39	20,195	178
Special assessments:								
Current	1	18	21	1	10	-	51	-
Delinquent	10	79	126	7	56	-	278	-
Deferred	-	100	757	9,245	1	-	10,103	-
Intergovernmental	-	79	-	-	-	-	79	384
Loans	-	-	-	-	-	70	70	-
Notes	-	-	-	-	-	780	780	7,604
Accrued interest	-	-	-	-	-	104	104	-
Capital leases	-	-	-	-	-	2,590	2,590	-
Due from other funds	4,678	7,235	2,105	932	2,175	-	17,125	4,184
Inventories	-	-	2,751	-	1,218	-	3,969	5,810
Properties held for resale	-	-	-	-	-	12	12	433
Prepaid items	-	-	-	-	-	-	-	147
Total current assets	17,641	26,332	10,992	27,942	24,703	41,368	148,978	47,544
Long-term assets:								
Receivables:								
Loans	-	-	-	-	-	838	838	-
Notes	-	-	-	-	-	405	405	-
Capital leases	-	-	-	-	-	53,585	53,585	-
Deferred charges	15	20	34	693	-	-	762	117
Capital assets:								
Nondepreciable								
Land, leaseholds and easements	1	7,211	2,993	112,452	16	3,848	126,521	23,303
Construction in progress	14,194	3,801	46,337	330	-	-	64,662	7,855
Depreciable								
Buildings and structures	-	-	186,262	278,199	2,047	12,743	479,251	55,649
Less accumulated depreciation	-	-	(51,172)	(94,893)	(2,018)	(9,761)	(157,844)	(26,076)
Public improvements	127,106	336,103	142,314	455	-	-	605,978	3,056
Less accumulated depreciation	(53,670)	(90,286)	(58,382)	(79)	-	-	(202,417)	(2,731)
Machinery and equipment	1,182	1,398	2,082	4,565	12,321	393	21,941	81,068
Less accumulated depreciation	(1,164)	(1,360)	(1,444)	(1,391)	(8,151)	(393)	(13,903)	(44,884)
Computer equipment	10	193	316	1,041	178	-	1,738	60,380
Less accumulated depreciation	(10)	(193)	(275)	(1,006)	(178)	-	(1,662)	(46,080)
Software	-	1,488	1,856	130	955	-	4,429	43,360
Less accumulated depreciation	-	(1,488)	(1,850)	(130)	(955)	-	(4,423)	(15,208)
Other capital outlay	-	-	19	15	-	-	34	50
Less accumulated depreciation	-	-	(19)	(11)	-	-	(30)	(50)
Total long-term assets	87,664	256,887	269,071	300,370	4,215	61,658	979,865	139,809
Total assets	\$ 105,305	\$ 283,219	\$ 280,063	\$ 328,312	\$ 28,918	\$ 103,026	\$ 1,128,843	\$ 187,353

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

**PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
December 31, 2009**

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

	Business-type Activities - Enterprise Funds						Total	Governmental
	Sanitary Sewer	Stormwater	Water Works	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Internal Service Funds
LIABILITIES								
Current liabilities:								
Salaries payable	\$ 93	\$ 183	\$ 535	\$ 105	\$ 160	\$ 2	\$ 1,078	\$ 1,135
Accounts payable	472	252	800	2,835	55	16	4,430	3,162
Intergovernmental payable	-	-	-	19	-	-	19	22
Due to other funds	-	-	2,100	-	-	80	2,180	2,548
Deposits held for others	330	446	21	1,506	-	3,705	6,008	-
Advances from other funds	-	-	-	-	-	10	10	-
Interest payable	52	72	807	3,250	-	270	4,451	212
Unearned revenue	-	46	-	-	-	761	807	5,854
Bonds payable-current portion	2,600	4,405	3,200	12,280	-	3,370	25,855	11,305
Notes payable-current portion	-	-	2,065	-	-	136	2,201	-
Compensated assets payable-current portion	64	112	364	64	152	3	759	691
Total current liabilities	3,611	5,516	9,892	20,059	367	8,353	47,798	24,929
Long-term liabilities:								
Interest payable	-	2,436	3,656	-	-	-	6,092	-
Bonds payable	11,100	16,771	25,446	163,080	-	53,995	270,392	49,540
Unamortized premium (discounts)	699	847	1,522	3,425	-	-	6,493	2,032
Advances from other funds	-	-	-	-	-	-	-	10,114
Notes payable	-	-	69,660	-	-	455	70,115	-
Compensated absences payable	149	260	849	149	355	6	1,768	1,614
Other postemployment benefits	87	182	502	96	248	-	1,115	915
Unpaid claims payable	-	-	-	-	-	-	-	42,513
Total long-term liabilities	12,035	20,496	101,635	166,750	603	54,456	355,975	106,728
Total liabilities	15,646	26,012	111,527	186,809	970	62,809	403,773	131,657
NET ASSETS								
Invested in capital assets, net of related debt	77,907	243,563	160,425	122,516	4,214	6,830	615,455	76,815
Restricted - debt service	-	-	-	-	-	34,464	34,464	-
Unrestricted	11,752	13,644	8,111	18,987	23,734	(1,077)	75,151	(21,119)
Total net assets	89,659	257,207	168,536	141,503	27,948	40,217	725,070	55,696
Total liabilities and net assets	\$ 105,305	\$ 283,219	\$ 280,063	\$ 328,312	\$ 28,918	\$ 103,026	\$ 1,128,843	\$ 187,353

Net assets - total enterprise funds \$ 725,070

Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities. (17,994)

Net assets of business-type activities \$ 707,076

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the Fiscal Year Ended December 31, 2009

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental
	Sanitary Sewer	Stormwater	Water Works	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Internal Service Funds
Operating revenues:								
Licenses and permits	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ -	\$ 2	\$ -
Charges for services and sales	43,953	38,110	66,770	52,418	27,886	31,814	260,951	84,622
Interest	-	-	-	-	-	3,453	3,453	-
Rents and commissions	-	-	-	3	-	-	3	33,450
Other	-	810	-	-	1,962	6	2,778	-
Total operating revenues	43,953	38,920	66,772	52,421	29,848	35,273	267,187	118,072
Operating expenses:								
Personnel costs	3,013	6,299	19,853	3,954	9,504	28	42,651	44,150
Contractual services	5,482	10,336	18,515	32,562	16,109	2,041	85,045	53,177
Materials, supplies, services and other	29,871	2,573	8,919	1,049	1,453	-	43,865	20,648
Rent	-	-	347	-	-	-	347	1,637
Depreciation	1,160	3,895	7,568	6,704	804	362	20,493	15,714
Other	-	-	-	-	-	986	986	-
Total operating expenses	39,526	23,103	55,202	44,269	27,870	3,417	193,387	135,326
Operating income (loss)	4,427	15,817	11,570	8,152	1,978	31,856	73,800	(17,254)
Non-operating revenues (expenses):								
Interest revenue	-	-	2	1	-	673	676	-
Interest expense	(500)	(1,753)	(3,656)	(8,869)	-	(3,443)	(18,221)	(3,125)
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	(40)
Special assessments	10	498	767	86	563	-	1,924	-
Damages/losses recovered	-	-	-	-	-	-	-	12
Other revenues	-	42	34	12	-	-	88	5,843
Total non-operating revenues (expenses)	(490)	(1,213)	(2,853)	(8,770)	563	(2,770)	(15,533)	2,690
Income (loss) before contributions and transfers	3,937	14,604	8,717	(618)	2,541	29,086	58,267	(14,564)
Capital contributions	-	-	1,826	-	-	-	1,826	-
Transfers in (out):								
Transfers from other funds	37	-	387	22,962	196	350	23,932	27,865
Transfers to other funds	(1,828)	(1,088)	(2,034)	(11,881)	(821)	(30,101)	(47,753)	(1,113)
Total transfers	(1,791)	(1,088)	(1,647)	11,081	(625)	(29,751)	(23,821)	26,752
Change in net assets	2,146	13,516	8,896	10,463	1,916	(665)	36,272	12,188
Net assets - January 1	87,513	243,691	159,640	131,040	26,032	40,882		43,508
Net assets - December 31	\$ 89,659	\$ 257,207	\$ 168,536	\$ 141,503	\$ 27,948	\$ 40,217		\$ 55,696

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

(1,882)

Change in net assets of business-type activities

\$ 34,390

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

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended December 31, 2009

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Sanitary Sewer	Stormwater	Water Works	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development	Total	Governmental Activities Internal Service Funds
Cash flows from operating activities:								
Cash received from customers and users	\$ 44,168	\$ 44,106	\$ 72,454	\$ 50,210	\$ 28,390	\$ 39,716	\$ 279,044	\$ 123,485
Payments to suppliers and users	(35,441)	(12,942)	(28,257)	(34,409)	(19,540)	(3,772)	(134,361)	(69,156)
Payments to employees	(3,015)	(6,224)	(19,906)	(4,015)	(9,527)	(26)	(42,713)	(44,269)
Net Cash Provided (used) by operating Activities	5,712	24,940	24,291	11,786	(677)	35,918	101,970	10,060
Cash flows from non-capital financing activities:								
Transfers from other funds	37	213	387	22,962	196	350	24,145	27,865
Principal paid on bonds and notes	-	-	-	-	-	(3,491)	(3,491)	-
Interest paid on bonds and notes	-	-	-	-	-	(3,459)	(3,459)	-
Transfers to other funds	(1,828)	(1,301)	(2,034)	(11,881)	(821)	(30,101)	(47,966)	(1,113)
Other non-operating revenues	-	42	-	12	-	-	54	-
Net cash provided (used) by non-capital financing activities	(1,791)	(1,046)	(1,647)	11,093	(625)	(36,701)	(30,717)	26,752
Cash Flows from capital and related financing activities								
Bonds issued	5,800	2,500	4,000	3,400	-	-	15,700	1,115
Refunding bonds issued	-	6,910	12,615	54,595	-	-	74,120	16,800
Notes issued	-	-	5,356	-	-	-	5,356	-
Principal paid on bonds	(2,436)	(16,869)	(16,766)	(84,760)	-	-	(120,831)	(28,735)
Interest paid on bonds	(615)	(1,586)	(3,848)	(5,030)	-	-	(11,079)	(3,405)
Premium (discount)	343	556	982	-	-	-	1,881	852
Principal paid on notes	-	-	(1,925)	-	-	-	(1,925)	-
Interest paid on notes	-	-	-	-	-	-	-	-
Capital contributions	-	-	1,826	-	-	-	1,826	-
Acquisition and construction of capital assets	(7,951)	(4,799)	(25,224)	(1,675)	(905)	-	(40,554)	(11,953)
Bond issuance costs	(7)	(11)	(19)	(252)	-	-	(289)	(60)
Proceeds from sale of capital assets	-	-	-	-	-	-	-	325
Net cash provided (used) by capital and related financing activities	(4,866)	(13,299)	(23,003)	(33,722)	(905)	-	(75,795)	(25,061)
Cash flows from investing activities:								
Purchase of investments	-	-	-	-	-	(2,041)	(2,041)	-
Sale of investments	-	-	-	-	-	2,502	2,502	-
Interest	-	-	2	1	-	302	305	-
Net cash provided (used) by investing activities	-	-	2	1	-	763	766	-
Net increase (decrease) in cash and cash equivalents	(945)	10,595	(357)	(10,842)	(2,207)	(20)	(3,776)	11,751
Cash and cash equivalents, beginning of year	10,585	3,850	450	24,053	20,667	44	59,649	17,053
Cash and cash equivalents, end of year	\$ 9,640	\$ 14,445	\$ 93	\$ 13,211	\$ 18,460	\$ 24	\$ 55,873	\$ 28,804
Reconciliation of operating income to net cash provided (used) by operating activities								
Operating income (loss)	\$ 4,427	\$ 15,817	\$ 11,570	\$ 8,152	\$ 1,978	\$ 31,856	\$ 73,800	\$ (17,254)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:								
Depreciation	1,160	3,895	7,568	6,704	804	362	20,493	15,714
Accounts receivable (net)	(301)	(243)	(771)	(2,335)	101	41	(3,508)	(539)
Intergovernmental receivable	-	4	-	-	-	-	4	(123)
Loans receivable	-	-	-	-	-	1,111	1,111	-
Notes Receivable	-	-	-	-	-	735	735	-
Special assessments receivable	(8)	111	174	534	58	-	869	-
Capital lease receivable	-	-	-	-	-	2,447	2,447	-
Inventories	-	-	(189)	-	(56)	-	(245)	1,225
Property held for resale	-	-	-	-	-	-	-	(433)
Prepaid items	-	-	-	-	-	-	-	(104)
Due from other funds	387	4,690	6,013	(599)	(2,175)	-	8,316	(685)
Salaries payable	(42)	(32)	(299)	(102)	(166)	1	(640)	(508)
Accounts payable	(77)	35	(2,387)	(808)	(1,923)	(125)	(5,285)	(5,318)
Due to other funds	-	-	2,100	-	-	(620)	1,480	68
Interest payable	10	-	-	-	-	-	10	-
Intergovernmental payable	-	-	-	11	-	-	11	(7)
Deposit's held for others	105	12	(20)	102	(4)	176	371	-
Unearned revenue	-	46	(517)	-	-	(67)	(538)	1,040
Compensated absences payable	25	8	41	(1)	25	1	99	7
Other postemployment benefits	16	99	207	42	118	-	482	382
Unpaid claims	-	-	-	-	-	-	-	10,740
Special assessments	10	498	767	86	563	-	1,924	-
Damages/losses recovered	-	-	-	-	-	-	-	12
Other non-operating revenues	-	-	34	-	-	-	34	5,843
Net cash provided (used) by operating activities	\$ 5,712	\$ 24,940	\$ 24,291	\$ 11,786	\$ (677)	\$ 35,918	\$ 101,970	\$ 10,060
Non-cash investing, capital and financing activities:								
Gain (Loss) on disposal of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (40)

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

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 4,350
Receivables:	
Accounts-net	4,644
Total assets	\$ 8,994
LIABILITIES	
Accounts payable	\$ 5,372
Intergovernmental payable	3,500
Deposits held for others	122
Total liabilities	\$ 8,994

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

**COMBINING STATEMENT OF NET ASSETS
DISCRETE COMPONENT UNITS
December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Park Board	Municipal Building Commission	Meet Minneapolis	Total Discrete Component Units
<u>ASSETS</u>				
Cash and investments	\$ 15,908	\$ 1,010	\$ 1,347	\$ 18,265
Receivables (net)	5,964	-	133	6,097
Due from other government agencies	-	1,243	-	1,243
Prepays and other assets	86	-	48	134
Inventories	121	-	-	121
Capital assets:				
Nondepreciable	80,779	15,087	-	95,866
Depreciable, net	187,246	12,333	654	200,233
Total assets	<u>\$ 290,104</u>	<u>\$ 29,673</u>	<u>\$ 2,182</u>	<u>\$ 321,959</u>
<u>LIABILITIES</u>				
Accrued salaries and benefits	\$ 1,118	\$ 112	\$ 715	\$ 1,945
Accounts payable	2,022	792	265	3,079
Interest payable	-	-	107	107
Unpaid claims payable	5,973	-	-	5,973
Loans payable to primary government	-	-	1,626	1,626
Unearned revenue	-	-	220	220
Compensated absences:				
Due within one year	2,828	173	-	3,001
Due beyond one year	1,373	110	-	1,483
Other postemployment benefits - due beyond one year	1,221	96	-	1,317
Long -term portion of loan payable -				
Due to primary government	-	-	6,954	6,954
Long-term liabilities:				
Due within one year	39	-	115	154
Due beyond one year	549	-	291	840
Total liabilities	<u>15,123</u>	<u>1,283</u>	<u>10,293</u>	<u>26,699</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	267,437	27,420	-	294,857
Restricted	7,544	-	30	7,574
Unrestricted	-	970	(8,141)	(7,171)
Total net assets	<u>274,981</u>	<u>28,390</u>	<u>(8,111)</u>	<u>295,260</u>
Total liabilities and net assets	<u>\$ 290,104</u>	<u>\$ 29,673</u>	<u>\$ 2,182</u>	<u>\$ 321,959</u>

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, 2009**

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

FUNCTIONS/PROGRAMS	Program Revenues						Total Discrete Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Park Board	Municipal Building Commission	
Park Board	\$ 94,155	\$ 17,507	\$ 3,753	\$ 10,964	\$ (61,931)	\$ -	\$ (61,931)
Municipal Building Commission	8,527	9,600	112	-	-	1,185	1,185
Meet Minneapolis	9,294	2,412	7,253	-	-	-	371
Total discrete component unit activities	\$ 111,976	\$ 29,519	\$ 11,118	\$ 10,964	\$ (61,931)	\$ 1,185	\$ (60,375)
General Revenues:							
Taxes:							
General property tax and fiscal disparities					54,469	-	54,469
Local government aid					9,469	241	9,710
Grants and contributions not restricted to specific programs					200	-	200
Other					-	1,318	1,318
Gain on sale of capital assets					1,433	-	1,433
Total general revenues					65,571	1,559	67,130
Change in net assets					3,640	2,744	6,755
Net assets- January 1					271,341	25,646	288,505
Net assets- December 31, 2009					\$ 274,981	\$ 28,390	\$ (8,111)

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

For the fiscal year ended December 31, 2009

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A - REPORTING ENTITY

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

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

BLENDED COMPONENT UNIT

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

▪ Board of Estimate and Taxation

The Board of Estimate and Taxation (BET) is established under Chapter 15 of the City Charter. It is composed of 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 and maintains responsibility for the internal audit function for the City including boards and commissions that are component units of the City.

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 maintaining parkland and parkways as well as planting and maintaining the City's boulevard trees. 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

For the fiscal year ended December 31, 2009

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**▪ Minneapolis Park and Recreation Board (continued)**

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 secure 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. 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 was incorporated on July 29, 1987. Greater Minneapolis Convention and Visitors Association (d.b.a. Meet Minneapolis) and its subsidiary, Internet Destination Sales System, Inc. (hereinafter collectively the "Association") comprise the reporting entity for Meet Minneapolis. 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 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. Complete financial statements for Meet Minneapolis and Subsidiary can be obtained from Meet Minneapolis at 250 Marquette Avenue South, Suite 1300, Minneapolis, Minnesota 55401.

RELATED ORGANIZATIONS

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

▪ Metropolitan Sports Facilities Commission

The Metropolitan Sports Facilities Commission (Commission) is an appointed commission established under 1977 Minnesota laws. Of the seven members of the Commission, the City of Minneapolis appoints six. The Commissioners serve four-year terms and removal is for cause only. The primary responsibility of the Commission is to serve as owners, operators, and landlords of the Hubert H. Humphrey Metrodome Sports Facility in Minneapolis. Major tenants of the Metrodome Sports Facility are the Minnesota Twins and the Minnesota Vikings. Complete financial statements for the Commission can be obtained from the Metropolitan Sports Facilities Commission 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; four Commissioners (one of whom must be a public housing family development resident) are appointed by the City Council.

For the fiscal year ended December 31, 2009

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**RELATED ORGANIZATIONS****▪ Minneapolis Public Housing Authority (continued)**

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

JOINT VENTURES

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

• Minneapolis/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 Neighborhood Revitalization Program Policy Board

The Minneapolis Neighborhood Revitalization Program Policy Board (NRP) 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, and the Mayor and City Council under authority of State of Minnesota laws. The NRP is composed of 20 members and includes public officials as well as representatives of neighborhood and community interest organizations.

The majority of members are persons other than the representatives of the jurisdictions, which entered into the Joint Powers Agreement. The percentage of each jurisdiction's share in the NRP's assets, liabilities, and equity cannot be determined at fiscal year-end. Complete financial statements for the NRP can be obtained from the Minneapolis Neighborhood Revitalization Program Policy Board at Suite 425, Crown Roller Mill, 105 Fifth Avenue South, Minneapolis, Minnesota, 55401-2585.

▪ 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 the Towle Building, 330 2nd Avenue South, Room 540, Minneapolis, Minnesota 55401.

For the fiscal year ended December 31, 2009

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**B – BASIS OF PRESENTATION****GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The *statement of net assets* 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

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. 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. 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.

For the fiscal year ended December 31, 2009

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**B – BASIS OF PRESENTATION****GOVERNMENTAL FUNDS (continued)**

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.

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, except to the extent there are available resources in the Self-Insurance Internal Service Fund for vested severance pay. Compensated absences are considered expenditures when paid to employees.

The accounting and reporting treatment applied to the assets and liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending, or "financial flow," measurement focus. This means that only current assets and current liabilities, as defined by GAAP, are generally included on the balance sheets. Reported fund balance (net current assets) 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 assets 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 required to be 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.

- **Special Revenue Fund - Convention Center**

This fund is used to account for the ownership, maintenance and operations of the Minneapolis Convention Center, along with the proceeds of local sales and use taxes.

For the fiscal year ended December 31, 2009

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**B – BASIS OF PRESENTATION****GOVERNMENTAL FUNDS (continued)****▪ 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, completion of the Heritage Park Project, infrastructure projects, and many information and technology system 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.

In accordance with GASB Statement No. 20-Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, the City has chosen not to apply accounting standards issued by the Financial Accounting Standards Board after November 30, 1989, to its proprietary funds.

All proprietary funds are accounted for on an economic resources management 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 assets are categorized as invested in capital assets net of related debt, restricted, and unrestricted. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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 from the date of the borrowing until completion of the project 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B – BASIS OF PRESENTATION

Enterprise Funds (continued)

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 storm water fees collected from customers, and for City street cleaning and other storm water management activities.
- **Water Works Fund**
This fund is used to account for the operation, maintenance, and construction projects related to the water delivery system. This fund also accounts for the operations related to the billings for water, sewage, and solid waste fees.
- **Municipal Parking Fund**
This fund is used to account for the operation, maintenance, and construction of the City’s parking facilities as well as on-street parking and the Municipal Impound Lot.
- **Solid Waste and Recycling Fund**
This fund is used to account for the revenues and expenses for solid waste collection, disposal and recycling activities.
- **Community Planning and Economic Development Fund**
This fund is used to account for the enterprise fund activities of the Department of Community Planning and Economic Development.

NON-MAJOR FUNDS

The City reports the following non-major governmental funds:

Special Revenue Funds:

- Arena Reserve
- Board of Estimate and Taxation
- HUD Consolidated Plan
- Convention Facilities Reserve
- Downtown Improvement District
- Employee Retirement
- Grants- Federal
- Grants- Other
- Police

Debt Service Funds:

- Community Planning and Economic Development
- 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:

For the fiscal year ended December 31, 2009

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**B – BASIS OF PRESENTATION****▪ Internal Service Funds (continued)**

Public Works Stores – This fund is used to account for centralized procurement, warehousing, and distribution of stocked inventory items, as well as the purchase of special goods and services.

Engineering Materials and Testing – This fund is used to account for operations of the City’s paving products laboratory.

Intergovernmental Services – This fund is used to account for information technology service, central mailing and printing services, and the City’s telecommunication operations.

Equipment Services – This fund is used to account for the ownership and operation of various equipment and vehicles. The fund operates as a rental agent to various departments to support the construction and maintenance of city infrastructure, fire protection services, and police services.

Property Services – This fund is used to account for the physical management and maintenance of various City buildings, except for the City Hall/County Court House building.

Self-Insurance – This fund is used to account for employee benefit programs and administrative costs, occupational health services and severance payments to employees who have retired or resigned, a tort liability program and a workers’ compensation program.

▪ Agency Funds

Financial statements of agency funds, which are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds, are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds assets, liabilities, and net assets are included in the fiduciary statement of net assets.

- **The Minneapolis Agency** - Used to account for collection and remittance of funds to other governments and agencies.
- **The Skyway Debt Service Agency** - Used to account for the collection and payment of funds related to the debt service for the skyway system.
- **The Youth Coordinating Board Agency** – Used to account for cash deposited with the City.
- **The Neighborhood Revitalization Program Board** – Used to account for cash deposited with the City.
- **The Minneapolis Public Housing Authority Agency** – Used to account for cash deposited with the City.
- **The Joint Board Agency** – Used to account for cash deposited with the City.

For the fiscal year ended December 31, 2009

(Dollar Amounts Expressed in Thousands)

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

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. Capital projects funds adopt project-length budgets and budgetary control for debt service funds is achieved through general obligation bond indenture provisions.

The 2008 process for the 2009 budget involved the following:

January - March	City department heads presented annual work plans and accomplishments to Executive Committee; referred then to relevant Policy Committee for review and file. Finance Department presented preliminary year-end budget status report to Ways and Means/Budget Committee.
March - April	Capital Improvement Budget Development – Capital improvement proposals were reviewed by the Budget Coordination Unit, the City Planning Commission and the Capital Long-Range Improvement Committee (CLIC).
April - June	Operating Budget Development – Departments prepared department operating budget requests; “Current Service Level Budgets” reflected current year costs of providing the same level of service as provided in the prior year, and proposals which describe policy and organizational changes with financial implications.
June - August	The Mayor held departmental hearings to review operating budgets and met with representatives from CLIC in preparation of finalizing the capital budget recommendation. The Mayor prepared and submitted a budget framework to the City Council no later than August 15, including a recommendation on annual property tax levy amounts.
September – October	The Board of Estimate and Taxation set the maximum property tax levy for the City, Municipal Building Commission, Public Housing Authority, and Park Board by September 15, as required by state law.
November - December	“Truth in Taxation” property tax statements mailed by the County to property owners indicating the maximum amount of property taxes that the owner will be required to pay.
December	“Truth in Taxation” public hearings held. The City Council adopted a final budget and tax levy.

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. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not represent GAAP expenditures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C – BUDGETS (continued)

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	\$ 334,251	\$ (3,800)	\$ 330,451
CPED Special Revenue	30,631	92,830	123,461
Convention Center Special Revenue	45,950	(219)	45,731
Arena Reserve Special Revenue	-	10	10
Board of Estimate and Taxation Special Revenue	343	-	343
HUD Consolidated Plan Special Revenue	17,855	16,340	34,195
Downtown Improvement District Special Revenue	-	2,950	2,950
Employee Retirement Special Revenue	13,952	-	13,952
Grants – Federal Special Revenue	17,513	31,802	49,315
Grants - Other Special Revenue	11,769	27,222	38,991
Police Special Revenue	1,674	1,654	3,328
TOTAL	\$ 473,938	\$ 168,789	\$ 642,727

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 Assets*.

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 its 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F - INVENTORIES OF MATERIALS AND SUPPLIES

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 a fund balance reservation to indicate that portion of fund balance not available for future appropriation. Inventory recorded in the proprietary funds is expensed as the supplies and materials are consumed.

G - LOANS RECEIVABLE

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. Because the likelihood of these events occurring is unknown, these loans are not presented in the accompanying financial statements. 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.

H – CAPITAL ASSETS

Capital assets (including infrastructure) are recorded 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
Structures and Improvements	25 to 50 years
Equipment	5 to 15 years
Public Improvements	20 to 40 years

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

For the fiscal year ended December 31, 2009

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**I – COMPENSATED ABSENCES**

The City accrues compensated absences (annual and sick leave benefits) when vested. The current portions of the governmental funds' compensated absences liabilities are recorded as other liabilities in the Self-Insurance Internal Service Fund. The non-current portions are recorded in the government-wide financial statements and represent a reconciling item between the fund and government-wide presentation. The City typically liquidates the liability for compensated absences to the fund where employees' salaries were originally charged.

J – 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. non current 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 offset by a fund balance reserve account 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.

K - PROPERTIES HELD FOR RESALE - ENTERPRISE FUNDS

Properties held for resale in the Community Planning and Economic Development Enterprise 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.

L - 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.

M - ESTIMATES

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits, per book	\$ 3,173
Investments	603,131
Imprest cash held by City	300
Total	<u>\$ 606,604</u>
Primary Government:	
Cash and cash equivalents	\$ 459,771
Cash in Agency Funds	4,350
Deposits with fiscal agents	342
Fund investments	20,605
Investments with trustees	103,271
Total primary government	<u>\$ 588,339</u>
Discretely Presented Component Units:	
Park and Recreation Board:	
Cash and cash equivalents	<u>15,908</u>
Municipal Building Commission:	
Cash and cash equivalents	<u>1,010</u>
Meet Minneapolis	
Cash and cash equivalents	<u>1,347</u>
Total	<u>\$ 606,604</u>

A. Deposits

Minnesota Statutes Chapter 118A and the City Charter require the city to collateralize deposits at designated depositories. The City Finance Officer has arranged for the Federal Reserve Bank of Minneapolis to act as the City's agent in the safekeeping of securities as collateral. The bank balances at the City's designated depositories as of December 31, 2009, totaled \$10,183. The market value of securities pledged for the City and held at the Federal Reserve Bank for safekeeping as of December 31, 2009 totaled \$15,348.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to it. 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, 2009, the City was not exposed to custodial credit risk.

B. Investments

In accordance with Minnesota Statutes Chapter 118A, and with the City Charter, the City invested 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, (6) guaranteed investment contracts (with restrictions) and (7) repurchase agreements (with restrictions).

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 derivatives will also be required to pass the stress testing requirements of Minnesota Statutes Chapter 118A.

NOTE 2 - DEPOSITS AND INVESTMENTS

B. Investments (continued)

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 at December 31, 2009, and information relating to interest rate risks:

Investment Type	Weighted Average Maturity (Years)	Carrying (Fair) Value
U.S. Federal Agency obligations	1.3	\$ 312,323
U.S. Treasury obligations	1.3	111,054
Municipal bonds	0.6	47,103
Commercial paper	0.1	54,190
Guaranteed investment contracts	0.1	4,851
Mutual funds	N/A	69,760
Negotiable certificates of deposit	0.1	3,850
Total investments		\$ 603,131
Deposits per book		3,173
Imprest cash		300
Total cash and investments		\$ 606,604

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.

NOTE 2 - DEPOSITS AND INVESTMENTS

B. Investments

Credit Risk (continued)

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."

At December 31, 2009, the City's investments were rated by Moody's and Standard & Poor's as follows:

Investment Type	Standard & Poor's		Moody's	
U.S. Federal agency obligations	AAA	\$ 276,365	Aaa	\$ 276,365
	Not available	34,907	Not available	34,907
	Not rated	<u>1,051</u>	Not rated	<u>1,051</u>
Total U.S. Federal agency obligations		<u>\$ 312,323</u>		<u>\$ 312,323</u>
U.S. Treasury obligations	AAA	\$ 106,753	Aaa	\$ 106,753
	Not available	<u>4,301</u>	Not available	<u>4,301</u>
Total U.S. Treasury obligations		<u>\$ 111,054</u>		<u>\$ 111,054</u>
Municipal bonds	AAA	\$ 6,517	Aaa	\$ 1,989
	AA+	2,631	Aa1	2,357
	AA	4,723	Aa2	4,703
	AA-	2,655	Aa3	8,563
	A+	863	A1	1,649
	A	929	A2	1,516
	BBB+	-	Baa1	1,049
	Not available	22,800	Not available	22,510
	Not rated	<u>5,985</u>	Not rated	<u>2,767</u>
Total municipal bonds		<u>\$ 47,103</u>		<u>\$ 47,103</u>

NOTE 2 - DEPOSITS AND INVESTMENTS

B. Investments

Credit Risk (continued)

<u>Investment Type</u>	<u>Standard & Poor's</u>		<u>Moody's</u>	
Commercial paper	A-1+	\$ 39,792	P-1	\$ 50,494
	A-1	<u>14,398</u>	Not available	<u>3,696</u>
Total Commercial paper		<u>\$ 54,190</u>		<u>\$ 54,190</u>
Guaranteed investment contracts	Not rated	<u>\$ 4,851</u>	Not rated	<u>\$ 4,851</u>
Mutual funds	AAAmG	\$ 10,620	Aaa	\$ 4,574
	Not rated	<u>59,140</u>	Not rated	<u>65,186</u>
Total Mutual funds		<u>\$ 69,760</u>		<u>\$ 69,760</u>
Negotiable certificates of deposit	Not rated	<u>\$ 3,850</u>	Not rated	<u>\$ 3,850</u>
Total		<u>\$ 603,131</u>		<u>\$ 603,131</u>

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 uses a third party financial institution for safekeeping of securities.

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 are to 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.

At December 31, 2009, investments in any one issuer that represent 5 percent or more of the City's investments are as follows:

<u>Issuer</u>	<u>Reported Amount</u>
U.S. Federal obligations	
U.S. Department of the Treasury	\$ 110,617
Federal Home Loan Bank	73,615
Federal National Mortgage Association	73,004
Federal Home Loan Mortgage Corporation	52,245

For the fiscal year ended December 31, 2009

(Dollar Amounts Expressed in Thousands)

NOTE 3 – RECEIVABLES

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:

	General Fund	CPED	Convention Center	Permanent Improvement	Special Assessment Debt Service	Non-major Governmental Funds	Internal Service Funds	Total Governmental Activities
Governmental Activities								
Accounts	\$ 5,857	\$ 866	\$ 6,473	\$ 2,115	\$ -	\$ 442	\$ 232	\$ 15,985
Taxes	3,596	525	-	56	-	820	-	4,997
Special assessments	510	-	-	3,344	33,652	795	-	38,301
Intergovernmental	4,402	801	-	17,008	-	16,679	384	39,274
Loans	-	6,282	-	-	-	9	-	6,291
Loans due from component unit	-	-	500	-	-	-	-	500
Notes	-	-	-	-	-	-	7,604	7,604
Interest	361	599	103	251	42	227	-	1,583
Gross receivables	14,726	9,073	7,076	22,774	33,694	18,972	8,220	114,535
Less: Allowance for uncollectibles	(1,479)	-	(487)	(420)	-	(369)	(54)	(2,809)
Total receivables (due within one year)	\$ 13,247	\$ 9,073	\$ 6,589	\$ 22,354	\$ 33,694	\$ 18,603	\$ 8,166	\$ 111,726
Long-term portion of loans and notes receivable	\$ -	\$ -	\$ 8,080	\$ -	\$ -	\$ 5,125	\$ -	\$ 13,205
		Sanitary Sewer	Stormwater	Water Works	Municipal Parking	Solid Waste and Recycling	CPED	Total Business-type Activities
Business-type Activities								
Accounts		\$ 3,312	\$ 4,376	\$ 5,436	\$ 4,623	\$ 2,783	\$ 39	\$ 20,569
Special assessments		11	197	904	9,253	67	-	10,432
Intergovernmental		-	79	-	-	-	-	79
Loans		-	-	-	-	-	70	70
Notes		-	-	-	-	-	780	780
Interest		-	-	-	-	-	104	104
Gross receivables		3,323	4,652	6,340	13,876	2,850	993	32,034
Less: Allowance for uncollectibles		-	-	(297)	(77)	-	-	(374)
Total receivables (due within one year)		\$ 3,323	\$ 4,652	\$ 6,043	\$ 13,799	\$ 2,850	\$ 993	\$ 31,660
Long-term portion of loans and notes receivable		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,243	\$ 1,243

Governmental activities:

In 2002 the City issued \$10,100 in Self-Supporting General Obligation bonds to provide funding for the Minneapolis Library Board to build a parking ramp. The City has entered into an agreement with the Minneapolis Library Board. The agreement was in the form of a capitalized lease. The capitalized lease agreement continues under the Minneapolis Library Board’s successor, Hennepin County Library.

The annual lease 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. The lease agreement includes a bargain purchase option exercisable at the end of the lease term.

NOTE 3 – RECEIVABLES (continued)

The future payment requirements for these agreements are as follows:

	Capitalized Lease
Scheduled Lease Payments:	
2010	\$ 599
2011	624
2012	642
2013	664
2014	684
2015-2019	3,821
2020-2024	4,524
2025-2028	4,207
Subtotal	<u>15,765</u>
Less: Interest over lease term	<u>(5,905)</u>
 Total Principal	 9,860
 Less: Current Portion	 <u>150</u>
 Noncurrent Portion	 <u>\$ 9,710</u>

Business-type activities:

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.

The future payment requirements for these agreements are as follows:

	Capitalized Leases	Notes Receivable
Scheduled Lease Payments:		
2010	\$ 5,779	\$ 840
2011	5,774	417
2012	5,624	-
2013	5,468	-
2014	5,473	-
2015-2019	24,926	-
2020-2024	18,656	-
2025-2029	13,129	-
2030-2034	7,817	-
2035	1,562	-
Subtotal	<u>94,208</u>	<u>1,257</u>
Less: Interest over lease term	<u>(38,028)</u>	<u>(72)</u>
 Total Principal	 56,180	 1,185
Less: Unexpended construction funds	<u>(5)</u>	<u>-</u>
 Net Capitalized Leases and Notes receivable	 56,175	 1,185
Less: Current Portion	<u>(2,590)</u>	<u>(780)</u>
 Noncurrent Portion	 <u>\$ 53,585</u>	 <u>\$ 405</u>

For the fiscal year ended December 31, 2009

(Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009 was as follows:

	Balance January 1, 2009	Additions	Retirements	Balance December 31, 2009
Governmental activities				
<i>Capital assets, not being depreciated</i>				
Land and easements	\$ 111,084	\$ -	\$ -	\$ 111,084
Construction in progress	299,384	77,264	(147,399)	229,249
Total capital assets, not being depreciated	410,468	77,264	(147,399)	340,333
<i>Capital assets, being depreciated</i>				
Infrastructure	413,891	119,053	-	532,944
Structures and improvements	540,834	12,940	-	553,774
Equipment	191,620	25,975	(4,459)	213,136
Total capital assets, being depreciated	1,146,345	157,968	(4,459)	1,299,854
Less accumulated depreciation for:				
Infrastructure	(313,582)	(30,926)	-	(344,508)
Structures and improvements	(150,783)	(10,641)	-	(161,424)
Equipment	(114,255)	(16,641)	3,989	(126,907)
Total accumulated depreciation	(578,620)	(58,208)	3,989	(632,839)
Total capital assets, being depreciated, net	567,725	99,760	(470)	667,015
Governmental activities capital assets, net	\$ 978,193	\$ 177,024	\$ (147,869)	\$ 1,007,348
Business-type Activities				
<i>Capital assets, not being depreciated</i>				
Land and easements	\$ 126,521	\$ -	\$ -	\$ 126,521
Construction in progress	122,317	38,204	(95,859)	64,662
Total capital assets, not being depreciated	248,838	38,204	(95,859)	191,183
<i>Capital assets, being depreciated</i>				
Infrastructure	382,547	4,380	-	386,927
Structures and improvements	608,955	89,468	(121)	698,302
Equipment	23,786	4,361	(5)	28,142
Total capital assets, being depreciated	1,015,288	98,209	(126)	1,113,371
Less accumulated depreciation for:				
Infrastructure	(142,039)	(1,202)	-	(143,241)
Structures and improvements	(199,477)	(17,664)	121	(217,020)
Equipment	(18,396)	(1,627)	5	(20,018)
Total accumulated depreciation	(359,912)	(20,493)	126	(380,279)
Total capital assets, being depreciated, net	655,376	77,716	-	733,092
Business-type activities capital assets, net	\$ 904,214	\$ 115,920	\$ (95,859)	\$ 924,275

NOTE 4 – CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

General government	\$ 352
Public Safety	1,217
Public Works	31,044
Health and Welfare	11
Community Development	9,870
Depreciation on capital assets held in the City’s internal service fund is charged to the various functions based on their usage of assets.	<u>15,714</u>
Total depreciation expense – governmental functions	<u>\$ 58,208</u>

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

Sanitary Sewer	\$ 1,160
Stormwater	3,895
Water Works	7,568
Municipal Parking	6,704
Solid Waste and Recycling	804
Economic Development	<u>362</u>
Total depreciation expense – business-type functions	<u>\$ 20,493</u>

Construction in Progress

Construction in progress for the governmental activities represents work in the following areas:

Property Services	\$ 30,378
Convention Center	2,963
Traffic Signals & Lighting	7,222
Bicycle Trail	9,840
Street Construction	110,029
Bridge Construction	271
Heritage Park	60,692
Equipment	738
Business Information Services	<u>7,116</u>
Total CIP for Governmental Activities	<u>\$229,249</u>

Construction in progress for the business-type activities represents work in the following areas:

Sewers – Sanitary	\$ 14,194
Sewers – Stormwater	3,801
Water	46,337
Parking	<u>330</u>
Total CIP for Business-type Activities	<u>\$ 64,662</u>

NOTE 4 – CAPITAL ASSETS (continued)

Capital Project Commitments

For the year 2010, the City of Minneapolis made Capital Project Commitments for the following:

Property Services	\$1,700
Sewer Construction	19,395
Street Construction	23,690
Bridge Construction	14,300
Sidewalk Construction	2,735
Street Lighting	1,350
Traffic Signals	5,580
Bicycle Trails	5,277
Non-Departmental	12,186
Information Technology	1,357
Water	3,500
Parking	1,700
Total Capital Project Commitments	<u>\$ 92,770</u>

NOTE 5 - LONG-TERM DEBT

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

Property Tax Supported General Obligation Bonds

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

Self- Supporting General Obligation Bonds

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

Improvement bonds 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.

Tax Increment General Obligation Bonds

Tax increment bonds are payable primarily from the increase in property taxes resulting from replacing older improvements with new or remodeled improvements. These bonds 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 Enterprise Funds or 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 Agency Enterprise Fund.

For the fiscal year ended December 31, 2009

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (continued)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.

2009 Bond Sales and Refunding Transactions

In 2009, the City of Minneapolis issued bonds & notes totaling \$230,501. Of this amount, \$173,050 was issued to refund existing debt. Below are details of the 2009 debt issuances.

In May 2009, the City issued \$85,370 of General Obligation Various Purpose Bonds, Series 2009. A portion of this bond series totaling \$42,295 were issued for a variety of public works infrastructure improvements, park, library, municipal building commission, technology and sewer, water and parking ramp improvements. The remaining bonds of \$43,075 were issued as current refunding bonds to prepay two bond issues on June 17, 2009. The refunded bonds included \$19,200 for the General Obligation Parking Ramp Bonds, Series 1998 and \$23,875 for the General Obligation Various Purpose Bonds, Series 1998D. The City realized a net present value savings of \$2,312 on the parking bond refunding and \$1,575 on the various purpose bond refunding. The General Obligation Various Purpose Bonds, Series 2009 were issued in fixed rate mode and had interest rates ranging from 2.00% to 4.00% and a final maturity date of December 1, 2025.

In October 2009, the City issued \$16,800 of General Obligation Various Purpose Refunding Bonds, Series 2009A to refund all of the outstanding General Obligation Various Purpose Bonds, Series 2000B on the call date of December 1, 2009. The original bond series financed technology improvements. This refunding resulted in a net present value savings of \$1,244. The Series 2009A bonds were issued in fixed rate mode at 3.00% and a final maturity date of December 1, 2012.

In October 2009, the City also issued \$5,400 of General Obligation Tax Increment Refunding Bonds (Milwaukee Depot), Series 2009. The proceeds along with funds on hand were used on October 23, 2009 to refund the outstanding balance of \$7,430 of Taxable General Obligation Tax Increment Bonds, Series 2000C. This refunding allowed for the issuance of tax exempt bonds to call in taxable bonds and resulted in a net present value savings of \$1,738. The Series 2009 bonds were issued in fixed rate mode and had interest rates ranging from 2.00% to 3.50% and a final maturity date of March 1, 2028.

In October 2009, the City also issued \$13,675 of General Obligation Tax Increment Refunding Bonds (900 Nicollet Mall), Series 2009B to refund the outstanding General Obligation Tax Increment Bonds, Series 2000E. The original bonds were part of the financing for a City owned parking ramp located at 900 Nicollet Mall. This refunding resulted in a net present value savings of \$1,317. The Series 2009B bonds were issued in fixed rate mode and had interest rates ranging from 2.00% to 3.25% and a final maturity date of March 1, 2026.

For the fiscal year ended December 31, 2009

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT2009 Bond Sales and Refunding Transactions (continued)

In November 2009, the City issued \$40,295 of General Obligation Various Purpose Refunding Bonds, Series 2009B. Of this amount, \$9,800 was issued for construction of various special assessment projects and the balance was issued as refunding bonds to convert all or portions of three variable rate bond series to fixed rate bonds. Refunding bonds in the amount of \$9,250 and \$10,000 respectively were issued to partially refund the General Obligation Convention Center Bonds, Series 1999 and 2000. In addition, \$11,245 was used to call in all of the General Obligation Convention Center Refunding Bonds Series 2004A on December 1, 2009. Interest savings are not calculated on this refunding since the variable rate bonds interest rates reset weekly. The Series 2009B bonds were issued in fixed rate mode and had interest rates ranging from 2.00% to 4.00% and a final maturity date of December 1, 2029.

In November 2009, the City also issued \$6,125 of General Obligation Tax Increment Refunding Bonds, Series 2009C to refund all of the outstanding General Obligation Tax Increment Bonds, Series 1999B bonds remaining on the City's books – part of this refunded series had been previously advance refunded in November 2005. This refunding resulted in a net present value savings of \$748. The Series 2009C bonds were issued in fixed rate mode and had interest rates ranging from 2.50% to 4.25% and a final maturity date of December 1, 2024.

In December 2009, the City issued \$57,480 of Taxable General Obligation Tax Increment Refunding Bonds (Target Center Project), Series 2009D. These bonds together with \$2,050 of debt service funds on hand will be used to call in bonds from three bond series related to the Target Center Arena project. The bonds to be called include \$49,735 from the General Obligation Refunding Bonds (Sports Arena Project), Series 1996. Also included are \$4,140 from the Revenue Bonds (Arena Acquisition Project), Series 1995A and \$4,455 million from the Revenue Bonds (Arena Acquisition Project), Series 1995B. This refunding was performed to convert tax exempt bonds into taxable bonds to allow for more private investment in the facility and for restructuring and interest savings. The refunding resulted in a net present value savings of \$2,270. The Series 2009D bonds were issued in fixed rate mode and had interest rates ranging from 2.50% to 4.90% and a final maturity date of March 1, 2025.

2009 Notes Issued

In December 2009, the City issued a \$21,960 million General Obligation Water Revenue Note to the Minnesota Public Facilities Authority (PFA) to finance a portion of the design and construction of the City's new filter press project. The City is also receiving federal stimulus grant funds of \$3,040 as administered by the PFA for this project. This is the fifth note issued to the PFA for water treatment improvements as part of a federally sponsored below market financing program related to the Safe Drinking Water Act. The first four notes in this subsidy program were used to finance construction of an ultrafiltration water plant. The subsidized interest rate for this new note is 2.688% with a final maturity date of August 20, 2027. During 2009, the City received proceeds of \$1,876 to reimburse project expenses, of which \$1,826 was in the form of forgivable grant funds and \$50 was a draw on the fifth note. During 2009, the City also received \$5,306 on the fourth note in this program for expense reimbursements on the ultrafiltration plant, thereby exhausting the capacity on this note. At December 31, 2009, the outstanding debt balance on the five general obligation notes in this program was \$71,725.

Discrete Component Unit Debt

Due to current debt issuance policies, the City issues debt on behalf of the Park & Recreation Board and the Municipal Building Commission. As of December 31, 2009, \$131,845 of the outstanding governmental debt is related to activities of these discretely presented component units and is reported within the debt balances of the primary government. The capital assets purchased with the 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 Assets.

For the fiscal year ended December 31, 2009

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (continued)

Long-term liabilities at December 31, 2009 (in thousands) are detailed below.

	Balance 1/1/2009	Additions	Retirements	Balance 12/31/2009	Amounts Due Within One Year
Governmental activities:					
<u>Bonds and Notes</u>					
Property Tax Supported GO Bonds	\$ 247,525	\$ 25,180	\$ 31,550	\$ 241,155	\$ 12,140
Self Supporting GO Bonds	233,975	19,250	33,685	219,540	10,420
GO Improvement Bonds	46,810	10,100	6,379	50,531	7,080
Tax Increment GO Bonds	155,970	62,880	17,985	200,865	57,975
Revenue Bonds	45,647	-	9,667	35,980	9,270
Revenue Notes	22,291	-	3,251	19,040	396
Internal Service Fund Related GO Bonds	71,665	17,915	28,735	60,845	11,305
Total Governmental Bonds and Notes	823,883	135,325	131,252	827,956	108,586
<u>Other Long-term Liabilities</u>					
Operating Lease Payable	82	39	43	78	-
Contracts Payable	51	-	43	8	8
Unpaid Claims Payable	31,773	22,550	11,810	42,513	11,034
Unamortized Premium (Discount)	13,226	5,065	2,015	16,276	-
Compensated Absences	29,327	18,250	17,138	30,439	14,115
Other post-employment benefits	4,198	3,160	-	7,358	-
Total Other Long-term Liabilities	78,657	49,064	31,049	96,672	25,157
Total Long-term Liabilities Governmental	902,540	184,389	162,301	924,628	133,743
Business-type activities:					
<u>Bonds and Notes</u>					
Stormwater Fund GO Bonds	28,635	9,410	16,869	21,176	4,405
Sanitary Sewer GO Bonds	10,336	5,800	2,436	13,700	2,600
Water Fund GO Bonds	28,797	16,615	16,766	28,646	3,200
Water Fund GO Note	68,294	5,356	1,925	71,725	2,065
Municipal Parking Fund GO Bonds	202,125	57,995	84,760	175,360	12,280
CPED Related Non GO Fund					
General Agency Reserve Fund System	60,729	-	3,364	57,365	3,370
Revenue Notes	718	-	127	591	136
Total Bonds and Notes	399,634	95,176	126,247	368,563	28,056
<u>Other Long-term Liabilities</u>					
Unamortized Premium (Discount)	245	4,757	(1,491)	6,493	-
Compensated Absences	2,428	2,400	2,301	2,527	759
Other post-employment benefits	632	483	-	1,115	-
Total Other Long-term Liabilities	3,305	7,640	810	10,135	759
Total Long-term Liabilities Business-type	402,939	102,816	127,057	378,698	28,815
Total Long-term Liabilities	\$1,305,479	\$287,205	\$289,358	\$1,303,326	\$162,558

For governmental activities, debt service is generally paid from the Debt Service Funds, claims and judgments are generally liquidated by the General Fund or the Self-Insurance Internal Service Fund and compensated absences are generally liquidated by the General Fund or Convention Center Special Revenue Fund.

NOTE 5 - LONG-TERM DEBT (continued)

Amortization of Outstanding Governmental City Debt

As of December 31, 2009, annual debt service requirements for Governmental activities to maturity (in thousands) are as follows:

Governmental Activities – Non-Proprietary					
Year Ending	Bonds		Notes		
Dec 31:	Principal	Interest	Principal	Interest	
2010	\$ 96,885	\$ 32,479	\$ 396	\$ 414	
2011	36,400	30,567	427	395	
2012	39,345	28,909	708	374	
2013	45,161	27,114	447	338	
2014	39,866	25,233	477	317	
2015 - 2019	212,535	100,338	2,730	1,209	
2020 - 2024	175,429	48,513	3,445	535	
2025 - 2029	90,995	13,121	820	70	
2030 - 2032	11,455	726	9,590	9	
	<u>\$ 748,071</u>	<u>\$ 307,000</u>	<u>\$ 19,040</u>	<u>\$ 3,661</u>	

Year Ending	Internal Service Fund Bonds		Total Governmental Activity Bonds & Notes		
	Principal	Interest	Principal	Interest	
Dec 31:					
2010	\$ 11,305	\$ 2,537	\$ 108,586	\$ 35,430	
2011	11,470	2,121	48,297	33,083	
2012	11,545	1,679	51,598	30,962	
2013	3,210	1,240	48,818	28,692	
2014	3,165	1,097	43,508	26,647	
2015 - 2019	15,220	3,377	230,485	104,924	
2020 - 2024	4,930	382	183,804	49,430	
2025 - 2029	-	-	91,815	13,191	
2030 - 2032	-	-	21,045	735	
	<u>\$ 60,845</u>	<u>\$ 12,433</u>	<u>\$ 827,956</u>	<u>\$ 323,094</u>	

For the fiscal year ended December 31, 2009

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (continued)

Amortization of Outstanding Business-type City Debt

As of December 31, 2009, annual debt service requirements for Business-type activities to maturity (in thousands) are as follows:

Year Ending Dec 31:	Bonds		Notes		Total		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 25,855	\$ 15,319	\$ 2,201	\$ 1,989	\$ 28,056	\$ 17,308		
2011	26,956	14,370	3,429	1,923	30,385	16,293		
2012	27,555	13,575	3,273	1,826	30,828	15,401		
2013	22,380	12,607	3,512	1,736	25,892	14,343		
2014	18,180	11,771	3,561	1,639	21,741	13,410		
2015 - 2019	58,251	38,245	26,825	6,543	85,076	44,788		
2020 - 2024	58,085	24,124	28,515	2,093	86,600	26,217		
2025 - 2029	39,310	10,176	1,000	39	40,310	10,215		
2030 - 2034	18,205	3,210	-	-	18,205	3,210		
2035	1,470	93	-	-	1,470	93		
Total	\$ 296,247	\$ 143,490	\$ 72,316	\$ 17,788	\$ 368,563	\$ 161,278		

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

As of December 31, 2009, outstanding industrial, commercial, and housing revenue bonds and notes approximated \$2,091 million. The bonds are payable solely from revenues of the respective enterprises and do not constitute an indebtedness of the City. They are not a charge against the City’s general credit or taxing power.

NOTE 7 – PRIOR YEAR DEFEASANCE

In prior years, the City defeased certain general obligation bonds and self supporting revenue bonds by placing the proceeds of the refunding issues with a trustee who maintains special escrow accounts invested in securities of the U.S. Government and its Agencies. The maturities of these investments coincide with the principal and interest payment dates of the refunded bonds and have been certified to be sufficient to pay all principal and interest on the bonds when due as required by applicable laws. Accordingly, the original refunded bonds have been eliminated and the new advance refunding bonds added to the appropriate financial statements. The City remains contingently liable to pay the refunded bonds. The outstanding balance of the extinguished debt as of December 31, 2009 is \$29,290 including \$4,100 for two advance refunding transactions completed in 2009.

NOTE 8 – DEMAND BONDS

General Obligation Demand Bonds

The City has issued General Obligation demand bonds maturing serially through December 1, 2033, in the original issue amounts of \$88,400, \$80,000, \$10,610, \$57,000, \$15,985, \$16,100, \$16,400, and \$4,250. The bonds were issued pursuant to resolutions adopted by the City Council and the proceeds were used to finance a portion of the cost of constructing certain local improvements.

The remaining redemption schedule for these bonds is as follows:

Year	Amount
2010	\$ 590
2011	735
2012	900
2013	595
2014	1,780
2015	2,170
2016	21,225
2017	21,540
2018	21,590
2019	1,590
2020	1,360
2021	1,750
2022	2,095
2023	1,920
2024	1,700
2025	4,675
2026	11,135
2027	11,020
2028	11,790
2029	10,445
2030	9,490
2031	5,985
2032	3,210
2033	3,100
Total	<u>\$ 152,390</u>

The bonds are subject to purchase on demand of the holder at a price equal to principal plus accrued interest on delivery to the City's Remarketing agent. The Remarketing agent is authorized to use their best effort to sell the repurchased bonds at a price equal to 100 percent of the principal amount by adjusting the interest rate. These demand bonds are backed by the full faith, credit and taxing power of the City and are included in long-term debt. Under irrevocable Standby Bond Purchase Agreements issued by Dexia Credit Local, acting through its New York branch, the trustee is entitled to draw an amount sufficient to pay the purchase price of bonds delivered to it. The letters of credit are for the original sale amount and are subject to extension with the agreement of the Bank. They carry a rate equal to the Federal Funds rate plus one-half of one percent per annum with respect to amounts advanced. The expiration dates for the Standby Bond Purchase Agreements are October 31, 2012. The City has the option to convert all of the bonds from a variable interest rate to a fixed interest rate by giving written notice to Dexia Credit Local, the Tender Agent, the Remarketing Agent and the Trustee. The conversion date must be on a business day not less than 15 days from the date of the written notice.

NOTE 9 – LEASES

Operating Leases

The City of Minneapolis leases office space, equipment and right of ways for its operations. The lease for office space expires in the year 2016 and the office space lease payments were \$1,163 in 2009.

The future minimum lease payments for operating leases are as follows:

Year ending December 31	Governmental Activities <u>Amount</u>	Business-type Activities <u>Amount</u>
2010	\$ 648	\$ -
2011	691	-
2012	817	-
2013	776	-
2014	777	-
2015 – 2019	<u>1,299</u>	<u>-</u>
Total minimum lease payments	<u>\$ 5,008</u>	<u>\$ -</u>

Operating leases with scheduled rent increases

The City leases office space for various operations. The leases contain scheduled rent increases with terms varying from two 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 \$3,641 over the lease terms results in a total annual lease amount of \$455.

For 2009 the amount of lease expenditures is as follows:

	<u>Amount</u>
Operating leases	\$ 459
Straight Line Basis	<u>(4)</u>
Total expenditures	<u>\$ 455</u>

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

<u>Year</u>	<u>Governmental Activities Amount</u>	<u>Business-type Activities Amount</u>
2010	\$ 155	\$ 71
2011	153	72
2012	132	73
2013	138	73
2014	144	74
2015 - 2019	<u>233</u>	<u>385</u>
Total minimum lease payments	<u>\$ 955</u>	<u>\$ 748</u>

NOTE 10 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables

The composition of interfund balances as of December 31, 2009 are as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non major Governmental Funds	\$ 614
	Internal Service Funds	62
CPED Special Revenue Fund	Non major Governmental Funds	17
	CPED Enterprise Fund	80
Non major Governmental Funds	General Fund	11
	Non major Governmental Funds	8,600
Internal Service Funds	Permanent Improvement Fund	511
	General Fund	1,187
	Internal Service Funds	2,486
Sanitary Sewer Enterprise Fund	Permanent Improvement Fund	4,678
Stormwater Enterprise Fund	Permanent Improvement Fund	7,235
Water Works Enterprise Fund	Permanent Improvement Fund	2,105
Municipal Parking Enterprise Fund	Permanent Improvement Fund	932
Solid Waste and Recycling Enterprise Fund	General Fund	75
	Water Works Enterprise Fund	2,100
	Total	<u>\$ 30,693</u>

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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
CPED Special Revenue Fund	CPED Enterprise	\$ 10
Convention Center Fund	Internal Service Funds	9,250
General Fund	Internal Service Funds	864
	Total	<u>\$ 10,124</u>

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

NOTE 10 – INTERFUND TRANSACTIONS

Transfers

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

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Total Transfers In</u>	
Governmental Funds:			
General Fund	CPED Special Revenue Fund	\$ 9,947	
	Convention Center Fund	8,034	
	Permanent Improvement Fund	230	
	Non-Major Governmental Funds	1,307	
	Municipal Parking Fund	7,818	
	Solid Waste & Recycling Fund	700	28,036
CPED Special Revenue Fund	General Fund	176	
	Non-Major Governmental Funds	308	
	CPED Enterprise Fund	30,101	30,585
Convention Center Fund	Non-Major Governmental Funds	1,000	1,000
Permanent Improvement Fund	General Fund	2,329	
	CPED Special Revenue Fund	800	
	Sanitary Sewer Fund	1,200	
	Stormwater Fund	250	4,579
Special Assesment Debt Service Fund	CPED Special Revenue Fund	172	
	Permanent Improvement Fund	44	216
Non-Major Governmental Funds	General Fund	14,660	
	CPED Special Revenue Fund	38,697	
	Convention Center Fund	17,437	
	Permanent Improvement Fund	2,073	
	Non-Major Governmental Funds	5,325	
	Internal Service Funds	1,113	
	Sanitary Sewer Fund	628	
	Stormwater Fund	838	
	Water Works Fund	2,034	
	Municipal Parking Fund	3,917	
	Solid Waste & Recycling Fund	121	86,843
Total Governmental Funds		\$	151,259

NOTE 10 – INTERFUND TRANSACTIONS

Transfers (Continued)

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Total Transfers In</u>
Proprietary Funds:		
Business-type Activities		
Sanitary Sewer Fund	Permanent Improvement Fund	\$ 37 37
Water Works Fund	Permanent Improvement Fund	387 387
Municipal Parking Fund	General Fund	39
	CPED Special Revenue Fund	12,954
	Convention Center Fund	9,969 22,962
Solid Waste & Recycling Fund	General Fund	50
	Municipal Parking Fund	146 196
CPED Enterprise Fund	CPED Special Revenue Fund	350 350
	Total Business Type Activities	\$ 23,932
Governmental Type Activities		
Internal Service Funds	General Fund	25,369
	Non-Major Governmental Funds	2,496
	Total Governmental Type Activities	\$ 27,865

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 11 – NET ASSETS/FUND BALANCES

The government-wide and business-type activities fund financial statements use a net asset presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- Invested in capital assets, net of related debt – This category groups all capital assets, including infrastructure, into one component of net assets. 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 assets – 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 assets – This category represents net assets of the City, not restricted for any project or other purpose.

NOTE 11 – NET ASSETS/FUND BALANCES (continued)

In the fund financial statements, reserves segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves are established by actions of the City Council and management and can be increased, reduced, or eliminated by similar actions.

As of December 31, 2009, reservations of fund balance are described below:

Reservations

- Loans and Advances – to reflect the amount due from other funds that are long-term in nature. Such amounts do not represent available spendable resources.
- Land held for development – a segregation of fund balance to indicate that land held for development does not represent available spendable resources.
- Specific development projects – to indicate that a portion of fund balance is reserved for specific development projects that are restricted by state law.
- Encumbrances – to reflect the outstanding contractual obligations for which goods and services have not been received.
- Prepaid items – to reflect the portion of assets, which do not represent available spendable resources.
- Pension Liability – to reflect that a portion of fund balance is reserved for pension liabilities.
- Street/Highway Projects – to reflect the portion of fund balance reserved for projects to be funded with Minnesota highway user tax.

NOTE 12 – RESTRICTED NET ASSETS – GOVERNMENTAL ACTIVITIES

Certain net assets are classified on the statement of net assets as restricted because their use is limited. The Governmental activities report restricted net assets for amounts that are not available for operations or are legally restricted by outside parties for use for a specific purpose. As of December 31, 2009 the Governmental activities restricted net assets are as follows:

Debt service	\$ <u>112,895</u>
--------------	-------------------

NOTE 13 – RESTRICTED NET ASSETS – BUSINESS-TYPE ACTIVITIES

Certain net assets are classified on the balance sheet as restricted because their use is limited. The Business-type activities report restricted net assets for amounts that are not available for operations or are legally restricted by outside parties for use for a specific purpose. As of December 31, 2009, the Business-type restricted net assets are as follows:

Debt service	\$ <u>34,464</u>
--------------	------------------

NOTE 14 - DEFICIT BALANCES

The following funds had deficit fund balances or net assets as of December 31, 2009:

	Fund Balance/ Net Assets
Special Revenue Funds:	
Downtown Improvement District	\$ (269)
Internal Service Funds:	
Self-Insurance	\$ (15,433)

For the fiscal year ended December 31, 2009

(Dollar Amounts Expressed in Thousands)

NOTE 14 - DEFICIT BALANCES (continued)

The Downtown Improvement District fund is a new fund created in 2009, and the main source of revenue is special assessments. There is a delay between the levy and collection of special assessments, and 2010 collections are expected to bring the fund balance into the positive.

The City intends to fund the actuarially determined liability in the Self-Insurance Internal Service Fund by maintaining a cash reserve equal to the claims liability. In 2003, the City adopted a long-range financial plan to increase the cash reserve and achieve a positive net asset balance. For fiscal year 2009, the cash reserve of \$26,509 is increased by \$10,162 from the 2008 balance of \$16,347. The 2009 net assets in the Self-Insurance Fund increased \$60 from the 2008 balance of (\$15,493).

NOTE 15 - DEFINED BENEFIT PENSION PLAN – STATEWIDE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**Plan Description**

All firefighters and police officers hired after June 15, 1980, and other full-time and certain part-time employees of the City hired after June 30, 1978, except employees covered under the CPED Defined Contribution Plan, are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). The PERA administers the Public Employees Retirement Fund (PERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes chapters 353 and 356.

The police officers and firefighters are covered by the PEPFF. All other full-time and certain part-time employees covered by the defined benefit pension plans administered by the PERA are members of the PERF. PERF members of the City belong to the Coordinated Plan and are covered by Social Security.

The PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by State Statute and vest after three years of credited service. The defined retirement 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 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. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Using 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 the Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent for each year of service.

For all Public Employees Police and Fire Fund members and Public Employees Retirement Fund members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

The PERA issues a publicly available financial report that includes financial statements and required supplementary information for the Public Employees Retirement Fund and the Public Employees Police and Fire Fund. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA, 60 Empire Drive, Suite 200, Saint Paul, Minnesota 55103-2088, or by calling (651) 296-7460 or 1-800-652-9026.

NOTE 15 - DEFINED BENEFIT PENSION PLAN – STATEWIDE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (continued)

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Coordinated Plan members were required to contribute 6.0 percent of their annual covered salary in 2009. Public Employees Police and Fire Fund members were required to contribute 9.4 percent of their annual covered salary in 2009.

The City is required to contribute the following percentages of annual covered payroll:

Public Employees Retirement Fund	<u>2009</u>
Coordinated Plan members	6.75 %
Public Employees Police and Fire Fund	14.10 %

The City contributions for the years ending December 31, 2007, 2008, and 2009 for the Public Employees Retirement Fund and the Public Employees Police and Fire Fund were:

	<u>PERF</u>	<u>PEPFF</u>
2007	\$8,041	\$10,030
2008	\$8,781	\$12,243
2009	\$9,327	\$13,867

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

NOTE 16 - DEFINED BENEFIT PENSION PLAN - MULTIPLE EMPLOYER MINNEAPOLIS EMPLOYEES RETIREMENT FUND

Plan Description

All full-time City employees hired on or before June 30, 1978, other than firefighters, and police officers, are covered by the Minneapolis Employees Retirement Fund (MERF), a defined benefit pension plan which is a cost-sharing, multiple-employer retirement plan. This plan is administered in accordance with Minnesota Statutes Chapter 422A. The MERF pension plan provides pension benefits, deferred annuity, and death and disability benefits as set by state statute. Members are eligible for service retirement either:

- 1) With 30 or more years of service at any age; or
- 2) At age 60 with three or more years of service; or
- 3) At age 65 with one year of service; or
- 4) With 20 or more years of service at age 55 under the Two Dollar Bill method of retirement (money purchase plan), if a MERF member prior to June 28, 1973.

The MERF provides a number of retirement options from which the member may choose. The maximum benefit one may receive is a retirement allowance payable throughout life. Participants may receive lesser retirement allowances if they choose payments for a guaranteed number of years, request a certain percent or dollar amount of their retirement allowances to go to a beneficiary or if they chose to provide for a certain amount to be paid out upon death. The benefit amount for all options, except the money purchase plan, is calculated based on the average of the highest five years salary within the last ten years of employment and years of creditable service at the date of retirement. The member will receive a benefit amount equal to 2 percent of that average salary for each of the first ten years of service, and 2.5 percent of that salary for each year over ten years of service.

NOTE 16 - DEFINED BENEFIT PENSION PLAN - MULTIPLE EMPLOYER MINNEAPOLIS EMPLOYEES RETIREMENT FUND

Plan Description (continued)

A monthly retirement benefit is available to employees who have under three years of service in the MERF, but only when these years, combined with service in other Minnesota statewide retirement systems, total three or more years. A monthly retirement benefit is also available to employees who have less than three years of combined allowable service in any of the qualifying funds, provided the employee works until age 65.

Employees who leave public service before retirement and before age 60 may receive a refund of all personal contributions, with interest, except for the survivor benefit contribution, which is the equivalent of a non-refundable term insurance premium. Employees who leave public service after age 60 may not withdraw personal contributions with interest unless they have worked under three years and do not qualify for monthly retirement benefits.

Pension provisions include death benefits for a beneficiary or surviving spouse, and disability benefits for a disabled employee, as defined by the fund.

The MERF issues a publicly available financial report that includes financial statements and required supplementary information for the MERF. This report may be obtained by writing to MERF, 706 – Second Avenue South, #800, Minneapolis, Minnesota 55402, or by calling (612) 335-5950.

Funding Policy

Minnesota Statutes Chapter 422A sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. Employees contribute 9.25% of salary into the Deposit Accumulation Reserve and .50% of salary (subject to annual adjustment) into the Survivor Benefits Reserve. Employers, including the City contribute any excess of normal cost contributions of 10.09% of salary. The unfunded actuarial liability is funded partially by payments each year of 2.68% of salary plus \$3,900 from all employers. MERF has a target date of June 30, 2020 to fully amortize the unfunded liability. The City levies taxes to finance the employer’s share of pension costs for the General Fund.

The City’s contributions for the years ended June 30, 2007, 2008, and 2009 for the MERF were:

2007	\$3,259
2008	\$5,824
2009	\$4,740

These contribution amounts are equal to the contractually required contributions for each year as set by state statute.

**NOTE 17 - DEFINED BENEFIT PENSION PLAN - SINGLE EMPLOYER
MINNEAPOLIS FIREFIGHTER’S RELIEF ASSOCIATION
MINNEAPOLIS POLICE RELIEF ASSOCIATION**

Plan Description

Firefighters and police officers hired prior to June 15, 1980, are members of their respective relief associations. Each Association is the administrator of a single-employer defined benefit pension plan. The Minneapolis Firefighter’s Relief Association (MFRA) was established November 24, 1886. It operates under the provisions its bylaws and Minnesota State Law. The Minneapolis Police Relief Association (MPRA) was established on August 23, 1905, and it operates under the provisions of Minnesota Statutes, sections 423B.01-.18 and 69.80. Each member who is at least 50 years of age and has five years of service with the Minneapolis Fire Department or the Minneapolis Police Department is eligible to receive a service pension, monthly, for the remainder of the member’s life. All benefits are based on a plan of a number of units. A unit is

**NOTE 17 - DEFINED BENEFIT PENSION PLAN - SINGLE EMPLOYER
 MINNEAPOLIS FIREFIGHTER’S RELIEF ASSOCIATION
 MINNEAPOLIS POLICE RELIEF ASSOCIATION**

Plan Description (continued)

1/80th of the maximum current monthly salary of a first grade firefighter (MFRA) or a first grade patrol officer (MPRA). Pensions are based on current Minneapolis Fire Department payroll or Minneapolis Police Department payroll and are fully escalated for all persons receiving a pension benefit. Each vested MFRA member also receives a lump sum amount, at the time of separation, from the MFRA's General Fund based on the number of years the member has belonged to the MFRA. A member is entitled to disability benefits in conformity with the provisions applicable to the association and the circumstances of the disability, not to exceed 41 units (MFRA) or 34 units (MPRA). Death benefits for a beneficiary or surviving spouse are also available.

The MFRA issues a publicly available financial report that includes financial statements and required supplementary information for the MFRA. The most recent report, dated December 31, 2008 may be obtained by writing to the Minneapolis Firefighter’s Relief Association at 2021 East Hennepin Avenue, Suite 360, Minneapolis, Minnesota 55413. The MPRA issues a publicly available financial report that includes financial statements and required supplementary information for the MPRA. The most recent report, dated December 31, 2008, may be obtained by writing to the Minneapolis Police Relief Association, 10 - Second Street Northeast, Suite 103, Minneapolis, Minnesota, 55413.

Funding Policy

Authority for contributions to the MFRA and the MPRA pension plans is established by Minnesota Statutes, section 69.77 and may be amended only by the Minnesota State Legislature. The MFRA and the MPRA funding policies provide for contributions from the City, the State of Minnesota, and active plan members. City contributions are actuarially determined and requires full funding of the MFRA's accrued liability with a 15-year amortization of any unfunded liabilities and full funding of the MPRA's accrued liability by the year 2020. The City contributed \$4,750 to MFRA and \$5,811 to MPRA for the fiscal year ended December 31, 2008. Employees under these plans contribute annually an amount equal to eight percent of the maximum first grade firefighter's salary or eight percent of the maximum top grade patrol officer's salary from which pension benefits are determined. The State of Minnesota annually contributes two percent fire premium insurance aid and the amortization state aid to the MFRA and two percent peace officers' state aid to the MPRA.

The City's annual pension cost for the fiscal year ended December 31, 2008, and related information for each plan is as follows:

	<u>MFRA</u>	<u>MPRA</u>
Contributions made	\$ 4,750	\$ 5,811
Actuarial valuation date	12/31/2008	12/31/2008
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll
Remaining amortization period	14 years, closed	14 years, closed
Asset valuation method	Book value plus the average unrealized gain for the last three years minus excess investment income as defined by state law.	Book value plus the average unrealized gain for the last three years minus excess investment income as defined by state law.
Actuarial assumptions:		
Investment rate of return	6% per annum	6% per annum
Projected salary increases:	4% per annum	4% per annum
Inflation	NA	NA
Cost-of-living adjustments	NA	NA

For the fiscal year ended December 31, 2009

(Dollar Amounts Expressed in Thousands)

**NOTE 17 - DEFINED BENEFIT PENSION PLAN - SINGLE EMPLOYER
MINNEAPOLIS FIREFIGHTER'S RELIEF ASSOCIATION
MINNEAPOLIS POLICE RELIEF ASSOCIATION**

Funding Policy (continued)

Three-Year Trend Information:

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed (%)</u>	<u>Net Pension Obligation</u>
MFRA	2006	\$ 2,570	100	-
	2007	\$ 4,290	100	-
	2008	\$ 4,750	100	-
MPRA	2006	\$ 10,952	100	-
	2007	\$ 6,814	100	-
	2008	\$ 5,811	100	-

There have been no significant changes to plan provisions and actuarial methods and assumptions in the last nine years.

Schedules of Funding Progress:

MFRA:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) --Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (%) (a/b)</u>	<u>Annual Covered Payroll (Previous Fiscal Year) (c)</u>	<u>UAAL as a Percentage of Covered Payroll (%) ((b - a)/c)</u>
2006	\$ 263,276	\$ 300,926	\$ 37,650	87.5	\$ 2,489	1512.7
2007	\$ 270,096	\$ 291,078	\$ 20,982	92.8	\$ 2,236	938.4
2008	\$ 237,401	\$ 280,312	\$ 42,911	84.7	\$ 2,325	1845.6

MPRA:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) --Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (%) (a/b)</u>	<u>Annual Covered Payroll (Previous Fiscal Year) (c)</u>	<u>UAAL as a Percentage of Covered Payroll (%) ((b - a)/c)</u>
2006	\$ 377,013	\$ 439,992	\$ 62,979	85.7	\$ 1,236	5095.4
2007	\$ 376,466	\$ 428,281	\$ 51,815	87.9	\$ 1,186	4368.9
2008	\$ 324,723	\$ 506,949	\$ 182,226	64.1	\$ 1,249	1458.9

For the fiscal year ended December 31, 2009

(Dollar Amounts Expressed in Thousands)

NOTE 18 - DEFINED CONTRIBUTION PLAN – CPED**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, 2009, was \$2,608 and the CPED's total payroll was \$9,976.

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 \$144 and \$133 respectively to the plan during the year, which amounts represented 5.53% and 5.1% respectively of the covered payroll.

NOTE 19 – POSTEMPLOYMENT 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 is administered through the Delta Dental Plan of Minnesota. The City is self-insured for dental coverage. Retirees pay 100 % 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.

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 2009, the City contributed \$3,785 to the plan. As of January 1, 2009, there were approximately 897 retirees receiving health benefits from the City's health plan.

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.

NOTE 19 – POSTEMPLOYMENT HEALTHCARE PLAN

Annual OPEB Cost and Net OPEB Obligation (continued)

Annual required contribution	\$ 7,419
Interest on net OPEB obligation	193
Adjustment to annual required contribution	(184)
Annual OPEB cost (expense)	<u>7,428</u>
Contributions made	<u>3,785</u>
Increase in net OPEB obligation	3,643
 Net OPEB obligation – beginning of year	 <u>4,830</u>
 Net OPEB obligation – end of year	 <u><u>\$ 8,473</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009, 2008 and 2007 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
<u>12/31/2009</u>	<u>\$ 7,428</u>	<u>51.0%</u>	<u>\$ 8,473</u>
12/31/2008	6,028	56.6%	4,830
12/31/2007	5,497	59.7%	2,213

Funded Status and Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the City had no assets deposited to fund the plan. The actuarial accrued liability for benefits was \$72,210 and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$72,210. The covered payroll (annual payroll of active employees covered by the plan) was \$401,097, and the ratio of the UAAL to the covered payroll was 18%.

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

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.

For the fiscal year ended December 31, 2009

(Dollar Amounts Expressed in Thousands)

NOTE 19 – POSTEMPLOYMENT HEALTHCARE PLAN**Actuarial Methods and Assumptions (continued)**

In the January 1, 2009, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.0% discount rate, which is based on the investment yield expected to finance benefits depending on whether the plan is funded in a separate trust (about 7% to 8.5%, long-term, similar to a pension plan) or unfunded (3.5% to 5%, shorter term, based on City's general assets). 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 10% initially, reduced incrementally to an ultimate rate of 5% after eight years. Both rates included a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The original amortization period was 30 years, as of January 1, 2009, 28 years remain.

NOTE 20 - 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 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.

NOTE 21 - RISK MANAGEMENT & CLAIMS

The City is self insured and exposed to a variety of risks related to liability claims; theft of, damage to, and destruction of assets, bodily injuries, and accidents. The City is self-insured for workers' compensation, general liability, and re-employment. Claims under \$25 and unrepresented are handled by Risk Management & Claims. Claims represented and over \$25 are handled by the City Attorneys' Office. The workers' compensation program includes the BET and all City departments. The Park Board and MBC maintained their own workers' compensation programs. The City, CPED, and the BET are self-insured for general liability. The MBC, and the Park Board maintain their separate liability programs. The City, including all discrete and blended component units of government, also maintains a self-funded dental plan for covered employees. The claims liability of \$42,500 is reported in the Self-Insurance Internal Service Fund at December 31, 2009, 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, liability, dental and re-employment. An actuarial study completed for claim exposure and settlements paid through December 31, 2009 increased the claim liability from \$31,800 at December 31, 2008 to \$42,500 at year end 2009.

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).

NOTE 21 - RISK MANAGEMENT & CLAIMS (continued)

Dental coverage is based on plan design and includes Delta Preferred coverage of up to \$1 or Delta Premier coverage of up to \$ 0.75 per person annually. Based on an actuarial review of the dental plan, it has been determined that the premium rates are sufficient.

Changes in the claims liabilities during fiscal 2008 and 2009 are:

	<u>2008</u>	<u>2009</u>
Liability balance – January 1	\$ 33,467	\$ 31,773
Current year claims and changes in estimates	9,340	22,550
Claim payments	<u>(11,034)</u>	<u>(11,810)</u>
Liability balance – December 31	<u>\$ 31,773</u>	<u>\$ 42,513</u>

NOTE 22 – 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 23– 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 a case that alleges injuries and wrongful death, as a result of police misconduct.
- A notice of claim has been filed against the city by one of the major corporations arising from damage to property caused by water infiltration due to a water main break.
- The City is a defendant in a case alleging breach of contract.

NOTE 24 – SUBSEQUENT EVENTS

The City has issued the following Bonds since December 31, 2009

In May 2010, the City issued \$32,300 of General Obligation Various Purpose Bonds, Series 2010. The bonds were issued for a variety of public works infrastructure improvements, park, library, municipal building commission, technology and sewer, water and parking ramp improvements. The bonds were issued in fixed rate mode and had interest rates ranging from 2.00% to 5.00% and a final maturity date of December 1, 2017.

For the fiscal year ended December 31, 2009

(Dollar Amounts Expressed in Thousands)

NOTE 24 – SUBSEQUENT EVENTS (continued)

In May 2010, the City also issued \$74,925 of General Obligation Refunding Bonds, Series 2010 to advance refund eight series of general obligation bonds on the call dates of December 1, 2010 and December 1, 2011. The proceeds along with funds on hand will be provided to a trustee on June 24, 2010 to purchase escrowed securities to advance refund the total outstanding balance of \$79,665 for the eight series of bonds. This refunding resulted in combined net present value savings of \$9,196. The Series 2010 refunding bonds were issued in fixed rate mode and had interest rates ranging from 3.00% - 4.00% and a final maturity date of December 1, 2026. Details regarding the

eight individual general obligation bond series refunded will be provided in the 2010 Comprehensive Annual Financial Report.

In May 2010, the City also issued \$14,900 of Taxable General Obligation Tax Increment Refunding Bonds (West Side Milling), Series 2010. The proceeds along with funds on hand will be provided to a trustee on June 24, 2010 to purchase escrowed securities to advance refund the outstanding balance of \$14,495 of Taxable General Obligation Refunding Bonds, Series 2001A on the call date of February 1, 2011. As a result of this transaction, the City realized net present value savings of \$2,032 and the refunding bonds have taxable interest rates ranging from 2.00% - 4.40% and a final maturity date of March 1, 2023.

In May 2010, the City also issued \$8,530 of General Obligation Tax Increment Refunding Bonds, Series 2010 to refund the outstanding General Obligation Tax Increment Refunding Bonds (Laurel Village), Series 2003 and outstanding General Obligation Tax-Exempt Bonds, Series 2010C. A portion of the proceeds along with funds on hand will be used on June 25, 2010 to prepay the remaining Series 2003 Laurel Village bonds which became callable on March 1, 2010. As a result of this transaction, the City realized net present value savings of \$357 and the Laurel Village related refunding bonds have interest rates ranging from 2.00% - 2.50% and a final maturity date of March 1, 2015. The remaining portion of proceeds along with funds on hand will be used to purchase escrowed securities to advance refund the outstanding balance of \$4,235 of General Obligation Tax-Exempt Bonds, Series 2001C on February 1, 2011 related to the Humboldt Greenway project. As a result of the refunding related to the Humboldt Greenway project, the City realized net present value savings of \$421 and the refunding bonds have interest rates ranging from 2.00% - 4.00% and a final maturity date of March 1, 2030.

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2009					2008 Actual
	Budgeted Amounts		Actual	Variance		
	Original	Final				
REVENUES:						
Taxes	\$ 193,484	\$ 189,558	\$ 194,622	\$ 5,064	\$ 181,392	
Licenses and permits	25,556	26,989	27,576	587	25,922	
Intergovernmental revenues	88,974	85,399	85,301	(98)	75,605	
Charges for services and sales	35,517	36,100	37,717	1,617	38,339	
Fines and forfeits	10,973	10,867	8,529	(2,338)	8,670	
Special assessments	3,253	3,253	3,248	(5)	4,869	
Interest	1,203	1,203	1,087	(116)	4,082	
Miscellaneous revenues	1,441	1,441	1,175	(266)	1,011	
Total revenues	<u>360,401</u>	<u>354,810</u>	<u>359,255</u>	<u>4,445</u>	<u>339,890</u>	
CURRENT EXPENDITURES:						
Current:						
General government:						
Mayor	1,559	1,569	1,500	69	1,349	
Council & Clerk	6,597	6,547	6,201	346	5,009	
Assessor	3,913	3,986	3,826	160	3,692	
Attorney	7,852	7,680	7,521	159	7,177	
Civil rights	2,558	2,720	2,715	5	2,509	
Clerk-Elections and registration	1,399	1,470	1,470	-	1,281	
Coordinator	1,610	1,799	1,650	149	1,558	
Coordinator-Communications	2,618	2,548	2,484	64	2,338	
Coordinator-Finance	19,848	19,208	19,189	19	18,752	
Coordinator-Human resources	6,290	6,339	6,190	149	5,719	
Coordinator-Intergovernmental relations	1,503	1,521	1,453	68	1,211	
Coordinator-Neighborhood and community relations	808	298	181	117	-	
Contingency	2,744	2,568	643	1,925	1,623	
Total general government	<u>59,299</u>	<u>58,253</u>	<u>55,023</u>	<u>3,230</u>	<u>52,218</u>	
Public safety:						
Coordinator-Regulatory services	23,691	24,072	24,070	2	24,345	
Emergency communications	11,004	10,814	10,684	130	10,040	
Fire	53,102	52,286	52,286	-	51,517	
Police	128,883	126,892	126,892	-	122,734	
Total public safety	<u>216,680</u>	<u>214,064</u>	<u>213,932</u>	<u>132</u>	<u>208,636</u>	
Public works:						
Administration	2,907	2,633	2,571	62	2,712	
Engineering design	1,816	1,743	1,461	282	1,331	
Field services	25,053	25,740	25,601	139	26,417	
Transportation and special projects	12,063	11,825	11,483	342	11,828	
Solid waste	75	75	75	-	-	
Total public works	<u>41,914</u>	<u>42,016</u>	<u>41,191</u>	<u>825</u>	<u>42,288</u>	
Culture and recreation - Library	<u>7,500</u>	<u>7,763</u>	<u>7,750</u>	<u>13</u>	<u>22,009</u>	
Health and welfare - Health and family support	<u>4,712</u>	<u>4,476</u>	<u>4,464</u>	<u>12</u>	<u>4,083</u>	
Community & economic development	<u>4,146</u>	<u>3,879</u>	<u>3,729</u>	<u>150</u>	<u>3,475</u>	
Total expenditures	<u>334,251</u>	<u>330,451</u>	<u>326,089</u>	<u>4,362</u>	<u>332,709</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>26,150</u>	<u>24,359</u>	<u>33,166</u>	<u>8,807</u>	<u>7,181</u>	
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	17,726	27,903	28,036	133	19,164	
Transfers to other funds	(43,875)	(42,675)	(42,623)	52	(31,902)	
Total other financing sources (uses)	<u>(26,149)</u>	<u>(14,772)</u>	<u>(14,587)</u>	<u>185</u>	<u>(12,738)</u>	
Net change in fund balance	1	9,587	18,579	8,992	(5,557)	
Fund balance - January 1	<u>49,688</u>	<u>49,688</u>	<u>49,688</u>	<u>-</u>	<u>55,245</u>	
Fund balance - December 31	<u>\$ 49,689</u>	<u>\$ 59,275</u>	<u>\$ 68,267</u>	<u>\$ 8,992</u>	<u>\$ 49,688</u>	

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

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, 2009 **(In Thousands)**

	2009				
	Budgeted Amounts		Actual	Variance	2008 Actual
	Original	Final			
REVENUES:					
Taxes:					
Property tax increment	\$ 63,114	\$ 63,114	\$ 70,302	\$ 7,188	\$ 82,149
Intergovernmental revenues:					
State grants and shared revenues	7,300	7,300	37	(7,263)	587
County grants	-	-	160	160	20
Other local grants	-	-	611	611	323
Total intergovernmental revenues	7,300	7,300	808	(6,492)	930
Charges for services and sales	6,272	6,272	9,725	3,453	6,384
Interest	144	144	3,663	3,519	4,605
Miscellaneous revenues:					
Rents and commissions	6,285	6,285	4,771	(1,514)	4,937
Sale of land	9,345	9,345	690	(8,655)	1,469
Loan recapture	2,945	2,945	3,490	545	3,297
Other	4,530	4,530	857	(3,673)	933
Total miscellaneous revenues	23,105	23,105	9,808	(13,297)	10,636
Total revenues	99,935	99,935	94,306	(5,629)	104,704
EXPENDITURES:					
Current:					
Community & economic development	30,631	123,461	50,378	73,083	45,929
Capital Outlay	-	-	4,530	(4,530)	756
Debt Service:					
Bond issuance costs	-	-	-	-	87
Total expenditures	30,631	123,461	54,908	68,553	46,772
Excess (deficiency) of revenues over (under) expenditures	69,304	(23,526)	39,398	62,924	57,932
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	2,802	3,902	30,585	26,683	6,976
Transfers to other funds	(58,144)	(114,144)	(62,920)	51,224	(70,299)
Bonds issued	-	-	-	-	2,770
Premium	-	-	-	-	22
Refunding bonds issued	-	-	-	-	12,360
Payments to escrow agents	-	-	-	-	(12,262)
Total other financing sources (uses)	(55,342)	(110,242)	(32,335)	77,907	(60,433)
Net change in fund balance	13,962	(133,768)	7,063	140,831	(2,501)
Fund balance - January 1	222,163	222,163	222,163	-	224,664
Fund balance - December 31	\$ 236,125	\$ 88,395	\$ 229,226	\$ 140,831	\$ 222,163

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

**CONVENTION CENTER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2009					2008 Actual
	Budgeted Amount		Actual	Variance		
	Original	Final				
REVENUES:						
Taxes:						
Sales and use tax	\$ 29,500	\$ 29,500	\$ 26,470	\$ (3,030)		\$ 29,502
Entertainment tax	9,954	9,954	9,071	(883)		9,631
Food tax	10,000	10,000	9,887	(113)		10,789
Liquor tax	3,850	3,850	3,769	(81)		3,939
Lodging tax	6,000	6,000	5,671	(329)		6,619
Total taxes	59,304	59,304	54,868	(4,436)		60,480
Charges for services and sales	5,475	5,475	4,583	(892)		6,062
Interest	2,479	1,729	836	(893)		2,114
Miscellaneous revenues:						
Rents and commissions	6,435	6,435	6,410	(25)		6,705
Private contributions	-	75	75	-		510
Privileges	3,000	3,000	2,367	(633)		2,801
Other	25	25	192	167		8
Total miscellaneous revenues	9,460	9,535	9,044	(491)		10,024
Total revenues	76,718	76,043	69,331	(6,712)		78,680
CURRENT EXPENDITURES:						
Community & economic development	45,950	45,731	34,574	11,157		39,300
Excess (deficiency) of revenues over (under) expenditures	30,768	30,312	34,757	4,445		39,380
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	1,000	1,000	1,000	-		1,000
Transfers to other funds	(39,765)	(39,876)	(35,440)	4,436		(37,991)
Total other financing sources (uses)	(38,765)	(38,876)	(34,440)	4,436		(36,991)
Net change in fund balance	(7,997)	(8,564)	317	8,881		2,389
Fund balance - January 1	48,307	48,307	48,307	-		45,918
Fund balance - December 31	\$ 40,310	\$ 39,743	\$ 48,624	\$ 8,881		\$ 48,307

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

For the fiscal year ended December 31, 2009

(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 special revenue funds.

NOTE 2 – POSTEMPLOYMENT BENEFITS PLAN

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)
1/1/2007	\$ -	\$ 61,251	\$ 61,251	0.0%	\$ 288,996	21.2%
1/1/2008	\$ -	\$ 61,198	\$ 61,198	0.0%	\$ 383,114	16.0%
1/1/2009	\$ -	\$ 72,210	\$ 72,210	0.0%	\$ 401,097	18.0%

Non-Major Special Revenue Funds

Arena Reserve – This fund is a holding fund for various finance plan revenues to be used for future costs relating to the acquisition and capital maintenance of the downtown sports, entertainment and health complex.

Board of Estimate and Taxation – This fund is used to account for the operations of the Board of Estimate and Taxation which issues and sells bonds, and establishes the maximum levies for the City, its Boards and Commissions.

HUD Consolidated Plan - This fund (previously reported as the Community Development Block Grant Fund) accounts for federal formula-based grants received from the U.S. Department of Housing & Urban Development's Community Planning and Development Office.

Convention Facilities Reserve – This fund accounts for the ownership, maintenance, and operation of the Minneapolis Convention Center and the proceeds of the local sales and use taxes.

Downtown Improvement District – This fund accounts for the special assessments that are collected to fund the downtown improvement district.

Employee Retirement - This fund is used to account for the activities of the three closed retirement funds of the City including the Minneapolis Employees Retirement Fund, the Minneapolis Firefighter's Relief Association and the Minneapolis Police Relief Association.

Grants– Federal – This fund is used to account for all federal grants, except for those included in the HUD Consolidated Plan Fund.

Grants-Other – This fund is used to account for grants received from the State of Minnesota, Hennepin County, local governmental units and private sources.

Police – This fund is used to account for the revenues and expenditures related to federal and state administrative forfeitures, lawful gambling, and the automated pawn system.

Non-Major Debt Service Funds

Community Planning and Economic Development – This fund is used to account for the debt service activity of Community Planning and Economic Development. It includes the Arena Acquisition Project (Target Center) Series A and B bonds, Tax Increment Bonds of 1990, debt of the Orpheum Theatre project and tax Increment Revenue Notes.

Development – This fund is used primarily to account for debt of projects supported by property tax increments, transfers of sales tax revenues from the Convention Center Special Revenue Fund for related debt, and a state grant relating to the completion of the Convention Center

General Debt Service – This fund is used to account for General Obligation Bonds supported by a property tax levy, Business Information System debt supported, by the General Fund, Great River Road Bonds, and Edison Hockey, Community Health, Excel Revenue and Section 108 HUD Notes.

**GOVERNMENTAL FUNDS
BALANCE SHEET - NONMAJOR FUNDS
December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

<u>ASSETS</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental</u>
Cash and cash equivalents	\$ 21,502	\$ 38,087	\$ 59,589
Deposits with fiscal agents	342	-	342
Fund investments			-
Investments with trustees	1	62,932	62,933
Receivables:			
Accounts - net	440	2	442
Taxes	165	655	820
Special assessments	795	-	795
Intergovernmental	16,679	-	16,679
Loans	4,765	-	4,765
Accrued interest	41	186	227
Due from other funds	8,611	-	8,611
Land held for development	7,501	-	7,501
Total assets	\$ 60,842	\$ 101,862	\$ 162,704
<u>LIABILITIES and FUND BALANCES</u>			
Liabilities:			
Salaries payable	\$ 599	\$ -	\$ 599
Accounts payable	2,821	47	2,868
Intergovernmental payable	43	-	43
Due to other funds	9,231	-	9,231
Deferred Revenue - unavailable	712	376	1,088
Deferred Revenue - unearned	14,128	-	14,128
Total liabilities	27,534	423	27,957
Fund balances:			
Reserved for:			
Reserved			
Land held for development	7,501	-	7,501
Encumbrances	8	-	8
Pension liability	10,965	-	10,965
Unreserved			
Designated for debt service	-	101,439	101,439
Unreserved, reported in:			
Special Revenue Fund	14,834	-	14,834
Total fund balances	33,308	101,439	134,747
Total liabilities and fund balances	\$ 60,842	\$ 101,862	\$ 162,704

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR FUNDS
For the Fiscal Year Ended December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental</u>
REVENUES:			
Taxes	\$ 7,426	\$ 30,705	\$ 38,131
Licenses and permits	1,438	-	1,438
Intergovernmental revenues	58,336	592	58,928
Charges for services and sales	3,715	-	3,715
Fines and forfeits	1,092	-	1,092
Special assessments	7,924	-	7,924
Interest	218	713	931
Miscellaneous revenues	4,667	9,163	13,830
	<u>84,816</u>	<u>41,173</u>	<u>125,989</u>
EXPENDITURES:			
Current:			
General government	9,287	-	9,287
Public safety	28,129	-	28,129
Public works	2,304	-	2,304
Health and welfare	9,489	-	9,489
Community & economic development	26,703	-	26,703
Debt Service:			
Principal retirement	-	95,978	95,978
Interest and fiscal charges	-	54,972	54,972
	<u>75,912</u>	<u>150,950</u>	<u>226,862</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,904</u>	<u>(109,777)</u>	<u>(100,873)</u>
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	4,940	81,903	86,843
Transfers to other funds	(7,633)	(2,803)	(10,436)
Premium (discount)	-	2,150	2,150
Refunding bonds issued	-	82,130	82,130
	<u>(2,693)</u>	<u>163,380</u>	<u>160,687</u>
Net change in fund balance	6,211	53,603	59,814
Fund balances - January 1	<u>27,097</u>	<u>47,836</u>	<u>74,933</u>
Fund balances - December 31	<u>\$ 33,308</u>	<u>\$ 101,439</u>	<u>\$ 134,747</u>

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET - NONMAJOR FUNDS
December 31, 2009

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

ASSETS	Arena Reserve	Board of Estimate and Taxation		Hud Consolidated Plan	Convention Facilities Reserve	Downtown Improvement District	Employee Retirement	Grants-Federal	Grants-Other	Police	2009		2008 Total
		Estimate	Taxation								Total	Total	
Cash and cash equivalents	\$ 9	\$ 271	\$ 242	\$ 242	\$ 5,950	\$ 13	\$ 11,266	\$ 16	\$ 3,734	\$ 1	\$ 21,502	\$ 19,113	
Deposits with fiscal agents	-	-	-	-	-	-	-	-	342	-	342	444	
Investments with trustees	1	-	-	-	-	-	-	-	-	-	1	1	
Receivables:													
Accounts - net	-	-	31	-	-	68	-	31	-	310	440	87	
Taxes	-	5	-	-	-	-	160	-	-	-	165	148	
Special Assessments	-	-	-	-	-	-	-	-	795	-	795	1,278	
Intergovernmental	-	-	6,947	-	-	-	-	7,257	763	1,712	16,679	15,230	
Loans	-	-	-	-	-	-	-	4,765	-	-	4,765	5,323	
Accrued Interest	-	-	-	-	-	-	41	-	-	-	41	37	
Due from other funds	-	-	-	-	-	-	-	4	8,607	-	8,611	4,532	
Land held for development	-	-	6,050	-	-	-	-	304	1,147	-	7,501	5,321	
Total assets	\$ 10	\$ 276	\$ 13,270	\$ 13,270	\$ 5,950	\$ 81	\$ 11,467	\$ 12,377	\$ 15,388	\$ 2,023	\$ 60,842	\$ 51,514	

LIABILITIES AND FUND BALANCES

Liabilities:													
Salaries payable	\$ -	\$ 6	\$ 38	\$ -	\$ -	\$ -	\$ -	\$ 103	\$ 114	\$ 338	\$ 599	\$ 527	
Accounts payable	-	6	755	-	-	-	421	1,013	549	77	2,821	3,698	
Intergovernmental payable	-	-	-	-	-	-	-	15	28	-	43	112	
Due to other funds	-	-	6,017	-	-	350	-	2,714	-	150	9,231	4,755	
Deferred Revenue - unavailable	-	3	-	-	-	-	81	-	628	-	712	-	
Deferred Revenue - unearned	-	-	410	-	-	-	-	8,228	5,482	8	14,128	15,325	
Total liabilities	-	15	7,220	-	-	350	502	12,073	6,801	573	27,534	24,417	

Fund balances:

Reserved for:													
Land held for development	-	-	6,050	-	-	-	-	304	1,147	-	7,501	5,321	
Encumbrances	-	-	-	-	-	-	-	-	-	8	8	7	
Pension liability	-	-	-	-	-	-	10,965	-	-	-	10,965	9,707	
Unreserved:													
Undesignated	10	261	-	5,950	(269)	-	-	-	7,440	1,442	14,834	12,062	
Total fund balances	10	261	6,050	5,950	(269)	81	10,965	304	8,587	1,450	33,308	27,097	
Total liabilities and fund balances	\$ 10	\$ 276	\$ 13,270	\$ 5,950	\$ 81	\$ 11,467	\$ 12,377	\$ 15,388	\$ 2,023	\$ 27,534	\$ 60,842	\$ 51,514	

CITY OF MINNEAPOLIS, MINNESOTA

SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - NONMAJOR FUNDS
 For the Fiscal Year Ended December 31, 2009

	Arena Reserve	Board of Estimate and Taxation	HUD Consolidated Plan	Convention Facilities Reserve	Downtown Improvement District	Employee Retirement	Grants-Federal	Grants-Other	Police	2009 Total	2008 Total
REVENUES:											
Taxes	\$ -	252	\$ -	\$ -	\$ -	6,971	\$ -	\$ 61	\$ 142	\$ 7,426	\$ 10,038
Licenses and permits	-	-	-	-	-	-	-	464	974	1,438	1,043
Intergovernmental revenues	-	7	16,616	-	-	4,530	23,529	13,647	7	58,336	53,649
Charges for services and sales	-	-	872	-	-	-	307	629	1,907	3,715	8,593
Fines and forfeits	-	-	-	-	-	330	-	177	585	1,092	1,030
Special Assessments	-	-	376	-	1,199	-	-	6,349	-	7,924	4,292
Interest	-	-	34	-	-	171	10	3	-	218	396
Miscellaneous revenues	-	-	231	-	1,417	1,770	84	1,107	58	4,667	3,657
Total revenues	-	259	18,129	-	2,616	13,772	23,930	22,437	3,673	84,816	82,698
CURRENT EXPENDITURES:											
General government	10	297	2,239	-	2,885	3,327	430	99	-	9,287	6,645
Public safety	-	-	1,351	-	-	8,679	9,541	5,230	3,328	28,129	29,056
Public works	-	-	87	-	-	-	2,215	2	-	2,304	1,605
Health and welfare	-	-	1,123	-	-	-	4,641	3,725	-	9,489	9,226
Community & economic development	-	-	12,599	-	-	-	6,700	7,404	-	26,703	28,692
Total expenditures	10	297	17,399	-	2,885	12,006	23,527	16,460	3,328	75,912	75,224
Excess (deficiency) of revenues over (under) expenditures	(10)	(38)	730	-	(269)	1,766	403	5,977	345	8,904	7,474
OTHER FINANCING SOURCES (USES):											
Transfers from other funds	3,696	94	-	1,150	-	-	-	-	-	4,940	8,544
Transfers to other funds	(5,325)	-	(1)	(1,000)	-	(508)	(99)	(700)	-	(7,633)	(7,444)
Total other financing sources (uses)	(1,629)	94	(1)	150	-	(508)	(99)	(700)	-	(2,693)	1,100
Net change in fund balances	(1,639)	56	729	150	(269)	1,258	304	5,277	345	6,211	8,574
Fund balances - January 1	1,649	205	5,321	5,800	-	9,707	-	3,310	1,105	27,097	18,523
Fund balances - December 31	\$ 10	\$ 261	\$ 6,050	\$ 5,950	\$ (269)	\$ 10,965	\$ 304	\$ 8,587	\$ 1,450	\$ 33,308	\$ 27,097

**DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - NONMAJOR FUNDS
DECEMBER 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Community Planning and Economic Development	Development	General Debt Service	2009 Total	2008 Total
ASSETS					
Cash and cash equivalents	\$ 181	\$ 130	\$ 37,776	\$ 38,087	\$ 40,508
Investments with trustees	4,134	58,798	-	62,932	6,497
Receivables:					
Accounts - net	-	-	2	2	609
Taxes:					
Current	-	-	207	207	244
Delinquent	-	-	448	448	325
Accrued Interest	13	9	164	186	103
Total assets	\$ 4,328	\$ 58,937	\$ 38,597	\$ 101,862	\$ 48,286
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 32	\$ 15	\$ 47	\$ 125
Deferred revenue - unavailable	-	-	376	376	325
Total liabilities	-	32	391	423	450
Fund balances:					
Unreserved:					
Designated for debt service	4,328	58,905	38,206	101,439	47,836
Total liabilities and fund balances	\$ 4,328	\$ 58,937	\$ 38,597	\$ 101,862	\$ 48,286

DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR FUNDS
For the Fiscal Year Ended December 31, 2009

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Community Planning and Economic Development	Development	General Debt Service	2009 Total	2008 Total
REVENUES:					
Taxes:					
General property tax	\$ -	\$ -	\$ 27,788	\$ 27,788	\$ 24,720
Fiscal disparities	-	-	2,917	2,917	2,205
Total taxes	-	-	30,705	30,705	26,925
Intergovernmental revenues	-	-	592	592	507
Special assessments	-	-	-	-	2
Interest	138	12	563	713	826
Miscellaneous revenues:					
Rents and commissions	-	302	653	955	1,103
Other	-	43	8,165	8,208	1,482
Total miscellaneous revenues	-	345	8,818	9,163	2,585
Total revenues	138	357	40,678	41,173	30,845
EXPENDITURES:					
Principal retirement on bonds	9,667	46,995	36,065	92,727	62,169
Principal retirement on notes	65	-	3,186	3,251	443
Interest and fiscal charges	27,979	15,213	11,780	54,972	58,225
Total expenditures	37,711	62,208	51,031	150,950	120,837
Excess (deficiency) of revenues over (under) expenditures	(37,573)	(61,851)	(10,353)	(109,777)	(89,992)
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	23,415	35,101	23,387	81,903	95,925
Transfers to other funds	(307)	-	(2,496)	(2,803)	(1,446)
Premium (Discount)	-	2,150	-	2,150	-
Refunding bonds issued	-	82,130	-	82,130	-
Total other financing sources (uses)	23,108	119,381	20,891	163,380	94,479
Net change in fund balances	(14,465)	57,530	10,538	53,603	4,487
Fund balances - January 1	18,793	1,375	27,668	47,836	43,349
Fund balances - December 31	\$ 4,328	\$ 58,905	\$ 38,206	\$ 101,439	\$ 47,836

BOARD OF ESTIMATE AND TAXATION SPECIAL REVENUE FUND CITY OF MINNEAPOLIS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2009 **(In Thousands)**

	2009					2008 Actual
	Budgeted Amount		Actual	Variance		
	Original	Final				
REVENUES:						
Taxes:						
General property tax	\$ 255	\$ 255	\$ 218	\$ (37)	\$ 212	
Fiscal disparities	-	-	34	34	30	
Total taxes	255	255	252	(3)	242	
Intergovernmental revenues:						
State grants and shared revenues	-	-	7	7	7	
Total revenues	255	255	259	4	249	
CURRENT EXPENDITURES:						
General government	343	343	297	46	315	
Excess (deficiency) of revenues over (under) expenditures	(88)	(88)	(38)	50	(66)	
OTHER FINANCING SOURCES (USES):						
Proceeds from bonds	105	105	-	(105)	-	
Transfers from other funds	-	-	94	94	100	
Total other financing sources (uses)	105	105	94	(11)	100	
Net change in fund balance	17	17	56	39	34	
Fund balance - January 1	205	205	205	-	171	
Fund balance - December 31	\$ 222	\$ 222	\$ 261	\$ 39	\$ 205	

**HUD CONSOLIDATED PLAN
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2009				2008 Actual
	Budgeted Amounts		Actual	Variance	
	Original	Final			
REVENUES:					
Intergovernmental revenues:					
Federal grantor agencies	\$ 17,942	\$ 17,942	\$ 16,616	\$ (1,326)	\$ 19,380
Charges for services and sales	-	14,714	872	(13,842)	686
Special Assessments	-	-	376	376	7
Interest	-	-	34	34	39
Miscellaneous revenues:					
Other	600	600	231	(369)	602
Total revenues	18,542	33,256	18,129	(15,127)	20,714
CURRENT EXPENDITURES:					
General government	2,058	2,611	2,239	372	2,188
Public safety	515	2,827	1,351	1,476	532
Public works	84	362	87	275	12
Health and welfare	1,489	1,833	1,123	710	1,430
Community & economic development	13,709	26,562	12,599	13,963	14,907
Total expenditures	17,855	34,195	17,399	16,796	19,069
Excess (deficiency) of revenues over (under) expenditures	687	(939)	730	1,669	1,645
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	-	-	-	-	3,696
Transfers to other funds	-	-	(1)	(1)	(20)
Total other financing sources (uses)	-	-	(1)	(1)	3,676
Net change in fund balance	687	(939)	729	1,668	5,321
Fund balance - January 1	5,321	5,321	5,321	-	-
Fund balance - December 31	\$ 6,008	\$ 4,382	\$ 6,050	\$ 1,668	\$ 5,321

CONVENTION FACILITIES RESERVE SPECIAL REVENUE FUND CITY OF MINNEAPOLIS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2009 **(In Thousands)**

	<u>2009</u>				<u>2008</u> <u>Actual</u>
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>	
	<u>Original</u>	<u>Final</u>			
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	\$ 1,150	\$ 1,150	\$ 1,150	\$ -	\$ 1,150
Transfers to other funds	(1,000)	(1,000)	(1,000)	-	(1,000)
Total other financing sources (uses)	150	150	150	-	150
Net change in fund balance	150	150	150	-	150
Fund balance - January 1	5,800	5,800	5,800	-	5,650
Fund balance - December 31	<u>\$ 5,950</u>	<u>\$ 5,950</u>	<u>\$ 5,950</u>	<u>\$ -</u>	<u>\$ 5,800</u>

**DOWNTOWN IMPROVEMENT DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2009					2008 Actual
	Budgeted Amounts		Actual	Variance		
	Original	Final				
REVENUES:						
Special assessments	\$ -	\$ -	\$ 1,199	\$ 1,199		\$ -
Miscellaneous revenues:						-
Other	-	2,950	1,417	(1,533)		-
Total revenues	-	2,950	2,616	(334)		-
CURRENT EXPENDITURES:						
General government	-	2,950	2,885	65		-
Net change in fund balance	-	-	(269)	(269)		-
Fund balance - January 1	-	-	-	-		-
Fund balance - December 31	\$ -	\$ -	\$ (269)	\$ (269)		\$ -

**EMPLOYEE RETIREMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2009				2008 Actual
	Budgeted Amounts		Actual	Variance	
	Original	Final			
REVENUES:					
Taxes:					
General property tax	\$ 6,992	\$ 6,992	\$ 6,026	\$ (966)	\$ 8,422
Property tax increment	-	-	9	9	13
Fiscal disparities	-	-	936	936	1,201
Other taxes	-	-	-	-	2
Total taxes	6,992	6,992	6,971	(21)	9,638
Intergovernmental revenues:					
State grants and shared revenues	5,578	5,578	4,530	(1,048)	2,758
Fines and forfeits	-	-	330	330	297
Interest	-	-	171	171	243
Miscellaneous revenues:					
Other	1,382	1,382	1,770	388	1,259
Total revenues	13,952	13,952	13,772	(180)	14,195
CURRENT EXPENDITURES:					
General government	13,952	13,952	3,327	10,625	3,577
Public safety	-	-	8,679	(8,679)	9,804
Total expenditures	13,952	13,952	12,006	1,946	13,381
Excess (deficiency) of revenues over (under) expenditures	-	-	1,766	1,766	814
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	-	-	(508)	(508)	(780)
Net change in fund balance	-	-	1,258	1,258	34
Fund balance - January 1	9,707	9,707	9,707	-	9,673
Fund balance - December 31	\$ 9,707	\$ 9,707	\$ 10,965	\$ 1,258	\$ 9,707

**GRANTS - FEDERAL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2009				2008 Actual
	Budgeted Amounts		Actual	Variance	
	Original	Final			
REVENUES:					
Intergovernmental revenues:					
Federal grantor agencies	\$ 16,639	\$ 46,182	\$ 23,529	\$ (22,653)	\$ 17,102
Charges for services and sales	-	-	307	307	6,515
Interest	-	-	10	10	29
Miscellaneous revenues:					
Loan recapture	1,000	1,000	51	(949)	178
Other	-	-	33	33	6
Total miscellaneous revenues	1,000	1,000	84	(916)	184
Total revenues	17,639	47,182	23,930	(23,252)	23,830
CURRENT EXPENDITURES:					
General government	435	868	430	438	368
Public safety	8,054	18,365	9,541	8,824	11,454
Public works	-	6,787	2,215	4,572	1,518
Health and welfare	3,994	4,767	4,641	126	4,360
Community & economic development	5,030	18,528	6,700	11,828	4,983
Total expenditures	17,513	49,315	23,527	25,788	22,683
Excess (deficiency) of revenues over (under) expenditures	126	(2,133)	403	2,536	1,147
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	(54)	(54)	(99)	(45)	(1,147)
Net change in fund balance	72	(2,187)	304	2,491	-
Fund balance - January 1	-	-	-	-	-
Fund balance - December 31	\$ 72	\$ (2,187)	\$ 304	\$ 2,491	\$ -

**GRANTS - OTHER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2009				2008 Actual
	Budgeted Amounts		Actual	Variance	
	Original	Final			
REVENUES:					
Taxes:					
Other taxes	\$ 26	\$ 26	\$ 61	\$ 35	\$ 11
Licenses and Permits	585	585	464	(121)	210
Intergovernmental revenues:					
State grants and shared revenues	7,305	19,655	11,884	(7,771)	12,623
Other local grants	147	2,803	1,763	(1,040)	1,779
Total intergovernmental revenues	7,452	22,458	13,647	(8,811)	14,402
Charges for services	475	475	629	154	125
Fines and forfeits	10	10	177	167	-
Special Assessments	3,974	3,974	6,349	2,375	4,285
Interest	10	10	3	(7)	11
Miscellaneous revenues:					
Loan recapture	47	47	-	(47)	115
Private contributions	891	1,113	1,074	(39)	1,460
Other	5	18	33	15	37
Total miscellaneous revenues	943	1,178	1,107	(71)	1,612
Total revenues	13,475	28,716	22,437	(6,279)	20,656
CURRENT EXPENDITURES:					
General government	91	225	99	126	197
Public safety	5,819	7,236	5,230	2,006	4,770
Public works	-	1	2	(1)	75
Health and welfare	3,459	6,693	3,725	2,968	3,436
Community & economic development	2,400	24,836	7,404	17,432	8,802
Total expenditures	11,769	38,991	16,460	22,531	17,280
Excess (deficiency) of revenues over (under) expenditures	1,706	(10,275)	5,977	16,252	3,376
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	(700)	(700)	(700)	-	(800)
Net change in fund balance	1,006	(10,975)	5,277	16,252	2,576
Fund balance - January 1	4,457	4,457	3,310	(1,147)	734
Fund balance - December 31	\$ 5,463	\$ (6,518)	\$ 8,587	\$ 15,105	\$ 3,310

**POLICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2009				2008 Actual
	Budgeted Amounts		Actual	Variance	
	Original	Final			
REVENUES:					
Taxes:					
Lawful gambling	\$ 122	\$ 122	\$ 142	\$ 20	\$ 147
Licenses and permits	572	572	974	402	833
Intergovernmental revenues:					
State grants and shared revenues	-	-	7	7	-
Charges for services and sales	610	1,438	1,907	469	1,267
Fines and forfeits	370	370	585	215	733
Miscellaneous revenues:					
Other	-	-	58	58	-
Total revenues	<u>1,674</u>	<u>2,502</u>	<u>3,673</u>	<u>1,171</u>	<u>2,980</u>
CURRENT EXPENDITURES:					
Public safety	<u>1,674</u>	<u>3,328</u>	<u>3,328</u>	<u>-</u>	<u>2,496</u>
Net change in fund balance	-	(826)	345	1,171	484
Fund balance - January 1	<u>1,105</u>	<u>1,105</u>	<u>1,105</u>	<u>-</u>	<u>621</u>
Fund balance - December 31	<u>\$ 1,105</u>	<u>\$ 279</u>	<u>\$ 1,450</u>	<u>\$ 1,171</u>	<u>\$ 1,105</u>

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Engineering Materials & Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	2009 Total	2008 Total
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 560	\$ 1	\$ 353	\$ 1,377	\$ 4	\$ 26,509	\$ 28,804	\$ 17,053
Receivables:								
Accounts - net	-	60	17	54	31	16	178	345
Intergovernmental	-	51	106	4	-	223	384	262
Notes	-	7,604	-	-	-	-	7,604	6,897
Due from other funds	-	1,698	-	-	-	2,486	4,184	3,498
Inventories	-	-	19	945	4,846	-	5,810	7,035
Properties held for resale	-	-	-	-	-	433	433	-
Prepaid items	-	-	-	-	-	147	147	43
Total current assets	560	9,414	495	2,380	4,881	29,814	47,544	35,133
Long-term assets:								
Deferred charges	-	77	8	32	-	-	117	76
Capital assets:								
Land, leaseholds and easements	-	-	21,117	2,186	-	-	23,303	23,303
Construction in progress	-	7,116	7	732	-	-	7,855	21,409
Buildings and structures	-	-	25,588	30,061	-	-	55,649	55,650
Less accumulated depreciation	-	-	(20,043)	(6,033)	-	-	(26,076)	(25,196)
Public improvements	-	-	2,726	330	-	-	3,056	3,056
Less accumulated depreciation	-	-	(2,547)	(184)	-	-	(2,731)	(2,660)
Machinery and equipment	286	1,828	12,586	66,236	132	-	81,068	78,729
Less accumulated depreciation	(264)	(1,551)	(4,770)	(38,167)	(132)	-	(44,884)	(41,202)
Computer equipment	61	60,113	162	37	7	-	60,380	58,749
Less accumulated depreciation	(61)	(45,813)	(162)	(37)	(7)	-	(46,080)	(42,202)
Software	-	43,343	8	-	9	-	43,360	24,961
Less accumulated depreciation	-	(15,191)	(8)	-	(9)	-	(15,208)	(10,782)
Other capital outlay	15	-	21	-	14	-	50	50
Less accumulated depreciation	(15)	-	(21)	-	(14)	-	(50)	(49)
Total long-term assets	22	49,922	34,672	55,193	-	-	139,809	143,892
Total assets	\$ 582	\$ 59,336	\$ 35,167	\$ 57,573	\$ 4,881	\$ 29,814	\$ 187,353	\$ 179,025
LIABILITIES AND NET ASSETS								
Current liabilities:								
Salaries payable	\$ 18	\$ 240	\$ 219	\$ 359	\$ 20	\$ 279	\$ 1,135	\$ 1,643
Accounts payable	15	850	97	632	12	1,556	3,162	8,479
Intergovernmental payable	-	5	5	-	12	-	22	30
Due to other funds	-	916	-	-	1,570	62	2,548	2,480
Interest payable	-	78	24	110	-	-	212	275
Unearned revenue	-	5,697	-	-	-	157	5,854	4,814
Bonds payable-current portion	-	8,560	655	2,090	-	-	11,305	11,220
Compensated absences payable-current portion	12	136	131	239	13	160	691	690
Total current liabilities	45	16,482	1,131	3,430	1,627	2,214	24,929	29,631
Long-term liabilities:								
Bonds payable	-	17,680	6,170	25,690	-	-	49,540	60,445
Unamortized premium (discounts)	-	889	155	988	-	-	2,032	1,413
Advances from other funds	-	10,114	-	-	-	-	10,114	10,114
Compensated absences payable	28	318	306	558	31	373	1,614	1,608
Other postemployment benefits	19	175	195	359	20	147	915	533
Unpaid claims payable	-	-	-	-	-	42,513	42,513	31,773
Total long-term liabilities	47	29,176	6,826	27,595	51	43,033	106,728	105,886
Total liabilities	92	45,658	7,957	31,025	1,678	45,247	131,657	135,517
Net Assets:								
Invested in Capital Assets, net of related debt	22	22,716	27,685	26,392	-	-	76,815	70,814
Restricted	-	-	-	-	-	-	-	640
Unrestricted	468	(9,038)	(475)	156	3,203	(15,433)	(21,119)	(27,946)
Total net assets	490	13,678	27,210	26,548	3,203	(15,433)	55,696	43,508
Total liabilities and net assets	\$ 582	\$ 59,336	\$ 35,167	\$ 57,573	\$ 4,881	\$ 29,814	\$ 187,353	\$ 179,025

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

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
For the Fiscal Year Ended December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	2009 Total	2008 Total
Operating revenues:								
Charges for services and sales	\$ 1,590	\$ 32,258	\$ 8,227	\$ 10,882	\$ 1,555	\$ 30,110	\$ 84,622	\$ 111,994
Rents and commissions	-	-	12,669	20,781	-	-	33,450	28,776
Total operating revenues	1,590	32,258	20,896	31,663	1,555	30,110	118,072	140,770
Operating expenses:								
Personnel costs	748	7,735	8,079	14,727	811	12,050	44,150	40,107
Contractual Services	212	19,884	10,839	3,525	308	18,409	53,177	66,254
Materials, supplies, services and other	36	1,498	1,508	5,955	55	11,596	20,648	12,835
Rent	61	163	-	1,072	34	307	1,637	1,627
Depreciation	13	8,380	1,156	6,165	-	-	15,714	14,224
Total operating expenses	1,070	37,660	21,582	31,444	1,208	42,362	135,326	135,047
Operating income (loss)	520	(5,402)	(686)	219	347	(12,252)	(17,254)	5,723
Non-operating revenue (expenses)								
Interest expense	-	(1,527)	(287)	(1,311)	-	-	(3,125)	(3,344)
Gain (loss) on disposal of capital assets	-	(99)	-	59	-	-	(40)	164
Damages/losses recovered	-	-	-	12	-	-	12	-
Other revenues	-	-	189	107	5	5,542	5,843	6,399
Total non-operating revenues (expenses)	-	(1,626)	(98)	(1,133)	5	5,542	2,690	3,219
Income (loss) before operating transfers	520	(7,028)	(784)	(914)	352	(6,710)	(14,564)	8,942
Transfers in (out):								
Transfers from other funds	-	16,115	655	4,180	-	6,915	27,865	22,253
Transfers to other funds	(58)	(277)	(97)	(502)	(34)	(145)	(1,113)	(1,052)
Total transfers	(58)	15,838	558	3,678	(34)	6,770	26,752	21,201
Change in net assets	462	8,810	(226)	2,764	318	60	12,188	30,143
Net assets - January 1	28	4,868	27,436	23,784	2,885	(15,493)	43,508	13,365
Net assets - December 31	\$ 490	\$ 13,678	\$ 27,210	\$ 26,548	\$ 3,203	\$ (15,433)	\$ 55,696	\$ 43,508

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	2009 Total	2008 Total
Cash flows from operating activities:								
Cash received from customers and users	\$ 1,675	\$ 31,954	\$ 21,033	\$ 31,780	\$ 1,553	\$ 35,490	\$ 123,485	\$ 140,476
Payments to suppliers	(303)	(24,980)	(12,390)	(10,706)	(703)	(20,074)	(69,156)	(79,281)
Payments to employees	(757)	(7,739)	(8,142)	(14,789)	(818)	(12,024)	(44,269)	(41,624)
Net Cash Provided (used) by operating Activities	615	(765)	501	6,285	32	3,392	10,060	19,571
Cash flows from non-capital financing activities:								
Transfers from other funds	-	16,115	655	4,180	-	6,915	27,865	22,253
Principal paid on bonds and notes	-	-	-	-	-	-	-	(1,060)
Interest paid on bonds and notes	-	-	-	-	-	-	-	(21)
Transfers to other funds	(58)	(277)	(97)	(502)	(34)	(145)	(1,113)	(1,052)
Net cash provided (used) by non-capital financing activities	(58)	15,838	558	3,678	(34)	6,770	26,752	20,120
Cash flows from capital and related financing activities								
Bonds issued	-	1,115	-	-	-	-	1,115	1,560
Refunding bonds issued	-	16,800	-	-	-	-	16,800	-
Principal paid on bonds	-	(26,090)	(590)	(2,055)	-	-	(28,735)	(4,870)
Interest paid on bonds	-	(1,691)	(307)	(1,407)	-	-	(3,405)	(3,486)
Premium (discount)	-	852	-	-	-	-	852	106
Acquisition and construction of capital assets	-	(6,098)	(401)	(5,454)	-	-	(11,953)	(26,328)
Bond issuance costs	-	(60)	-	-	-	-	(60)	7
Proceeds from sale of capital assets	-	6	-	319	-	-	325	490
Net cash provided (used) by capital and related financing activities	-	(15,166)	(1,298)	(8,597)	-	-	(25,061)	(32,521)
Net increase (decrease) in cash and cash equivalents	557	(93)	(239)	1,366	(2)	10,162	11,751	7,170
Cash and cash equivalents, beginning of year	3	94	592	11	6	16,347	17,053	9,883
Cash and cash equivalents, end of year	\$ 560	\$ 1	\$ 353	\$ 1,377	\$ 4	\$ 26,509	\$ 28,804	\$ 17,053
Reconciliation of operating income to net cash provided (used) by operating activities								
Operating income (loss)	\$ 520	\$ (5,402)	\$ (686)	\$ 219	\$ 347	\$ (12,252)	\$ (17,254)	\$ 5,723
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:								
Depreciation	13	8,380	1,156	6,165	-	-	15,714	14,224
Accounts receivable	214	(723)	1	(3)	(18)	(10)	(539)	(7,061)
Intergovernmental receivable	-	11	(106)	7	4	(39)	(123)	(2)
Inventories	-	-	408	242	575	-	1,225	(420)
Property held for resale	-	-	-	-	-	(433)	(433)	-
Prepaid items	-	20	-	-	-	(124)	(104)	(43)
Due from other funds	-	(679)	60	-	-	(66)	(685)	51
Salaries payable	(17)	(108)	(118)	(232)	(16)	(17)	(508)	(1,406)
Accounts payable	9	(4,372)	(451)	(336)	(161)	(7)	(5,318)	3,605
Due to other funds	(130)	916	-	(60)	(720)	62	68	(90)
Interest payable	-	-	-	-	-	-	-	(6)
Intergovernmental payable	(1)	-	(7)	(6)	7	-	(7)	29
Unearned revenue	-	1,088	-	-	-	(48)	1,040	343
Compensated absences payable	-	35	(21)	6	1	(14)	7	(614)
Other postemployment benefits	7	69	76	164	8	58	382	533
Unpaid claims	-	-	-	-	-	10,740	10,740	(1,694)
Damages/Losses recovered	-	-	-	12	-	-	12	-
Other non-operating revenue	-	-	189	107	5	5,542	5,843	6,399
Net cash provided (used) by operating activities	\$ 615	\$ (765)	\$ 501	\$ 6,285	\$ 32	\$ 3,392	\$ 10,060	\$ 19,571
Non-cash investing, capital and financing activities:								
Gain (Loss) on disposal of capital assets	\$ -	\$ (99)	\$ -	\$ 59	\$ -	\$ -	\$ (40)	\$ -

**ENGINEERING MATERIALS AND TESTING
INTERNAL SERVICE FUND
STATEMENT OF NET ASSETS
December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2009</u>	<u>2008</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 560	\$ 3
Receivables:		
Accounts - net	-	214
Total current assets	<u>560</u>	<u>217</u>
Capital assets:		
Machinery and equipment	286	286
Less accumulated depreciation	(264)	(251)
Computer equipment	61	61
Less accumulated depreciation	(61)	(61)
Other capital outlay	15	15
Less accumulated depreciation	(15)	(15)
Total capital assets	<u>22</u>	<u>35</u>
Total assets	<u><u>\$ 582</u></u>	<u><u>\$ 252</u></u>
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Salaries payable	\$ 18	\$ 35
Accounts payable	15	6
Intergovernmental payable	-	1
Due to other funds	-	130
Compensated absences payable-current portion	12	12
Total current liabilities	<u>45</u>	<u>184</u>
Long-term liabilities:		
Compensated absences payable	28	28
Other postemployment benefits	19	12
Total long-term liabilities	<u>47</u>	<u>40</u>
Total liabilities	<u>92</u>	<u>224</u>
Net Assets		
Invested in net assets, net of related debt	22	35
Restricted	-	640
Unrestricted	468	(647)
Total net assets	<u>490</u>	<u>28</u>
Total liabilities and net assets	<u><u>\$ 582</u></u>	<u><u>\$ 252</u></u>

**ENGINEERING MATERIALS AND TESTING
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the fiscal year ended December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services and sales	\$ 1,590	\$ 1,278
Operating expenses:		
Personnel costs	748	731
Contractual services	212	498
Materials, supplies, services and other	36	67
Rent	61	61
Depreciation	13	36
Total operating expenses	<u>1,070</u>	<u>1,393</u>
Operating income (loss)	<u>520</u>	<u>(115)</u>
Transfers in (out):		
Transfers to other funds	<u>(58)</u>	<u>(53)</u>
Change in net assets	462	(168)
Net assets - January 1	<u>28</u>	<u>196</u>
Net assets - December 31	<u>\$ 490</u>	<u>\$ 28</u>

ENGINEERING MATERIALS AND TESTING
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended December 31, 2009

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 1,675	\$ 985
Payments to suppliers	(303)	(408)
Payments to employees	(757)	(764)
Net Cash Provided (used) by operating activities	<u>615</u>	<u>(187)</u>
Cash flows from non-capital financing activities:		
Transfers to other funds	(58)	(53)
Net increase (decrease) in cash and cash equivalents	557	(240)
Cash and cash equivalents, beginning of year	3	243
Cash and cash equivalents, end of year	<u>\$ 560</u>	<u>\$ 3</u>
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	\$ 520	\$ (115)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	13	36
Accounts receivable	214	(214)
Inventories	-	8
Salaries payable	(17)	-
Accounts payable	9	1
Due to other funds	(130)	130
Intergovernmental payable	(1)	1
Unearned revenue	-	(31)
Compensated absences payable	-	(15)
Other postemployment benefits	7	12
Net cash provided (used) by operating activities	<u>\$ 615</u>	<u>\$ (187)</u>

**INTERGOVERNMENTAL SERVICES
INTERNAL SERVICE FUND
STATEMENT OF NET ASSETS
December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2009</u>	<u>2008</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1	\$ 94
Receivables:		
Accounts - net	60	43
Intergovernmental	51	63
Notes	7,604	6,897
Due from other funds	1,698	1,018
Prepaid items	-	20
Total current assets	<u>9,414</u>	<u>8,135</u>
Deferred charges	77	31
Capital assets:		
Construction in progress	7,116	21,071
Machinery and equipment	1,828	1,977
Less accumulated depreciation	(1,551)	(1,542)
Computer equipment	60,113	58,482
Less accumulated depreciation	(45,813)	(41,935)
Software	43,343	24,944
Less accumulated depreciation	(15,191)	(10,765)
Total capital assets	<u>49,845</u>	<u>52,232</u>
Total assets	<u><u>\$ 59,336</u></u>	<u><u>\$ 60,398</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Salaries payable	\$ 240	\$ 348
Accounts payable	850	5,221
Intergovernmental payable	5	5
Due to other funds	916	-
Interest payable	78	133
Unearned revenue	5,697	4,609
Bonds payable-current portion	8,560	8,575
Compensated absences payable-current portion	136	126
Total current liabilities	<u>16,482</u>	<u>19,017</u>
Long-term liabilities:		
Bonds payable	17,680	25,840
Unamortized premium (discounts)	889	160
Advances from other funds	10,114	10,114
Compensated absences payable	318	293
Other postemployment benefits	175	106
Total long-term liabilities	<u>29,176</u>	<u>36,513</u>
Total liabilities	<u>45,658</u>	<u>55,530</u>
Net Assets:		
Invested in capital assets, net of related debt	22,716	17,688
Unrestricted	(9,038)	(12,820)
Total net assets	<u>13,678</u>	<u>4,868</u>
Total liabilities and net assets	<u><u>\$ 59,336</u></u>	<u><u>\$ 60,398</u></u>

**INTERGOVERNMENTAL SERVICES
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the fiscal year ended December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services and sales	\$ 32,258	\$ 36,997
Rents and commissions	-	20
Total operating revenues	<u>32,258</u>	<u>37,017</u>
Operating expenses:		
Personnel costs	7,735	5,792
Contractual services	19,884	15,417
Materials, supplies, services and other	1,498	595
Rent	163	146
Depreciation	8,380	6,464
Total operating expenses	<u>37,660</u>	<u>28,414</u>
Operating income (loss)	<u>(5,402)</u>	<u>8,603</u>
Non-operating revenues (expenses):		
Interest expense	(1,527)	(1,594)
Gain (loss) on disposal of capital assets	(99)	-
Other revenues	-	5
Total non-operating revenues (expenses)	<u>(1,626)</u>	<u>(1,589)</u>
Income (loss) before transfers	<u>(7,028)</u>	<u>7,014</u>
Transfers in (out):		
Transfers from other funds	16,115	11,762
Transfers to other funds	(277)	(296)
Total transfers	<u>15,838</u>	<u>11,466</u>
Change in net assets	<u>8,810</u>	<u>18,480</u>
Net assets - January 1	<u>4,868</u>	<u>(13,612)</u>
Net assets - December 31	<u>\$ 13,678</u>	<u>\$ 4,868</u>

INTERGOVERNMENTAL SERVICES
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended December 31, 2009

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2009	2008
Cash flows from operating activities:		
Cash received from customers and users	\$ 31,954	\$ 30,434
Payments to suppliers	(24,980)	(14,802)
Payments to employees	(7,739)	(6,021)
Net Cash Provided (used) by operating activities	(765)	9,611
Cash flows from non-capital financing activities:		
Transfers from other funds	16,115	11,762
Transfers to other funds	(277)	(296)
Net cash provided (used) by non-capital financing activities	15,838	11,466
Cash Flows from capital and related financing activities		
Bonds issued	1,115	1,560
Refunding bonds issued	16,800	-
Principal paid on bonds	(26,090)	(1,805)
Interest paid on bonds	(1,691)	(1,640)
Acquisition and construction of capital assets	(6,098)	(19,325)
Premium (discount)	852	106
Bond issuance costs	(60)	7
Proceeds from sale of capital assets	6	-
Net cash provided (used) by capital and related financing activities	(15,166)	(21,097)
Net increase (decrease) in cash and cash equivalents	(93)	(20)
Cash and cash equivalents, beginning of year	94	114
Cash and cash equivalents, end of year	\$ 1	\$ 94
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	\$ (5,402)	\$ 8,603
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	8,380	6,464
Accounts receivable	(723)	(6,940)
Intergovernmental receivable	11	-
Prepaid items	20	(20)
Due from other funds	(679)	(39)
Salaries payable	(108)	(248)
Accounts payable	(4,372)	3,377
Due to other funds	916	(2,000)
Intergovernmental payable	-	5
Unearned revenue	1,088	386
Compensated absences payable	35	(88)
Other postemployment benefits	69	106
Other non-operating revenues	-	5
Net cash provided (used) by operating activities	\$ (765)	\$ 9,611
Non-cash investing, capital and financing activities:		
(Loss) on disposal of capital assets	\$ (99)	\$ -

**PROPERTY SERVICES
INTERNAL SERVICE FUND
STATEMENT OF NET ASSETS
December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2009</u>	<u>2008</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 353	\$ 592
Receivables:		
Accounts - net	17	18
Intergovernmental	106	-
Due from other funds	-	60
Inventories	19	427
Total current assets	<u>495</u>	<u>1,097</u>
Deferred charges	8	9
Capital assets:		
Land, leaseholds and easements	21,117	21,117
Construction in progress	7	7
Buildings and structures	25,588	25,588
Less accumulated depreciation	(20,043)	(19,765)
Public improvements	2,726	2,726
Less accumulated depreciation	(2,547)	(2,493)
Machinery and equipment	12,586	12,185
Less accumulated depreciation	(4,770)	(3,947)
Computer equipment	162	162
Less accumulated depreciation	(162)	(162)
Software	8	8
Less accumulated depreciation	(8)	(8)
Other capital outlay	21	21
Less accumulated depreciation	(21)	(20)
Total capital assets	<u>34,664</u>	<u>35,419</u>
Total assets	<u><u>\$ 35,167</u></u>	<u><u>\$ 36,525</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Salaries payable	\$ 219	\$ 337
Accounts payable	97	548
Intergovernmental payable	5	13
Interest payable	24	25
Bonds payable-current portion	655	590
Compensated absences payable-current portion	131	138
Total current liabilities	<u>1,131</u>	<u>1,651</u>
Long-term liabilities:		
Bonds payable	6,170	6,825
Unamortized premium (discounts)	155	174
Compensated absences payable	306	320
Other postemployment benefits	195	119
Total long-term liabilities	<u>6,826</u>	<u>7,438</u>
Total liabilities	<u>7,957</u>	<u>9,089</u>
Net Assets:		
Invested in capital assets, net of related debt	27,685	27,839
Unrestricted	(475)	(403)
Total net assets	<u>27,210</u>	<u>27,436</u>
Total liabilities and net assets	<u><u>\$ 35,167</u></u>	<u><u>\$ 36,525</u></u>

**PROPERTY SERVICES
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the fiscal year ended December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services and sales	\$ 8,227	\$ 10,251
Rents and commissions	12,669	8,071
Total operating revenues	<u>20,896</u>	<u>18,322</u>
Operating expenses:		
Personnel costs	8,079	8,393
Contractual services	10,839	7,795
Materials, supplies, services and other	1,508	1,658
Depreciation	1,156	1,221
Total operating expenses	<u>21,582</u>	<u>19,067</u>
Operating income (loss)	<u>(686)</u>	<u>(745)</u>
Non-operating revenues (expenses):		
Interest expense	(287)	(313)
Other revenues	189	7
Total non-operating revenues (expenses)	<u>(98)</u>	<u>(306)</u>
Income (loss) before transfers	<u>(784)</u>	<u>(1,051)</u>
Transfers in (out):		
Transfers from other funds	655	668
Transfers to other funds	(97)	(88)
Total transfers	<u>558</u>	<u>580</u>
Change in net assets	<u>(226)</u>	<u>(471)</u>
Net assets - January 1	<u>27,436</u>	<u>27,907</u>
Net assets - December 31	<u>\$ 27,210</u>	<u>\$ 27,436</u>

PROPERTY SERVICES
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended December 31, 2009

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 21,033	\$ 18,855
Payments to suppliers	(12,390)	(9,514)
Payments to employees	(8,142)	(8,649)
Net Cash Provided (used) by operating activities	<u>501</u>	<u>692</u>
Cash flows from non-capital financing activities:		
Transfers from other funds	655	668
Transfers to other funds	(97)	(88)
Net cash provided (used) by non-capital financing activities	<u>558</u>	<u>580</u>
Cash Flows from capital and related financing activities		
Principal paid on bonds	(590)	(655)
Interest paid on bonds	(307)	(333)
Acquisition and construction of capital assets	(401)	(7)
Net cash provided (used) by capital and related financing activities	<u>(1,298)</u>	<u>(995)</u>
Net increase (decrease) in cash and cash equivalents	(239)	277
Cash and cash equivalents, beginning of year	592	315
Cash and cash equivalents, end of year	<u>\$ 353</u>	<u>\$ 592</u>
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	\$ (686)	\$ (745)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,156	1,221
Accounts receivable	1	2
Intergovernmental receivable	(106)	-
Inventories	408	(6)
Due from other funds	60	510
Salaries payable	(118)	(261)
Accounts payable	(451)	(52)
Interest payable	-	(3)
Intergovernmental payable	(7)	13
Compensated absences payable	(21)	(113)
Other postemployment benefits	76	119
Other non-operating revenues	189	7
Net cash provided (used) by operating activities	<u>\$ 501</u>	<u>\$ 692</u>

**EQUIPMENT SERVICES
INTERNAL SERVICE FUND
STATEMENT OF NET ASSETS
December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2009	2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,377	\$ 11
Receivables:		
Accounts - net	54	51
Intergovernmental	4	11
Inventories	945	1,187
Total current assets	<u>2,380</u>	<u>1,260</u>
Deferred charges	32	36
Capital assets:		
Land, leaseholds and easements	2,186	2,186
Construction in progress	732	331
Buildings and structures	30,061	30,062
Less accumulated depreciation	(6,033)	(5,431)
Public improvements	330	330
Less accumulated depreciation	(184)	(167)
Machinery and equipment	66,236	64,149
Less accumulated depreciation	(38,167)	(35,330)
Computer equipment	37	37
Less accumulated depreciation	(37)	(37)
Total capital assets	<u>55,161</u>	<u>56,130</u>
Total assets	<u><u>\$ 57,573</u></u>	<u><u>\$ 57,426</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Salaries payable	\$ 359	\$ 591
Accounts payable	632	968
Intergovernmental payable	-	6
Due to other funds	-	60
Interest payable	110	117
Bonds payable-current portion	2,090	2,055
Compensated absences payable-current portion	239	237
Total current liabilities	<u>3,430</u>	<u>4,034</u>
Long-term liabilities:		
Bonds payable	25,690	27,780
Unamortized premium (discounts)	988	1,079
Compensated absences payable	558	554
Other postemployment benefits	359	195
Total long-term liabilities	<u>27,595</u>	<u>29,608</u>
Total liabilities	<u>31,025</u>	<u>33,642</u>
Net Assets:		
Invested in capital assets, net of related debt	26,392	25,252
Unrestricted	156	(1,468)
Total net assets	<u>26,548</u>	<u>23,784</u>
Total liabilities and net assets	<u><u>\$ 57,573</u></u>	<u><u>\$ 57,426</u></u>

**EQUIPMENT SERVICES
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the fiscal year ended December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services and sales	\$ 10,882	\$ 13,154
Rents and commissions	20,781	20,685
Total operating revenues	<u>31,663</u>	<u>33,839</u>
Operating expenses:		
Personnel costs	14,727	14,374
Contractual services	3,525	3,973
Materials, supplies, services and other	5,955	8,442
Rent	1,072	998
Depreciation	6,165	6,487
Total operating expenses	<u>31,444</u>	<u>34,274</u>
Operating income (loss)	<u>219</u>	<u>(435)</u>
Non-operating revenues (expenses):		
Interest expense	(1,311)	(1,416)
Gain (loss) on disposal of capital assets	59	164
Damages/losses recovered	12	-
Other revenues	107	30
Total non-operating revenues (expenses)	<u>(1,133)</u>	<u>(1,222)</u>
Income (loss) before transfers	<u>(914)</u>	<u>(1,657)</u>
Transfers in (out):		
Transfers from other funds	4,180	4,180
Transfers to other funds	(502)	(453)
Total transfers	<u>3,678</u>	<u>3,727</u>
Change in net assets	<u>2,764</u>	<u>2,070</u>
Net assets - January 1	<u>23,784</u>	<u>21,714</u>
Net assets - December 31	<u>\$ 26,548</u>	<u>\$ 23,784</u>

**EQUIPMENT SERVICES
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 31,780	\$ 33,963
Payments to suppliers	(10,706)	(12,326)
Payments to employees	(14,789)	(15,124)
Net Cash Provided (used) by operating activities	<u>6,285</u>	<u>6,513</u>
Cash flows from non-capital financing activities:		
Transfers from other funds	4,180	4,180
Transfers to other funds	(502)	(453)
Net cash provided (used) by non-capital financing activities	<u>3,678</u>	<u>3,727</u>
Cash Flows from capital and related financing activities		
Principal paid on bonds	(2,055)	(2,410)
Interest paid on bonds	(1,407)	(1,513)
Acquisition and construction of capital assets	(5,454)	(6,996)
Proceeds from sale of capital assets	319	490
Net cash provided (used) by capital and related financing activities	<u>(8,597)</u>	<u>(10,429)</u>
Net increase (decrease) in cash and cash equivalents	1,366	(189)
Cash and cash equivalents, beginning of year	11	200
Cash and cash equivalents, end of year	<u>\$ 1,377</u>	<u>\$ 11</u>
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	\$ 219	\$ (435)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	6,165	6,487
Accounts receivable	(3)	88
Intergovernmental receivable	7	-
Inventories	242	635
Salaries payable	(232)	(654)
Accounts payable	(336)	392
Due to other funds	(60)	60
Intergovernmental payable	(6)	6
Compensated absences payable	6	(291)
Other postemployment benefits	164	195
Damages/Losses recovered	12	-
Other non-operating revenues	107	30
Net cash provided (used) by operating activities	<u>\$ 6,285</u>	<u>\$ 6,513</u>
Non-cash investing, capital and financing activities:		
(Loss) on disposal of capital assets	\$ 59	\$ -

**PUBLIC WORKS STORES
INTERNAL SERVICE FUND
STATEMENT OF NET ASSETS
December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2009	2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4	\$ 6
Receivables:		
Accounts - net	31	13
Intergovernmental	-	4
Inventories	4,846	5,421
Total current assets	<u>4,881</u>	<u>5,444</u>
Capital assets:		
Machinery and equipment	132	132
Less accumulated depreciation	(132)	(132)
Computer equipment	7	7
Less accumulated depreciation	(7)	(7)
Software	9	9
Less accumulated depreciation	(9)	(9)
Other capital outlay	14	14
Less accumulated depreciation	(14)	(14)
Total capital assets	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 4,881</u></u>	<u><u>\$ 5,444</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Salaries payable	\$ 20	\$ 36
Accounts payable	12	173
Intergovernmental payable	12	5
Due to other funds	1,570	2,290
Compensated absences payable-current portion	13	13
Total current liabilities	<u>1,627</u>	<u>2,517</u>
Long-term liabilities:		
Compensated absences payable	31	30
Other postemployment benefits	20	12
Total long-term liabilities	<u>51</u>	<u>42</u>
Total liabilities	<u>1,678</u>	<u>2,559</u>
Net Assets:		
Unrestricted	<u>3,203</u>	<u>2,885</u>
Total net assets	<u>3,203</u>	<u>2,885</u>
Total liabilities and net assets	<u><u>\$ 4,881</u></u>	<u><u>\$ 5,444</u></u>

**PUBLIC WORKS STORES
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the fiscal year ended December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services and sales	\$ 1,555	\$ 1,061
Operating expenses:		
Personnel costs	811	801
Contractual services	308	239
Materials, supplies, services and other	55	591
Rent	34	29
Depreciation	-	16
Total operating expenses	<u>1,208</u>	<u>1,676</u>
Operating income (loss)	<u>347</u>	<u>(615)</u>
Non-operating revenues (expenses):		
Other revenues	<u>5</u>	<u>-</u>
Income (loss) before transfers	<u>352</u>	<u>(615)</u>
Transfers in (out):		
Transfers to other funds	<u>(34)</u>	<u>(31)</u>
Change in net assets	<u>318</u>	<u>(646)</u>
Net assets - January 1	<u>2,885</u>	<u>3,531</u>
Net assets - December 31	<u>\$ 3,203</u>	<u>\$ 2,885</u>

**PUBLIC WORKS STORES
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 1,553	\$ 1,069
Payments to suppliers	(703)	(228)
Payments to employees	(818)	(813)
Net Cash Provided (used) by operating activities	<u>32</u>	<u>28</u>
Cash flows from non-capital financing activities:		
Transfers to other funds	(34)	(31)
Net increase (decrease) in cash and cash equivalents	(2)	(3)
Cash and cash equivalents, beginning of year	6	9
Cash and cash equivalents, end of year	<u>\$ 4</u>	<u>\$ 6</u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 347	\$ (615)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	-	16
Accounts receivable	(18)	4
Intergovernmental Receivable	4	-
Inventories	575	(1,057)
Salaries payable	(16)	(17)
Accounts payable	(161)	(32)
Due to other funds	(720)	1,720
Intergovernmental payable	7	4
Compensated absences payable	1	(7)
Other postemployment benefits	8	12
Other non-operating revenues	5	-
Net cash provided (used) by operating activities	<u>\$ 32</u>	<u>\$ 28</u>

**SELF-INSURANCE
INTERNAL SERVICE FUND
STATEMENT OF NET ASSETS
December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2009</u>	<u>2008</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 26,509	\$ 16,347
Receivables:		
Accounts - net	16	6
Intergovernmental	223	184
Due from other funds	2,486	2,420
Properties held for resale	433	-
Prepaid items	147	23
Total current assets	<u>29,814</u>	<u>18,980</u>
Total assets	<u>\$ 29,814</u>	<u>\$ 18,980</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Salaries payable	\$ 279	\$ 296
Accounts payable	1,556	1,563
Due to other funds	62	-
Unearned revenue	157	205
Compensated absences payable-current portion	160	164
Total current liabilities	<u>2,214</u>	<u>2,228</u>
Long-term liabilities:		
Compensated absences payable	373	383
Other postemployment benefits	147	89
Unpaid claims payable	42,513	31,773
Total long-term liabilities	<u>43,033</u>	<u>32,245</u>
Total liabilities	<u>45,247</u>	<u>34,473</u>
Net Assets:		
Unrestricted	<u>(15,433)</u>	<u>(15,493)</u>
Total liabilities and net assets	<u>\$ 29,814</u>	<u>\$ 18,980</u>

**SELF-INSURANCE
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the fiscal year ended December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services and sales	\$ 30,110	\$ 49,253
Operating expenses:		
Personnel costs	12,050	10,016
Contractual services	18,409	38,332
Materials, supplies, services and other	11,596	1,482
Rent	307	393
Total operating expenses	<u>42,362</u>	<u>50,223</u>
Operating income (loss)	<u>(12,252)</u>	<u>(970)</u>
Non-operating revenues (expenses):		
Interest expense	-	(21)
Other revenues	5,542	6,357
Total non-operating revenues (expenses)	<u>5,542</u>	<u>6,336</u>
Income (loss) before transfers	<u>(6,710)</u>	<u>5,366</u>
Transfers in (out):		
Transfers from other funds	6,915	5,643
Transfers to other funds	(145)	(131)
Total transfers	<u>6,770</u>	<u>5,512</u>
Change in net assets	60	10,878
Net assets - January 1	<u>(15,493)</u>	<u>(26,371)</u>
Net assets - December 31	<u>\$ (15,433)</u>	<u>\$ (15,493)</u>

SELF-INSURANCE
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended December 31, 2009

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 35,490	\$ 55,170
Payments to suppliers	(20,074)	(42,003)
Payments to employees	(12,024)	(10,253)
Net Cash Provided (used) by operating Activities	<u>3,392</u>	<u>2,914</u>
Cash flows from non-capital financing activities:		
Transfers from other funds	6,915	5,643
Principal paid on bonds and notes	-	(1,060)
Interest paid on bonds and notes	-	(21)
Transfers to other funds	(145)	(131)
Net cash provided (used) by non-capital financing activities	<u>6,770</u>	<u>4,431</u>
Net increase (decrease) in cash and cash equivalents	10,162	7,345
Cash and cash equivalents, beginning of year	<u>16,347</u>	<u>9,002</u>
Cash and cash equivalents, end of year	<u>\$ 26,509</u>	<u>\$ 16,347</u>
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	<u>\$ (12,252)</u>	<u>\$ (970)</u>
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Accounts receivable	(10)	(1)
Intergovernmental Receivable	(39)	(2)
Property held for resale	(433)	-
Prepaid items	(124)	(23)
Due from other funds	(66)	(420)
Salaries payable	(17)	(226)
Accounts payable	(7)	(81)
Due to other funds	62	-
Interest payable	-	(3)
Unearned revenue	(48)	(12)
Compensated absences payable	(14)	(100)
Other postemployment benefits	58	89
Unpaid claims	10,740	(1,694)
Other non-operating revenues	5,542	6,357
Net cash provided (used) by operating activities	<u>\$ 3,392</u>	<u>\$ 2,914</u>

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 December 31, 2009

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Minneapolis Agency	Skyway Debt Service	Youth Coordinating Board	Neighborhood Revitalization Program Board	Minneapolis Public Housing Authority	Joint Board	Total
ASSETS							
Cash and cash equivalents	\$ 39	\$ 122	\$ 2,113	\$ 994	\$ 956	\$ 126	\$ 4,350
Receivables:							
Accounts-net	2,361	-	618	41	1,559	65	4,644
Total assets	\$ 2,400	\$ 122	\$ 2,731	\$ 1,035	\$ 2,515	\$ 191	\$ 8,994
LIABILITIES							
Accounts payable	-	-	2,731	1,035	1,415	191	5,372
Intergovernmental payable	2,400	-	-	-	1,100	-	3,500
Deposits held for others	-	122	-	-	-	-	122
Total liabilities	\$ 2,400	\$ 122	\$ 2,731	\$ 1,035	\$ 2,515	\$ 191	\$ 8,994

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS**

CITY OF MINNEAPOLIS, MINNESOTA

For the fiscal year ended December 31, 2009

(In Thousands)

	Balance January 1, 2009	Additions	Deductions	Balance December 31, 2009
MINNEAPOLIS AGENCY				
Assets:				
Cash and cash equivalents	\$ 5,006	\$ 196,793	\$ 201,760	\$ 39
Receivables:				
Accounts-net	86	185,130	182,855	2,361
Total assets	<u>5,092</u>	<u>381,923</u>	<u>384,615</u>	<u>2,400</u>
Liabilities:				
Accounts payable	5,092	-	5,092	-
Intergovernmental payable	-	2,400	-	2,400
Total liabilities	<u>5,092</u>	<u>2,400</u>	<u>5,092</u>	<u>2,400</u>
SKYWAY DEBT SERVICE				
Assets:				
Cash and cash equivalents	<u>122</u>	<u>-</u>	<u>-</u>	<u>122</u>
Liabilities:				
Deposits held for others	<u>122</u>	<u>-</u>	<u>-</u>	<u>122</u>
YOUTH COORDINATING BOARD				
Assets:				
Cash and cash equivalents	2,515	3,774	4,176	2,113
Receivables:				
Accounts-net	253	481	116	618
Total assets	<u>2,768</u>	<u>4,255</u>	<u>4,292</u>	<u>2,731</u>
Liabilities:				
Accounts payable	<u>2,768</u>	<u>4,255</u>	<u>4,292</u>	<u>2,731</u>
NEIGHBORHOOD REVITALIZATION PROGRAM BOARD				
Assets:				
Cash and cash equivalents	961	1,713	1,680	994
Receivables:				
Accounts-net	19	46	24	41
Total assets	<u>980</u>	<u>1,759</u>	<u>1,704</u>	<u>1,035</u>
Liabilities:				
Accounts payable	<u>980</u>	<u>1,759</u>	<u>1,704</u>	<u>1,035</u>
MINNEAPOLIS PUBLIC HOUSING AUTHORITY				
Assets:				
Cash and cash equivalents	1,446	33,835	34,325	956
Receivables:				
Accounts-net	-	2,513	954	1,559
Total assets	<u>1,446</u>	<u>36,348</u>	<u>35,279</u>	<u>2,515</u>
Liabilities:				
Accounts payable	1,446	1,415	1,446	1,415
Intergovernmental payable	-	1,100	-	1,100
Total liabilities	<u>1,446</u>	<u>2,515</u>	<u>1,446</u>	<u>2,515</u>

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS**

CITY OF MINNEAPOLIS, MINNESOTA

For the fiscal year ended December 31, 2009

(In Thousands)

	<u>Balance</u> <u>January 1,</u> <u>2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31,</u> <u>2009</u>
JOINT BOARD				
Assets:				
Cash and cash equivalents	70	95	39	126
Receivables:				
Accounts-net	18	74	27	65
Total assets	<u>88</u>	<u>169</u>	<u>66</u>	<u>191</u>
Liabilities:				
Accounts payable	<u>88</u>	<u>169</u>	<u>66</u>	<u>191</u>
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	10,120	236,210	241,980	4,350
Receivables:				
Accounts-net	376	188,244	183,976	4,644
Total assets	<u>10,496</u>	<u>424,454</u>	<u>425,956</u>	<u>8,994</u>
Liabilities:				
Accounts payable	10,374	7,598	12,600	5,372
Intergovernmental payable	-	3,500	-	3,500
Deposits held for others	122	-	-	122
Total liabilities	<u>\$ 10,496</u>	<u>\$ 11,098</u>	<u>\$ 12,600</u>	<u>\$ 8,994</u>

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2009

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	(In Thousands)				
				Issued	Retired	Outstanding	Principal Due in 2010	Interest Due in 2010
Property Tax Supported General Obligation Bonds								
General Infrastructure Bonds								
Bridges	Variable 2.00%	06/01/06 05/21/09	12/01/10 12/01/09	1,645 400	1,645 400	- -	- -	
Libraries	2.00%	05/21/09	12/01/09	2,130	2,130	-	-	
Park Improvements	2.00%	05/21/09	12/01/09	319	319	-	-	
Parkway Improvements	2.00%	05/21/09	12/01/09	2,191	2,191	-	-	
Public Buildings	4.00% to 5.00% 4.00% to 5.00% 2.00% to 4.00%	07/12/07 05/29/08 05/21/09	12/01/09 12/01/11 12/01/14	3,202 7,800 9,493	3,202 2,200 2,893	- 5,600 6,600	- 280 264	
Municipal Buildings	2.00%	05/21/09	12/01/09	700	700	-	-	
Street Improvements	3.00% to 4.00% 3.00% to 4.00% 4.00% to 5.00% 4.00% to 5.00% 2.00% to 4.00% 2.00%	07/11/02 06/30/05 07/12/07 05/29/08 05/21/09 05/21/09	12/01/11 12/01/09 12/01/09 12/01/11 12/01/14 12/01/09	9,596 16,349 9,582 5,971 9,633 314	8,796 16,349 9,582 2,271 2,103 314	800 -	32 -	
Public Safety Capital Initiative	3.00% to 4.60% 2.00% to 4.25%	07/11/02 06/25/03	12/01/19 12/01/25	4,735 9,655	1,425 -	3,310 9,655	141 398	
Sub-total General Infrastructure Bonds				93,715	56,520	37,195	7,555	
Library Referendum Bonds								
	3.00% to 5.00% Variable 3.00% to 5.00% 4.00% to 4.375% Variable 3.00% to 3.50%	12/19/02 10/30/03 12/01/04 06/30/05 06/01/06 05/29/08	12/01/25 12/01/32 12/01/25 12/01/25 12/01/09 12/01/16	9,500 57,000 28,000 29,915 3,980 11,605	1,500 9,400 3,000 5,265 3,980 1,705	8,000 47,600 25,000 24,650 -	356 2,380 1,191 1,026 - 327	
Sub-total Library Referendum Bonds				140,000	24,850	115,150	3,500	
				140,000	24,850	115,150	5,280	

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2009

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	(In Thousands)	
							Principal Due in 2010	Interest Due in 2010
Pension Obligation Bonds								
Pension Bonds (MERF)	5.80% to 5.85%	12/19/02	12/01/26	25,000	-	25,000	-	1,450
	4.70% to 5.00%	06/25/03	12/01/26	36,000	-	36,000	-	1,745
Pension Bonds (MPRA)	2.00% to 4.98%	12/19/02	12/01/14	10,600	4,790	5,810	1,085	273
	5.00% to 5.30%	12/01/04	12/01/21	24,970	2,970	22,000	-	1,134
Sub-total Pension Obligation Bonds				96,570	7,760	88,810	1,085	4,602
Total Property Tax Supported General Obligation Bonds				330,285	89,130	241,155	12,140	11,479
<u>Self-Supporting General Obligation Bonds</u>								
Convention Center	Variable	06/24/99	12/01/18	88,400	62,450	25,950	-	1,298
	4.00%	11/19/09	12/01/15	9,250	-	9,250	-	382
	Variable	09/21/00	12/01/18	80,000	50,000	30,000	-	1,500
	4.00%	11/09/09	12/01/15	10,000	-	10,000	-	413
	3.00% to 5.00%	07/11/02	12/01/20	13,180	6,730	6,450	10	323
	3.00% to 5.00%	07/11/02	12/01/20	76,400	-	76,400	-	3,820
	4.00% to 5.00%	11/07/02	12/01/13	48,400	25,825	22,575	5,805	1,129
	5.00%	06/24/04	12/01/14	39,740	16,480	23,260	4,155	1,059
Park Acquisition	4.00% to 5.00%	08/29/01	12/01/19	11,270	7,475	3,795	300	190
	3.00% to 4.00%	07/11/02	12/01/21	2,200	200	2,000	-	94
Library Parking Ramp	3.25% to 4.75%	12/19/02	12/01/28	10,100	240	9,860	150	449
Total Self-Supporting General Obligation Bonds				388,940	169,400	219,540	10,420	10,657

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2009

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal		Interest	
							Due in 2010	Due in 2010	Due in 2010	Due in 2010
<u>Special Assessment General Obligation Bonds</u>										
Improvements										
	3.50% to 4.50%	11/17/05	12/01/16	815	105	710	105	105	30	30
	3.50% to 4.50%	11/17/05	12/01/17	960	5	955	170	170	41	41
	4.00% to 5.00%	11/01/98	12/01/11	1,955	1,955	-	-	-	-	-
	4.00% to 5.00%	08/29/01	12/01/21	9,245	4,535	4,710	485	485	217	217
	4.00% to 4.10%	11/07/02	12/01/22	5,890	2,510	3,380	300	300	160	160
	2.50% to 4.50%	11/06/03	12/01/23	6,130	2,755	3,375	445	445	131	131
	Variable	10/30/03	12/01/13	1,460	870	590	145	145	29	29
	2.50% to 4.375%	12/01/04	12/01/24	9,740	3,355	6,385	595	595	247	247
	3.50% to 4.00%	10/20/05	12/01/10	1,155	890	265	265	265	10	10
	3.50% to 4.00%	10/20/05	12/01/10	860	690	170	170	170	6	6
	4.00% to 4.375%	11/30/05	12/01/25	4,610	1,495	3,115	365	365	129	129
	4.00% to 4.50%	11/16/06	12/01/26	3,780	750	3,030	240	240	124	124
	4.00% to 4.50%	11/28/07	12/01/27	5,400	745	4,655	360	360	190	190
	3.25% to 4.75%	11/26/08	12/01/28	7,725	795	6,930	770	770	256	256
	2.00% to 4.00%	11/19/09	12/01/29	9,800	-	9,800	960	960	376	376
Nicollet Mall Improvement	3.50% to 5.00%	06/30/05	03/01/10	6,255	4,870	1,385	1,385	1,385	35	35
Northop Lane Improvement (refunding)	4.00% to 5.00%	11/17/05	12/01/18	36	-	36	-	-	2	2
Park Diseased Trees	4.00% to 5.00%	06/24/04	12/01/09	500	500	-	-	-	-	-
	3.00% to 4.00%	06/30/05	12/01/10	500	400	100	100	100	4	4
	4.00% to 5.00%	07/12/07	12/01/12	500	260	240	60	60	12	12
	4.00% to 5.00%	05/29/08	12/01/13	500	100	400	100	100	20	20
	2.00% to 4.00%	05/21/09	12/01/14	300	-	300	60	60	11	11
				78,116	27,585	50,531	7,080	7,080	2,030	2,030
<u>Total Special Assessment General Obligation Bonds</u>										
<u>Tax Increment General Obligation Bonds</u>										
Laurel Village Tax Increment	2.00% to 4.20%	01/29/03	03/01/16	26,350	20,005	6,345	775	775	233	233
Laurel Village Tax Increment - Taxable	4.00% to 4.85%	03/11/08	03/01/18	12,360	200	12,160	300	300	560	560
Nicollet Mall Tax Increment	3.50% to 5.00%	06/30/05	03/01/10	765	600	165	165	165	4	4
Tax Increment	3.50% to 5.00%	06/30/05	03/01/13	36,260	17,015	19,245	5,035	5,035	901	901

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2009

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal		Interest	
							Due in 2010	Due in 2010	Due in 2010	Due in 2010
<u>Tax Increment General Obligation Bonds (continued)</u>										
Tax Redevelopment - Arena Acquisition	4.25% to 5.20%	01/15/96	10/01/24	67,555	17,820	49,735	49,735	49,735	847	
Tax Redevelopment - Arena Acquisition	2.50% to 4.90%	12/30/09	03/01/25	57,480	-	57,480	-	-	1,572	
West Side Milling District Tax Increment	4.90% to 6.055%	11/15/01	02/01/26	15,275	505	14,770	275	275	856	
	4.25% to 5.00%	11/15/01	02/01/26	1,100	-	1,100	-	-	53	
	2.00% to 3.50%	06/25/03	03/01/15	1,725	525	1,200	225	225	34	
Block E Development	Variable	10/26/00	03/01/27	10,610	1,940	8,670	320	320	434	
Block E Development - Taxable	4.60% to 5.30%	10/20/05	03/01/27	14,000	2,975	11,025	600	600	548	
Milwaukee Depot Development	7.00% to 7.375%	11/29/00	03/01/20	9,300	9,300	-	-	-	-	
Milwaukee Depot Development (Refunding)	2.00 to 3.50%	10/01/09	03/01/28	5,400	-	5,400	150	150	146	
Humboldt Greenway	4.00% to 5.00%	11/15/01	02/01/28	4,500	170	4,330	95	95	202	
Heritage Park	2.15% to 4.25%	06/25/03	03/01/25	6,900	375	6,525	240	240	250	
Midtown Exchange	4.00% to 5.00%	03/11/08	03/01/32	2,770	55	2,715	60	60	125	
Total Tax Increment General Obligation Bonds				272,350	71,485	200,865	57,975	57,975	6,765	
<u>Revenue Bonds</u>										
Arena Acquisition Project Series B	Variable	03/01/95	10/01/24	6,100	1,960	4,140	4,140	4,140	10	
Arena Acquisition Project Series A	5.50%	03/01/95	10/01/24	6,550	2,095	4,455	4,455	4,455	81	
2004 Village at St. Anthony Falls-Tax Exempt	2.35% to 5.75%	03/01/04	03/01/27	7,470	745	6,725	175	175	365	
2005 Village at St. Anthony Falls-Tax Exempt	4.00% to 5.65%	12/13/05	02/01/27	4,430	300	4,130	100	100	220	
2005 Ivy Tower	5.10% to 5.70%	12/20/05	02/01/29	4,935	-	4,935	100	100	272	
2006 Grant Park TI Revenue Refunding	5.00% to 5.350%	09/26/06	02/01/30	10,545	570	9,975	260	260	516	
2007 East River Unocal Site	4.50% to 5.40%	07/12/07	02/01/31	1,750	130	1,620	40	40	84	
Subordinated Development-Tax Increment	7.00% to 7.25%	01/09/90	09/01/09	112,785	112,785	-	-	-	-	
Total Revenue Bonds				154,565	118,585	35,980	9,270	9,270	1,548	
Total General Government Bonds				1,224,256	476,185	748,071	96,885	96,885	32,479	

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2009		(In Thousands)						
Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2010	Interest Due in 2010
<u>Revenue Notes</u>								
Community Health and Education Tax Increment-	5.86%	08/05/97	08/05/12	680	313	367	37	21
College of St. Thomas District Urban Village - 2002B	6.93%	04/01/91	02/01/16	9,200	-	9,200	-	-
Section 108 - Portland Place	Variable	11/19/01	12/01/31	3,000	250	2,750	70	43
Section 108 - Green Institute	7.60%	08/01/00	08/01/17	610	192	418	39	32
Section 108 - Midtown Exchange	Variable	02/14/02	08/01/21	3,500	3,500	-	-	-
	Variable	12/01/04	08/01/24	6,500	195	6,305	250	318
Total Revenue Notes				23,490	4,450	19,040	396	414
Total General Government Bonds and Notes				1,247,746	480,635	767,111	97,281	32,893
<u>Internal Service Funds</u>								
Equipment Fund General Obligation Bonds								
Currie Facility	4.00% to 5.00%	08/29/01	12/01/22	26,150	8,390	17,760	650	888
Equipment Purchases 2003	2.00% to 4.00%	06/25/03	12/01/18	9,630	5,160	4,470	645	179
Equipment Purchases 2004	4.00% to 5.00%	06/24/04	12/01/19	5,450	2,800	2,650	410	132
Equipment Purchases 2005	3.00% to 4.00%	06/30/05	12/01/20	5,540	2,640	2,900	385	116
Total Equipment Fund General Obligation Bonds				46,770	18,990	27,780	2,090	1,315
<u>Property Fund General Obligation Bonds</u>								
Property Fund General Obligation Bonds	3.00% to 4.60%	07/11/02	12/01/19	6,425	2,135	4,290	355	182
	2.00% to 4.00%	06/25/03	12/01/17	4,560	2,025	2,535	300	101
Total Property Fund General Obligation Bonds				10,985	4,160	6,825	655	283

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2009

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	(In Thousands)	
							Principal Due in 2010	Interest Due in 2010
Information & Technology Services Fund - General Obligation Bonds								
	4.75%	12/13/00	12/01/12	22,820	22,820	-	-	-
	3.00%	10/01/09	12/01/12	16,800	-	16,800	5,800	504
	4.00% to 5.00%	08/29/01	12/01/12	5,518	958	4,560	925	228
	3.50% to 4.00%	10/20/05	12/01/12	4,370	2,390	1,980	635	76
	3.00% to 4.00%	06/30/05	12/01/09	2,475	2,475	-	-	-
	Variable	06/01/06	12/01/11	1,525	1,525	-	-	-
	4.00% to 5.00%	07/12/07	12/01/12	1,450	550	900	300	45
	4.00% to 5.00%	05/29/08	12/01/11	1,560	560	1,000	500	50
	2.00% to 4.00%	05/21/09	12/01/14	1,115	115	1,000	400	36
Total Information & Technology Services Fund - General Obligation Bonds				57,633	31,393	26,240	8,560	939
Total Internal Service Funds				115,388	54,543	60,845	11,305	2,537
Total General Governmental Activity Bonds and Notes				1,363,134	535,178	827,956	108,586	35,430

SCHEDULE OF BUSINESS ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2009 (In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2010	Interest Due in 2010
<u>Stormwater Fund - General Obligation Bonds</u>								
	4.70% to 5.75%	06/01/93	12/01/15	3,856	2,280	1,576	305	510
	4.00% to 5.00%	11/01/98	12/01/17	9,345	9,345	-	-	-
	2.00% to 4.00%	05/21/09	12/01/16	6,910	-	6,910	-	276
	2.00% to 4.00%	06/25/03	12/01/10	8,590	7,590	1,000	1,000	40
	4.00% to 5.00%	06/24/04	12/01/09	7,410	7,410	-	-	-
	Variable	06/01/06	12/01/11	6,947	6,947	-	-	-
	4.00% to 5.00%	06/01/07	12/01/12	6,304	4	6,300	2,300	315
	4.00% to 5.00%	05/29/08	12/01/15	3,635	635	3,000	500	150
	2.00% to 4.00%	05/21/09	12/01/14	2,500	110	2,390	300	88
Total Stormwater Fund Bonds				55,497	34,321	21,176	4,405	1,379
<u>Sanitary Sewer Fund - General Obligation Bonds</u>								
	Variable	06/01/06	12/01/11	625	625	-	-	-
	4.00% to 5.00%	07/12/07	12/01/12	6,250	2,850	3,400	1,100	170
	4.00% to 5.00%	05/29/08	12/01/14	5,500	500	5,000	1,000	250
	2.00% to 4.00%	05/21/09	12/01/16	5,800	500	5,300	500	202
Total Sanitary Sewer Fund Bonds				18,175	4,475	13,700	2,600	622
<u>Water Fund - General Obligation Bonds</u>								
	4.70% to 5.75%	06/01/93	12/01/15	6,715	4,369	2,346	400	670
	4.00% to 5.00%	11/01/98	12/01/17	15,340	15,340	-	-	-
	2.00% to 4.00%	05/21/09	12/01/25	12,615	-	12,615	-	505
	2.00% to 4.00%	06/25/03	12/01/10	8,350	7,350	1,000	1,000	40
	4.00% to 5.00%	07/12/07	12/01/09	3,407	3,407	-	-	-
	4.00% to 5.00%	05/29/08	12/01/15	10,250	1,250	9,000	1,500	450
	2.00% to 4.00%	05/21/09	12/01/17	4,000	315	3,685	300	142
Drinking Water Program - Notes Payable	2.819%	12/17/02	08/20/22	27,400	3,400	24,000	1,000	677
	2.800%	02/21/04	08/20/23	25,000	1,750	23,250	500	651
	2.530%	03/23/05	08/20/19	12,500	825	11,675	150	295
	2.600%	08/23/06	08/20/26	13,500	750	12,750	375	332
	2.688%	12/09/09	08/20/27	50	-	50	40	1
Total Water Fund General Obligation Bonds and Notes				139,127	38,756	100,371	5,265	3,763

SCHEDULE OF BUSINESS ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2009

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal		Interest		
							Due in 2010	Due in 2010	Due in 2010	Due in 2010	
<u>Municipal Parking Fund General Obligation Bonds</u>											
	4.70% to 5.75%	06/01/93	12/01/15	4,530	2,850	1,680	295	1,680	494		
	3.50% to 5.00%	06/30/05	03/01/12	12,400	6,465	5,935	1,890	5,935	249		
	4.00% to 5.00%	11/17/05	12/01/18	685	-	685	-	685	31		
	4.00% to 5.00%	11/01/98	12/01/17	30,730	30,730	-	-	-	-		
	2.00% to 4.00%	05/21/09	12/01/12	4,350	900	3,450	1,125	3,450	115		
	4.55% to 4.75%	11/01/98	12/01/26	19,200	19,200	-	-	-	-		
	2.00% to 4.00%	05/21/09	12/01/24	19,200	-	19,200	275	19,200	764		
	4.70% to 5.125%	07/01/99	12/01/17	14,000	14,000	-	-	-	-		
	3.50% to 5.00%	11/17/05	12/01/17	5,340	10	5,330	15	5,330	246		
	5.25% to 6.00%	01/12/00	12/01/25	10,800	475	10,325	200	10,325	603		
	3.00% to 5.00%	07/11/02	12/01/12	11,485	8,615	2,870	1,595	2,870	143		
	3.00% to 5.00%	07/11/02	12/01/12	7,135	5,355	1,780	995	1,780	89		
	4.00% to 5.00%	11/07/02	12/01/26	25,000	1,725	23,275	325	23,275	1,159		
	Variable	10/30/03	12/01/18	10,525	3,715	6,810	-	6,810	341		
	Variable	12/11/03	12/01/28	16,100	490	15,610	-	15,610	781		
	Variable	06/12/04	12/01/14	19,170	19,170	-	-	-	-		
	2.00% to 4.00%	11/19/09	12/01/14	11,245	-	11,245	2,185	11,245	398		
	Variable	03/17/05	12/01/33	16,400	3,100	13,300	-	13,300	665		
	3.50% to 4.00%	10/20/05	12/01/09	840	840	-	-	-	-		
	3.50% to 4.00%	10/20/05	12/01/09	1,240	1,240	-	-	-	-		
	3.50% to 4.00%	10/20/05	12/01/09	2,370	2,370	-	-	-	-		
	4.00% to 5.00%	07/12/07	12/01/14	1,700	-	1,700	-	1,700	85		
	4.00% to 5.00%	05/21/09	12/01/14	1,400	-	1,400	280	1,400	50		
	2.00% to 4.00%	05/21/09	12/01/14	2,000	-	2,000	400	2,000	72		
<u>Municipal Parking Fund General Obligation/Tax Increment Bonds</u>											
	4.70% to 5.125%	07/01/99	12/01/24	16,150	16,150	-	-	-	-		
	2.50% to 4.25%	11/23/09	12/01/24	6,125	-	6,125	550	6,125	223		
	3.50% to 5.00%	11/17/05	12/01/21	7,100	25	7,075	25	7,075	321		
	5.00% to 5.25%	06/29/00	12/01/15	5,000	2,300	2,700	400	2,700	142		
	5.00% to 5.00%	11/14/00	03/01/26	46,225	46,225	-	-	-	-		
	2.00% to 3.25%	10/01/09	03/01/26	13,675	-	13,675	1,700	13,675	347		
	3.50% to 5.00%	11/17/05	12/01/21	15,355	25	15,330	25	15,330	751		
	6.30% to 7.00%	11/29/00	03/01/12	15,000	15,000	-	-	-	-		
	Variable	03/17/05	03/01/32	4,250	390	3,860	-	3,860	193		
Total Municipal Parking Fund General Obligation Bonds							175,360	12,280	175,360	8,262	

SCHEDULE OF BUSINESS ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2009 (In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2010	Interest Due in 2010
Total Business Activity General Obligation Bonds								
				589,524	278,917	310,607	24,550	14,026
Community Development Agency Fund - General Agency Reserve Fund System Bonds								
Carlson Companies	4.85% to 6.00%	03/01/96	02/01/11	8,370	7,185	1,185	780	60
Halper Box	5.10% to 6.15%	04/01/97	06/01/17	2,400	1,155	1,245	130	73
Baker Bearing	5.10% to 6.20%	05/01/97	12/01/16	2,900	1,575	1,325	160	77
Laurel Village Alden Limited Partnership II	4.30% to 5.75%	10/01/97	06/01/27	2,515	535	1,980	65	112
100 East 22nd Associates - A	4.00% to 5.50%	10/01/97	06/01/12	2,820	2,135	685	265	34
Cord Sets	4.10% to 5.50%	07/01/98	06/01/18	1,500	635	865	80	46
Discount Steel - A	5.00% to 5.25%	12/01/99	06/01/19	1,900	55	1,845	150	91
Discount Steel - B	6.75%	12/01/99	06/01/09	1,000	1,000	-	-	-
Pajor and Associates	4.75% to 6.75%	03/01/00	12/01/25	1,505	310	1,195	45	80
Resource Inc	4.65% to 6.00%	08/01/00	12/01/20	1,650	535	1,115	75	65
Bridger Properties (All-Weather Roofing)	4.31% to 7.00%	09/01/02	06/01/22	2,750	645	2,105	110	138
Kristol Properties	2.45% to 5.12%	11/20/03	12/01/23	3,300	1,270	2,030	145	96
Infinite Graphics	2.25% to 5.50%	07/14/04	12/01/24	2,475	560	1,915	125	101
Theatres Bonds, Series 2005-1	5.23% to 6.30%	12/20/05	12/01/35	21,055	1,190	19,865	335	1,226
Ambassador Press Refunding	4.27% to 6.50%	06/26/06	12/01/26	8,400	995	7,405	495	393
Quality Resource Group	5.28% to 5.84%	03/04/07	12/01/27	3,100	185	2,915	100	164
New French Bakery (Taxable)	5.70%	07/01/07	06/01/12	1,000	300	700	310	22
New French Bakery (Tax-Exempt)	5.00% to 5.25%	07/01/07	06/01/28	8,990	-	8,990	-	471
Total Community Development Agency Fund - General Agency Reserve Fund System Bonds				77,630	20,265	57,365	3,370	3,249
Community Development Agency Fund - Revenue Notes								
Economic Development Program				440	316	124	39	7
Federal Home Loan Note		12/14/97	12/14/12	1,200	733	467	97	26
Federal Home Loan Note		04/01/99	04/01/14					
Total Community Development Agency Fund - Revenue Notes				1,640	1,049	591	136	33
Total Business Activity Bonds and Notes				668,794	300,231	368,563	28,056	17,308

**MUNICIPAL BUILDING COMMISSION
BALANCE SHEET
December 31, 2009**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	General Fund	Capital Projects Fund	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 576	\$ 434	\$ 1,010
Receivables:			
Intergovernmental	1,015	228	1,243
Due from other funds	140	-	140
Total assets	\$ 1,731	\$ 662	\$ 2,393
<u>LIABILITIES and FUND BALANCES</u>			
Liabilities:			
Salaries payable	\$ 108	\$ 4	\$ 112
Accounts payable	659	133	792
Due to other funds	-	140	140
Total liabilities	767	277	1,044
Fund balances:			
Unreserved, reported in			
General Fund	964	-	964
Capital Project Fund	-	385	385
Total fund balances	964	385	1,349
Total liabilities and fund balances	\$ 1,731	\$ 662	\$ 2,393

**MUNICIPAL BUILDING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**

CITY OF MINNEAPOLIS, MINNESOTA

For the fiscal year ended December 31, 2009

(In Thousands)

	General Fund	Capital Projects Fund	Total
REVENUES:			
Intergovernmental revenues	\$ 353	\$ -	\$ 353
Charges for services and sales	8,269	1,331	9,600
Miscellaneous revenues	89	1,276	1,365
	<hr/>	<hr/>	<hr/>
Total revenues	8,711	2,607	11,318
EXPENDITURES:			
Current:			
General government	8,603	-	8,603
Capital outlay	-	2,431	2,431
	<hr/>	<hr/>	<hr/>
Total expenditures	8,603	2,431	11,034
Net change in fund balance	108	176	284
Fund balances - January 1	856	209	1,065
	<hr/>	<hr/>	<hr/>
Fund balances - December 31	\$ 964	\$ 385	\$ 1,349
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



THIS PAGE IS INTENTIONALLY BLANK

STATISTICAL SECTION

This part of the City of Minneapolis Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	138 - 141
Revenue Capacity These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	142 - 145
Debt Capacity These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	146- 153
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	154 - 155
Operation Information These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	156 - 159

Schedule 1
City of Minneapolis
Net Assets by Component (In Thousands)
Last 7 Fiscal Years
December 31, 2009

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities							
Invested in capital assets, net of related debt	\$ 276,744	\$ 353,750	\$ 319,954	\$ 471,115	\$ 492,007	\$ 536,126	\$ 526,551
Restricted	47,504	49,028	42,667	47,526	54,226	59,629	112,895
Unrestricted	(135,763)	(191,289)	(107,885)	(224,659)	(113,865)	(33,767)	58,216
Total governmental activities net assets	<u>\$ 188,485</u>	<u>\$ 211,489</u>	<u>\$ 254,736</u>	<u>\$ 293,982</u>	<u>\$ 432,368</u>	<u>\$ 561,988</u>	<u>\$ 697,662</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 480,562	\$ 504,453	\$ 523,073	\$ 541,670	\$ 529,140	\$ 591,964	\$ 615,455
Restricted	42,906	40,140	37,030	33,222	33,015	34,456	34,464
Unrestricted	36,845	14,865	320	14,460	83,340	46,266	57,157
Total business-type activities net assets	<u>\$ 560,313</u>	<u>\$ 559,458</u>	<u>\$ 560,423</u>	<u>\$ 589,352</u>	<u>\$ 645,495</u>	<u>\$ 672,686</u>	<u>\$ 707,076</u>
Primary government							
Invested in capital assets, net of related debt	\$ 757,306	\$ 858,203	\$ 843,027	\$ 1,012,785	\$ 1,021,147	\$ 1,128,090	\$ 1,142,006
Restricted	90,410	89,168	79,697	80,748	87,241	94,085	147,359
Unrestricted	(98,918)	(176,424)	(107,565)	(210,199)	(30,525)	12,499	115,373
Total primary government net assets	<u>\$ 748,798</u>	<u>\$ 770,947</u>	<u>\$ 815,159</u>	<u>\$ 883,334</u>	<u>\$ 1,077,863</u>	<u>\$ 1,234,674</u>	<u>\$ 1,404,738</u>

Notes: The City began to report beginning 2003, the implementation of GASB 34 (UNAUDITED)

Schedule 2
City of Minneapolis
Changes in Net Assets (In Thousands)
Last 7 Fiscal Years
December 31, 2009

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
General government	\$ 123,139	\$ 75,530	\$ 68,095	\$ 67,780	\$ 57,519	\$ 79,609	\$ 72,276
Public safety	168,976	202,334	215,366	221,160	226,050	232,210	244,134
Public works	68,296	20,691	28,909	52,267	80,315	50,523	94,752
Culture and recreation	26,346	49,968	48,744	15,851	5,279	29,607	13,483
Health and welfare	23,502	9,905	13,502	14,572	14,325	13,028	14,164
Community development	107,061	105,676	133,037	116,369	118,066	122,936	110,344
Interest on long-term debt	44,014	56,283	34,383	89,147	40,691	36,405	28,753
Total governmental activities expenses	\$ 561,334	\$ 520,387	\$ 542,036	\$ 577,146	\$ 542,245	\$ 564,318	\$ 577,906
Business-type activities:							
Sanitary Sewer	56,746	53,690	26,880	36,710	37,696	38,057	32,892
Stormwater	-	-	25,898	23,815	24,459	24,027	24,856
Water works	46,757	50,683	46,292	53,209	52,983	56,310	51,751
Municipal parking	62,832	67,195	56,676	60,097	58,714	50,833	51,929
Solid waste and recycling	23,568	26,007	24,500	26,554	26,570	26,514	23,641
Community development	14,962	18,551	24,517	9,035	6,446	6,367	6,860
Total business-type activities expenses	\$ 204,865	\$ 216,126	\$ 204,763	\$ 209,420	\$ 206,868	\$ 202,108	\$ 191,929
Total primary government expenses	\$ 766,199	\$ 736,513	\$ 746,799	\$ 786,566	\$ 749,113	\$ 766,426	\$ 769,835
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 48,345	\$ 18,036	\$ 19,805	\$ 28,320	\$ 30,490	\$ 45,882	\$ 6,060
Public safety	6,498	36,073	38,002	43,889	34,486	37,525	42,511
Public works	4,419	2,059	5,169	8,461	10,239	11,670	22,112
Health and welfare	712	449	536	528	500	524	452
Community development	7,915	35,243	44,447	35,595	30,169	30,470	29,416
Culture and recreation	-	-	-	-	2,252	-	-
Operating grants and contributions	65,751	52,288	85,301	68,894	84,926	100,095	92,775
Capital grants and contributions	19,793	35,637	13,858	18,717	19,174	13,136	26,928
Total governmental activities program revenues	\$ 153,433	\$ 179,785	\$ 207,118	\$ 204,404	\$ 212,236	\$ 239,302	\$ 220,254
Business-type activities:							
Charges for services:							
Sanitary Sewer	\$ 59,834	\$ 64,132	\$ 33,756	\$ 37,968	\$ 40,369	\$ 40,787	\$ 43,949
Stormwater	-	-	31,336	30,209	32,205	35,109	39,418
Water works	55,903	58,669	60,118	59,541	29,193	61,088	67,539
Municipal parking	51,859	55,274	55,300	57,884	60,625	52,564	52,507
Solid waste and recycling	27,071	28,396	29,443	28,546	7,917	29,626	30,411
Community development	10,791	13,838	12,125	7,483	60,152	7,698	31,820
Operating grants and contributions	1,537	-	-	13,553	1,737	2,641	-
Capital grants and contributions	-	-	-	-	-	-	1,826
Total business-type activities program revenues	\$ 206,995	\$ 220,309	\$ 222,078	\$ 235,184	\$ 232,198	\$ 229,513	\$ 267,470
Total primary government program revenues	\$ 360,428	\$ 400,094	\$ 429,196	\$ 439,588	\$ 444,434	\$ 468,815	\$ 487,724
Net (Expenses) Revenue							
Governmental activities	\$ (407,901)	\$ (340,602)	\$ (334,918)	\$ (372,742)	\$ (330,009)	\$ (325,016)	\$ (357,652)
Business-type activities	2,130	4,183	17,315	25,764	25,330	27,405	75,541
Total primary government net expense	\$ (405,771)	\$ (336,419)	\$ (317,603)	\$ (346,978)	\$ (304,679)	\$ (297,611)	\$ (282,111)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
General property tax and fiscal disparities	\$ 109,340	\$ 124,485	\$ 131,261	\$ 145,073	\$ 159,878	\$ 184,985	\$ 263,776
Property tax increment	67,506	64,118	64,044	71,556	77,979	82,686	13,440
Franchise fees	24,083	25,112	27,702	29,026	29,548	31,705	28,053
Convention center taxes	48,908	52,169	55,064	56,725	60,065	60,480	54,868
Other taxes	341	273	228	188	215	183	202
Intergovernmental - unrestricted	88,818	81,722	65,921	81,626	70,712	60,702	70,540
Grants and contributions not restricted to programs	2,689	-	-	9	8	7	-
Unrestricted interest and investment earnings	14,251	6,152	13,510	14,407	17,574	13,121	6,843
Sale of land	-	-	-	-	-	-	-
Other	20,500	1,028	1,144	2,862	2,715	1,287	10,239
Gain on sale of capital assets	-	3	-	-	-	-	-
Transfers	7,308	8,544	19,291	416	5,023	4,250	45,365
Total governmental activities	\$ 383,744	\$ 363,606	\$ 378,165	\$ 401,888	\$ 423,717	\$ 439,406	\$ 493,326
Business-type activities:							
Unrestricted interest and investment earnings	\$ 2,181	\$ 1,236	\$ 1,359	\$ 1,542	\$ 1,924	\$ 1,487	\$ 4,126
Other	4,724	2,270	1,580	2,039	3,187	1,479	88
Gain on sale of capital assets	62	-	2	-	30,725	565	-
Transfers	(7,308)	(8,544)	(19,291)	(416)	(5,023)	(4,250)	(45,365)
Total business-type activities	\$ (341)	\$ (5,038)	\$ (16,350)	\$ 3,165	\$ 30,813	\$ (719)	\$ (41,151)
Total primary government	\$ 383,403	\$ 358,568	\$ 361,815	\$ 405,053	\$ 454,530	\$ 438,687	\$ 452,175
Changes in Net Assets							
Governmental activities	\$ (24,157)	\$ 23,004	\$ 43,247	\$ 29,146	\$ 93,708	\$ 114,390	\$ 135,674
Business-type activities	1,789	(855)	965	28,929	56,143	26,686	34,390
Total primary government	\$ (22,368)	\$ 22,149	\$ 44,212	\$ 58,075	\$ 149,851	\$ 141,076	\$ 170,064

Notes: The City began to report beginning 2003, the implementation of GASB 34
(UNAUDITED)

Schedule 3
City of Minneapolis
Fund Balance, Governmental Funds (In Thousands)
Last 7 Fiscal Years
December 31, 2009

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General Fund							
Reserved	\$ 436	\$ 880	\$ 2,724	\$ 2,471	\$ 1,394	\$ 1,073	\$ 927
Unreserved	53,111	60,472	50,838	52,641	53,851	48,615	67,340
Total general fund	\$ 53,547	\$ 61,352	\$ 53,562	\$ 55,112	\$ 55,245	\$ 49,688	\$ 68,267
All Other Government Funds							
Reserved	\$ 241,008	\$ 230,653	\$ 201,202	\$ 206,285	\$ 210,056	\$ 213,450	\$ 205,490
Unreserved							
Special revenue funds	90,422	93,908	96,828	77,561	79,230	84,491	106,681
Capital project funds	67,658	49,028	21,283	5,445	1,192	20,994	17,364
Debt Service funds	47,504	42,419	42,667	47,526	54,226	58,989	112,895
Total all other governmental funds	\$ 446,592	\$ 416,008	\$ 361,980	\$ 336,817	\$ 344,704	\$ 377,924	\$ 442,430

Notes: The City began to report beginning 2003, the implementation of GASB 34
(UnAUDITED)

Schedule 4
City of Minneapolis
Changes in Fund Balance, Governmental Funds (In Thousands)
Last 7 Fiscal Years
December 31, 2009

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Revenues							
Taxes	\$ 248,584	\$ 265,672	\$ 277,411	\$ 300,893	\$ 326,187	\$ 362,553	\$ 359,500
Licenses, fees, and permits	22,915	24,780	25,835	25,838	26,407	27,118	29,348
Intergovernmental revenues	164,600	161,820	169,558	175,981	160,384	151,308	179,880
Charges for services	34,192	43,798	52,590	55,112	53,778	62,186	59,340
Fines and penalties	8,704	9,641	10,680	9,249	9,397	9,700	9,621
Special assessments	10,921	11,091	11,503	12,363	13,555	18,018	20,897
Interest	14,455	6,141	13,292	14,517	19,075	13,660	7,037
Miscellaneous revenues	31,603	32,042	34,696	34,001	29,626	29,420	35,542
Total Revenues	535,974	554,985	595,565	627,954	638,409	673,963	701,165
Expenditures							
General government	98,201	57,557	58,880	66,803	55,581	59,567	65,357
Public Safety	160,750	190,638	209,453	220,346	222,823	237,692	242,061
Highways and streets	33,542	40,049	39,204	39,171	41,892	43,893	43,495
Culture and recreations	26,346	49,968	48,744	15,851	5,279	29,607	13,424
Health and welfare	22,856	9,403	13,258	14,613	14,193	13,309	13,953
Community development	110,576	106,348	128,464	112,103	116,348	117,396	115,384
Capital outlay	59,714	63,365	46,141	45,447	43,846	39,160	83,656
Debt Service:							
Principal	67,329	76,175	90,825	72,768	66,744	68,617	102,518
Interest	52,263	57,462	62,456	63,490	62,424	60,191	56,924
Total expenditures	631,577	650,965	697,425	650,592	629,130	669,432	736,772
Excess of revenues over (under) expenditures	(95,603)	(95,980)	(101,860)	(22,638)	9,279	4,531	(35,607)
Other Financing Sources (Uses)							
Transfers from other funds	118,655	112,918	159,664	157,161	129,321	133,635	151,259
Transfers to other funds	(149,381)	(147,725)	(179,836)	(185,576)	(151,672)	(152,056)	(154,190)
Bonds issued	160,229	84,770	59,356	26,835	20,344	39,965	35,280
Premium (discount)	1,736	4,898	4,293	49	478	1,490	4,213
Refunding bonds issued	31,810	51,210	71,385	10,545	1,750	12,360	82,130
Loans and notes issued	1,725	6,500	-	-	-	-	-
Payments to escrow agents	(31,625)	(39,370)	(74,820)	(9,989)	(1,480)	(12,262)	-
Total other financing sources (uses)	133,149	73,201	40,042	(975)	(1,259)	23,132	118,692
Net change in fund balance	\$ 37,546	\$ (22,779)	\$ (61,818)	\$ (23,613)	\$ 8,020	\$ 27,663	\$ 83,085
Debt service as a percentage of noncapital expenditures	20.0%	23.8%	24.0%	22.4%	21.1%	20.4%	24.1%

Notes: The City began to report beginning 2003, the implementation of GASB 34

(UNAUDITED)

Schedule 5
City of Minneapolis
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2009

Fiscal Year Ended December 31,	Commercial Property	Apartment Property	Residential Property	Industrial Property	Personal & Other Property	Tax-Exempt Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate	Estimated Actual Taxable Value ²	Taxable Assessed Value as a % of Actual Taxable Value
2000	\$ 4,191,716	\$ 1,495,183	\$ 10,093,079	\$ 902,211	\$ 296,295	\$ 6,385,833	\$ 16,978,484	6.03	\$ 20,113,950	84%
2001	4,566,619	1,774,766	11,702,958	1,030,649	295,151	7,024,416	19,370,143	5.93	22,694,511	85%
2002	4,996,989	2,262,704	14,445,648	1,147,733	309,224	7,834,331	23,162,298	8.28	26,594,230	87%
2003	4,895,935	2,633,849	16,664,348	1,314,200	363,997	8,160,621	25,872,329	8.78	29,315,775	88%
2004	4,670,904	3,005,654	19,172,856	1,302,065	372,891	8,739,232	28,524,370	8.50	33,473,533	85%
2005	4,646,615	3,199,757	21,504,339	1,347,262	392,195	10,351,037	31,090,168	8.19	35,289,521	88%
2006	5,282,718	3,393,675	24,309,842	1,392,094	413,521	8,426,487	34,791,850	7.75	39,067,565	89%
2007	6,141,186	3,341,167	25,883,768	1,305,858	424,587	8,465,785	37,096,566	7.55	39,943,095	93%
2008	6,869,181	1,341,775	26,571,451	3,448,334	415,390	9,549,066	38,646,131	7.51	43,857,249	88%
2009	7,295,669	1,459,942	25,461,784	3,499,200	401,699	9,025,112	38,118,294	7.68	43,473,340	88%

Source: Finance Department calculations, using Assessor data

Notes:

¹Total of the first five property types.

²Calculated using sales ratios, a means of statistically measuring the uniformity of assessments statewide.

Tax Rates are per \$1,000 of assessed value.

Total Direct Tax Rate is the weighted average of all individual direct tax rates applied.

(UNAUDITED)

Schedule 6
City of Minneapolis
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
December 31, 2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
City Direct Rates										
<i>Tax Capacity Based Rates</i>										
General	2.74	2.81	3.12	3.63	4.13	4.40	4.27	4.24	4.80	4.86
Estimate and Taxation	0.01	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Building Commission	0.12	0.11	0.18	0.19	0.17	0.16	0.14	0.13	0.13	0.13
Permanent Improvement	0.10	0.11	0.14	0.14	0.10	0.08	0.07	0.05	0.05	0.05
Bond Redemption	1.10	0.95	1.53	1.69	1.25	0.97	0.74	0.63	0.57	0.69
Firefighter's Relief Association	0.04	0.01	-	-	-	-	0.05	0.10	0.11	0.06
Police Relief Association	0.05	-	0.16	0.16	0.14	-	0.08	0.12	0.11	0.09
Minneapolis Employees Retirement Fund	0.16	0.14	0.24	0.21	0.19	0.13	0.11	0.08	0.09	0.07
Parks	1.13	1.21	1.86	1.75	1.65	1.55	1.42	1.34	1.29	1.35
Libraries	0.47	0.45	0.63	0.60	0.56	0.52	0.48	0.45	-	-
Community Development	-	-	0.26	0.21	-	-	-	-	-	-
Public Housing	0.05	0.04	0.05	0.05	0.05	0.05	0.04	0.04	0.04	0.04
Teacher's Retirement Association	0.09	0.08	0.11	0.12	0.11	0.09	0.08	0.07	0.07	0.07
<i>Market Value Based Rates</i>										
Library Referendum	-	-	-	0.02	0.14	0.24	0.27	0.27	0.25	0.25
Total City Direct Rates	6.06	5.91	8.29	8.78	8.50	8.20	7.76	7.55	7.52	7.67
Overlapping Rates										
<i>Tax Capacity Based Rates</i>										
Watershed Districts	n/a	0.18	0.36	0.16	0.10	0.16	0.13	0.14	0.18	0.19
Hennepin County	4.80	4.52	5.95	5.93	5.33	4.94	4.59	4.40	4.38	5.09
Minneapolis Public Schools	7.72	6.98	4.39	4.40	4.17	3.39	3.23	3.06	2.78	3.15
Other Special Taxing Districts	0.94	0.31	0.63	0.67	0.62	0.59	0.52	0.54	0.54	0.49
<i>Market Value Based Rates</i>										
Minneapolis Public Schools Referendum	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.02
Solid Waste Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Overlapping Rates	13.48	12.01	11.34	11.17	10.23	9.09	8.48	8.15	7.90	8.94
Grand Total	19.54	17.92	19.63	19.95	18.73	17.29	16.24	15.70	15.42	16.61

Based upon weighted class rate among property types (e.g. commercial/industrial, residential).

Bond Redemption levy is reserved for repayment of debt service, according to schedules at the time of sale of the bonds.

n/a=not available

Source: Finance Department

(UNAUDITED)

Schedule 7
City of Minneapolis
Principal Property Taxpayers
Current Year and Nine Years Ago
(in thousands of dollars)
December 31, 2009

<u>Taxpayer</u>	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Northern States Power	\$ 311,620	1	1.29%	\$ 104,196	2	2.52%
Target Corporation	271,342	2	1.12%			
MB Mpls. 8th St LLC	234,000	3	0.97%			
Minneapolis 225 Holdings LLC	215,500	4	0.89%			
NWC Limited Partnership	207,400	5	0.86%	187,100	3	2.26%
First Minneapolis - Hines	180,600	6	0.75%	165,000	6	1.99%
Wells Operating Partnership LP	172,700	7	0.72%			
City Center Associates	160,000	8	0.66%			
Fifth Sdtreet Owner Corp.	145,900	9	0.60%			
American Express Financial Corp.	147,174	10	0.60%			
601 Second Avenue Ltd. Partnership	-	-	-	218,000	1	2.64%
City Center Associates	-	-	-	183,800	4	2.22%
Eighth Street	-	-	-	167,500	5	2.02%
Property Minnsota One LLC	-	-	-	147,100	7	1.78%
Dayton Hudson Corporation	-	-	-	141,014	8	1.62%
RelilaStar Corp.	-	-	-	101,050	9	1.22%
Federal Reserve Bank of Mpls.	-	-	-	96,566	10	1.17%
Total	<u>\$ 2,046,236</u>		<u>8.46%</u>	<u>\$ 1,511,326</u>		<u>19.44%</u>

Source: Bond Issue Report 5/01/09 and 6/12/2000

(UNAUDITED)

Schedule 8
City of Minneapolis
Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2009

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 153,438	\$ 151,872	98.98%	\$ 232	\$ 152,104	99.13%
2001	163,751	161,188	98.43%	19	161,207	98.45%
2002	146,852	144,386	98.32%	(102)	144,284	98.25%
2003	158,819	156,550	98.57%	680	157,230	99.00%
2004	176,066	173,565	98.58%	359	173,924	98.78%
2005	190,375	187,271	98.37%	1,408	188,679	99.11%
2006	205,830	201,794	98.04%	1,562	203,356	98.80%
2007	222,523	217,841	97.90%	3,212	221,053	99.34%
2008	240,553	234,736	97.58%	3,956	238,691	99.23%
2009	245,003	239,060	97.57%	5,088	244,148	99.65%

Source: Minneapolis Finance Department - Controller Division

(UNAUDITED)

Schedule 9
City of Minneapolis
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(in thousands of dollars, except per capita)
 December 31, 2009

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Revenue Bonds	Notes Payable	General Obligation Bonds & Notes	Revenue Bonds	Notes Payable	Total Primary Government				
2000	\$ 731,091	\$ 118,385	\$ 14,478	\$ 432,940	\$ 94,445	\$ 9,083	\$ 1,400,422	16.14%	\$ 3,660		
2001	756,500	103,726	32,488	417,672	102,765	7,406	1,420,557	15.45%	3,714		
2002	738,379	90,643	49,091	380,645	91,885	3,502	1,354,145	16.78%	3,538		
2003	857,358	77,102	48,422	390,135	82,117	1,248	1,456,382	16.32%	3,810		
2004	891,678	74,682	41,998	407,280	71,390	1,155	1,488,183	16.99%	3,892		
2005	865,011	67,085	41,252	410,263	61,631	1,056	1,446,298	15.36%	3,730		
2006	817,771	65,756	26,709	396,019	57,985	950	1,365,190	14.50%	3,521		
2007	777,385	56,306	22,735	368,335	63,695	837	1,289,293	12.10%	3,323		
2008	755,946	45,647	22,291	338,188	60,730	718	1,223,520	11.48%	3,153		
2009	772,936	35,980	19,040	310,607	57,365	591	1,196,519	10.87%	3,067		

Notes:

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule 14 for personal income and population data.

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

Schedule 10
City of Minneapolis
Ratios Of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

(in thousands of dollars, except per capita)
 December 31, 2009

Fiscal Year	Net General Bonded Debt Outstanding					Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
	Governmental General Obligation Bonds	Business-type General Obligation Bonds & Notes	Less Assets Reserved for Debt Service	Total	Total		
2000	\$ 731,091	\$ 432,940	\$ 32,495	\$ 1,131,536	\$ 6.66%	\$ 2,957	
2001	756,500	417,672	33,059	1,141,113	5.89%	2,984	
2002	738,379	380,645	32,453	1,086,571	4.69%	2,839	
2003	857,358	390,135	34,451	1,213,042	4.69%	3,173	
2004	891,678	407,280	35,753	1,263,205	4.43%	3,303	
2005	865,011	410,263	27,704	1,247,570	4.01%	3,218	
2006	817,771	396,019	30,978	1,182,812	3.40%	3,051	
2007	777,385	368,335	36,559	1,109,161	2.99%	2,859	
2008	755,946	338,188	40,196	1,053,938	2.73%	2,711	
2009	772,936	310,607	108,567	974,976	2.56%	2,499	

Notes:

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule 5 for property value data. Assessed value used is consistent with valuations on the legal debt margin schedule.

(2) Population data can be found in Schedule 14.

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

Schedule 11
City of Minneapolis
Direct and Overlapping Governmental Activities Debt
(in thousands of dollars)
December 31, 2009

Governmental Unit	Net General Obligation Governmental Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
City of Minneapolis - Direct Debt	\$ 405,754 (3)	100.00%	\$ 405,754
<u>Overlapping Debt:</u>			
Special School District No. 1	217,631	100.00%	217,631
Hennepin County	600,494 (4)	26.30%	157,930
Hennepin County Regional Railroad Authority	42,431	26.30%	11,159
Metropolitan Council	131,613	11.66%	15,346
Subtotal, Overlapping Debt			\$ 402,066
Total Direct and Overlapping Debt			\$ 807,820

Notes:

- Details regarding the city's outstanding debt can be found in the notes to the financial statements.
- (1) This table represents the net governmental debt of the City of Minneapolis and overlapping jurisdictions on a net debt basis. This presentation shows the total property tax supported debt burden of the general taxpayers of the City.
- (2) The estimated percentage applicable is determined by Hennepin County and represents the tax capacity of the City in relation to the tax capacity of the overlapping jurisdictions as calculated by Hennepin County.
- (3) Total excludes \$219,540 of self supporting debt, \$50,531 of special assessment debt and all governmental activity revenue bonds and notes which are not principally paid by the general taxpayer base.
- (4) Excludes suburban library bonds for which Minneapolis taxpayers are not obligated.

Sources:
Minneapolis Finance Department - Capital and Debt Management
Minneapolis Public School District 1
Hennepin County
Metropolitan Council Report of Outstanding Indebtedness

(UNAUDITED)

Schedule 12
City of Minneapolis
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2009

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$655,557	\$784,051	\$875,204	\$967,210	\$1,054,780	\$1,182,794	\$1,159,728	\$1,253,051	\$1,306,194	\$1,282,797
Total net debt applicable to limit	159,347	146,911	193,639	319,436	362,739	369,842	339,712	313,129	302,772	270,629
Legal debt margin	<u>\$496,210</u>	<u>\$637,140</u>	<u>\$681,565</u>	<u>\$647,774</u>	<u>\$692,041</u>	<u>\$812,952</u>	<u>\$820,016</u>	<u>\$939,922</u>	<u>\$1,003,422</u>	<u>\$1,012,168</u>
Total net debt applicable to limit as a percentage of debt limit	24.31%	18.74%	22.13%	33.03%	34.39%	31.27%	29.29%	24.99%	23.18%	21.10%

Legal Debt Margin Calculation for Fiscal Year 2009

Real Property (2009 Assessed Market Value)	\$37,551,698
Personal Property (2009 Assessed Market Value)	378,718
Adjustment for Exempt Personal Property (1966 Market Value)	298,030
Adjustment for Net Fiscal Disparities (Contribution)/Distribution	255,467
Total 2009 Assessed Market Value	<u>38,483,913</u>
Debt Limit (3-1/3% of Market Value Applicable to Debt Limit)	1,282,797
Debt applicable to limit:	
General Obligation Bonds Subject to Debt Limit.	308,835
Less: Assets in General Debt Service Funds	<u>-38,206</u>
Total Net Debt Applicable to Limit	<u>270,629</u>
Legal Debt Margin	<u>\$1,012,168</u>

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2009

MUNICIPAL PARKING BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Debt Service Transfers (3) (4)	Net Revenue Available for Debt Service	Debt Service Requirements			
					Principal	Interest	Total	
2000	\$ 52,746	\$ 29,936	\$ 11,508	\$ 34,318	\$ 24,765	\$ 10,949	\$ 35,714	0.96
2001	56,889	35,227	8,757	30,419	31,329	12,734	44,063	0.69
2002	55,010	35,462	8,235	27,783	13,439	13,205	26,644	1.04
2003	53,401	44,507	13,941	22,836	10,129	12,616	22,745	1.00
2004	55,604	47,409	13,993	22,188	11,434	13,226	24,660	0.90
2005	55,600	39,535	13,474	29,539	12,834	12,127	24,961	1.18
2006	58,349	39,431	16,816	35,734	14,174	13,186	27,360	1.31
2007	60,554	39,548	18,361	39,367	16,924	12,882	29,806	1.32
2008	52,752	35,383	17,219	34,588	16,239	10,047	26,286	1.32
2009	52,521	37,564	22,923	37,880	30,165	8,870	39,035	0.97

Notes:

- (1) Operating revenue includes fees for services and other non-operating revenues available for debt service.
- (2) Operating expenses are exclusive of depreciation.
- (3) Convention Center Related Public Parking debt is capitalized in the Municipal Parking Enterprise fund and financed using sales tax revenues transferred from the Convention Center Special Revenue fund.
- (4) Tax Increment Transfers In are included beginning in 2003.

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
 (in thousands of dollars)
 December 31, 2009

(Continued)

SANITARY SEWER BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage
				Principal	Total	
2000	-	-	-	-	-	-
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006 (3)	\$ 39,342	\$ 38,542	\$ 800	\$ 72	\$ 9	9.88
2007	41,915	39,954	1,961	767	137	904
2008	41,615	38,216	3,399	1,200	378	1,578
2009	43,963	38,388	5,575	2,436	500	2,936

Notes:

- (1) Operating revenue includes fees for services and other non-operating revenues available for debt service.
- (2) Operating expenses are exclusive of depreciation.
- (3) In 2005, the Sewer fund was split into two funds - Stormwater and Sanitary Sewer. Historically, the debt for the sewer fund was primarily stormwater related. The first year debt was issued for sanitary sewer purposes was in 2006.

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2009

(Continued)

STORMWATER BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
2000	\$ 58,999	\$ 41,420	\$ 17,579	\$ 11,070	\$ 2,038	1.34
2001	63,301	42,429	20,872	10,187	2,017	1.71
2002	66,347	45,785	20,562	6,690	2,092	2.34
2003	63,846	47,010	16,836	9,026	2,135	1.51
2004	67,458	55,619	11,839	9,120	2,292	1.04
2005 (3)	31,435	20,080	11,355	9,609	2,352	0.95
2006	30,575	18,250	12,325	8,360	2,483	1.14
2007	33,008	19,348	13,660	7,797	2,563	1.32
2008	35,824	19,738	16,086	8,620	1,564	1.58
2009	39,381	19,279	20,102	9,959	1,753	1.72

Notes:

- (1) Operating revenue includes fees for services and other non-operating revenues available for debt service.
- (2) Operating expenses are exclusive of depreciation.
- (3) In 2005, the Sewer fund was split into two funds - Stormwater and Sanitary Sewer. Historically, the debt for the sewer fund has been primarily for stormwater related issues.

Source: Minneapolis Finance Department - Capital and Debt Management
(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
 (in thousands of dollars)
 December 31, 2009

(Continued)

WATER WORKS BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
2000	\$ 50,567	\$ 33,428	\$ 17,139	\$ 6,091	\$ 2,281	2.05
2001	55,385	37,154	18,231	9,879	2,392	1.49
2002	57,378	40,161	17,217	13,192	2,796	1.08
2003	62,581	40,178	22,403	12,759	2,836	1.44
2004	63,449	46,205	17,244	11,930	3,221	1.14
2005	61,946	44,116	17,830	10,819	4,078	1.20
2006	64,786	46,704	18,082	8,659	4,371	1.39
2007	66,439	44,838	21,601	8,419	4,481	1.67
2008	64,130	47,208	16,922	6,930	3,406	1.64
2009	67,575	47,195	20,380	6,076	3,656	2.09

Notes:

- (1) Operating revenue includes fees for services and other non-operating revenues available for debt service.
- (2) Operating expenses are exclusive of depreciation.

Source: Minneapolis Finance Department - Capital and Debt Management
(UNAUDITED)

Schedule 14
City of Minneapolis
Demographic and Economic Statistics
Last 10 Fiscal Years
December 31, 2009

Year	Population (1)	Aggregate Income (3)	Per Capita Income	Median Age (4)	School Enrollment (5)	Annual average Unemployment Rate (6)
2000 (2)	382,618	\$ 8,675,946,500	\$ 22,675	31.5	48,689	3.0%
2001	382,446	9,194,419,953	24,041	32.1	47,824	3.9%
2002	382,700	8,069,589,052	21,086	32.0	45,651	4.9%
2003	382,295	8,924,153,419	23,344	33.4	42,900	5.2%
2004	382,400	8,759,647,300	22,907	33.9	40,051	5.0%
2005	387,711	9,417,158,500	24,289	32.1	37,865	4.2%
2006	387,970	10,144,150,100	27,487	33.6	36,428	3.8%
2007	388,020	10,656,131,500	30,343	35.3	34,570	4.2%
2008	390,131	11,006,550,500	30,825	34.2	33,789	5.1%
2009	NA	N/A	N/A	N/A	33,584	7.4%

Sources:

- (1) Population 2000-2008 - Metropolitan Council
- (2) Population and aggregate income for 2000 - US Census of Population and Housing-American Community Survey began counting population in group totals as part the total population estimates in 2006.
- (3) Aggregate income (for population 15+) - US Census Bureau - American Community Survey
- (4) Median age - US Census Bureau - American Community Survey
- (5) School enrollment - Minneapolis School System
- (6) Annual average unemployment rate - Minnesota Department of Employment an Economic Development

- Notes: 1) The Metropolitan Council adopts the 2000 population figure from Census. For consistency purposes to calculate per capita income, 2000 population and aggregate income data are from the Census of Population.
- 2) ACS only counts population in households; it excludes population in group quarters such as student dormitories, jail, convents and other institutions.

Definitions:

Total Income is the sum of the amounts reported separately for wages, salary, commissions, bonuses, or tips; self-employment income from own non-farm or farm businesses, including proprietorships and partnerships; interest, dividends, net rental income, royalty income, or income from estates and trusts; Social Security or Railroad Retirement income; Supplemental Security Income (SSI); any public assistance or welfare payments from the state or local welfare office; retirement, survivor, or disability pensions; and nay other sources of income received regularly such as Veterans' (VA) payments, unemployment compensation, child support or alimony.

Per capita income is an average obtained by dividing aggregate income by the population 15 years old or older in an area.

(UNAUDITED)

Schedule 15
City of Minneapolis
Principal Employers
Current Year and Three Years Ago
December 31, 2009

155

Employer - Metro Region	2009			2006		
	<u>Approximate Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Approximate Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
University of Minnesota	14,700	1	6.95%	30,240	1	14.29%
Target Corporation	10,000	2	4.73%	24,294	2	11.48%
Wells Fargo Bank Minnesoa	6,300	3	2.98%	19,100	4	9.03%
Ameriprise Financial Services	6,100	4	2.88%	6,500	8	3.07%
Hennepin County	5,800	5	2.74%	12,459	6	5.89%
Abbott Northwestern Hospital	5,200	6	2.46%	-	-	-
City of Minneapolis	5,000	7	2.36%	-	-	-
Hennepin Health Care Systems (HCMC)	5,000	8	2.36%	-	-	-
Star Tribune	2,800	9	1.32%	-	-	-
US Bankcorp	2,600	10	1.23%	9,442	7	4.46%
Allina Health System	-	-	-	22,500	3	10.64%
Fairview Health Services	-	-	-	18,500	5	8.74%
Xcel Energy Inc.	-	-	-	5,356	9	2.53%
United Parcel Services	-	-	-	5,329	10	2.52%
Total	63,500		30.01%	153,720		72.66%

Note:

Information Prior to 2006 is not available

Source 2009: Minneapolis Community Planning and Economic Development (CPED)

Source 2006: Minnesota Department of Employment and Economic Development

(UNAUDITED)

Schedule 16
City of Minneapolis
Full-time Equivalent City Government Employees by Function
Last 10 Fiscal Years
December 31, 2009

	Full-time Equivalent Employees as of December 31									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Function Program										
General Government										
Assessor	38.00	37.00	35.50	35.50	34.50	34.50	34.50	37.00	37.00	36.50
Attorney	105.50	113.50	111.50	110.63	101.13	101.00	106.50	108.00	108.00	105.50
City Clerk/Council	93.25	90.00	92.25	85.50	85.20	65.50	66.50	66.00	68.00	65.50
City Coordinator	775.50	852.80	969.20	969.59	929.75	929.08	911.03	917.00	941.00	919.10
Civil Rights	25.00	29.00	29.00	27.50	24.00	27.00	26.00	26.00	26.00	21.00
Civilian Review	7.00	5.00	5.00	-	-	-	-	-	-	-
Community Planning and Economic Development	-	211.75	204.38	206.48	144.00	139.00	142.00	141.00	140.00	141.00
Fire	493.00	483.00	482.50	469.50	449.50	444.50	444.50	447.00	449.00	444.00
Health & Family Support	73.90	64.15	69.15	75.40	73.90	69.00	66.30	66.00	66.00	67.00
Mayor	13.00	13.00	12.00	11.00	11.00	11.00	11.00	12.00	12.00	12.00
Police	1,191.00	1,182.50	1,093.00	1,060.50	966.05	942.00	1,058.00	1,088.00	1,093.00	1,092.00
Public Works	1,182.64	1,195.34	1,227.04	1,256.54	1,211.19	1,206.39	1,206.59	1,197.00	1,204.00	1,189.20
Planning	39.00	-	-	-	-	-	-	-	-	-
	<u>4,036.79</u>	<u>4,277.04</u>	<u>4,330.52</u>	<u>4,308.14</u>	<u>4,030.22</u>	<u>3,968.97</u>	<u>4,072.92</u>	<u>4,105.00</u>	<u>4,144.00</u>	<u>4,092.80</u>
Independent Boards										
Board of Estimate & Taxation	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Library	358.89	357.99	368.00	363.40	242.00	246.50	261.90	273.00	-	-
Park	903.38	951.23	946.94	936.27	907.47	907.91	909.55	902.00	886.00	859.00
Community Development	157.00	-	-	-	-	-	-	-	-	-
Building Commission	66.50	66.50	66.50	64.00	62.00	61.00	61.00	62.00	62.00	62.00
Youth Coordinating Board	28.50	30.00	39.00	26.50	4.50	4.50	4.50	5.00	5.00	5.00
NRP	16.00	15.00	14.00	12.00	12.00	11.00	10.00	10.00	9.00	9.00
	<u>1,532.27</u>	<u>1,422.72</u>	<u>1,436.44</u>	<u>1,404.17</u>	<u>1,229.97</u>	<u>1,232.91</u>	<u>1,248.95</u>	<u>1,254.00</u>	<u>964.00</u>	<u>937.00</u>
Total	<u>5,569.06</u>	<u>5,699.76</u>	<u>5,766.96</u>	<u>5,712.31</u>	<u>5,260.19</u>	<u>5,201.88</u>	<u>5,321.87</u>	<u>5,359.00</u>	<u>5,108.00</u>	<u>5,029.80</u>

Note: Effective January 1, 2008, the Minneapolis Public Library was merged into the Hennepin County Library system, resulting in the elimination of the Minneapolis Public Library Board.

Source: City Management and Budget

(UNAUDITED)

Schedule 17
City of Minneapolis
Operating Indicators by Function/Program - Last 10 Fiscal Years
December 31, 2009

Function/Description	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
Assessor										
Sales ratio, all classes aggregated	84%	85%	87%	88%	85%	88%	89%	93%	94%	97%
Number of parcels' valuations petitioned in tax court	505	621	834	745	967	822	900	1,429	NA	NA
Attorney - City litigation										
Liability payouts, millions \$	12	3	2	10	4	3	2	9	1	3
Civil litigation caseload	688	697	683	724	904	1,142	999	1,226	1,107	1,028
City Clerk - Elections										
Number of registered voters	259,231	223,778	219,834	217,131	287,459	235,172	226,585	220,740	240,022	231,078
Number of votes cast in election	175,191	89,927	150,192	2,284	201,672	70,987	149,318	no election	209,000	45,968
Voter turnout, percentage of registered voters	65.58%	40.19%	68.32%	16.49%	70.16%	30.19%	65.90%	no election	87.08%	19.89%
Type of election, highest level of government	federal	municipal	state	3rd ward only	federal	municipal	state	no election	federal	municipal
Number of new voters registered at the polls	46,627	5,976	32,869	41	48,611	5,579	28,907	no election	50,505	2,950
Number of spoiled ballots	3,891	1,162	4,309	3	3,909	755	2,284	no election	NA	1,888
Number of absentee ballots	8,412	2,681	5,272	173	14,147	2,506	7,410	no election	17,100	1,619
Coordinator - Finance										
Bond rating - Fitch	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Bond rating - Moody's	Aaa	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1
Bond rating - Standard & Poor's	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Collections Effectiveness Indicator, Utility revenues	NA	NA	NA	81%	79%	68%	70%	74%	78%	NA
Civil Rights										
Number of new civil rights complaints	NA	NA	NA	165	125	121	250	231	277	254
Number of new complaints of police misconduct	NA	NA	NA	157	128	85	89	75	68	114
Community and Economic Development & Planning										
Number of jobs added by City assisted businesses (projected)	NA	1,771	1,445	1,554	378	659	2,115	318	NAP	NA
Multi-family housing investment: City funds, millions \$	NA	9	27	11	23	33	12	10	6	9
Multi-family housing investment: Other public funds, millions \$	NA	15	26	39	38	19	14	12	4	8
Multi-family housing investment: Private funds, millions \$	NA	120	285	130	145	225	165	57	14	46
Business finance loans: City funds, millions \$	NA	3	2	2	2	3	4	2	3	3
Number of foreclosure sales	NA	NA	NA	NA	NA	863	1,610	5,563	3,077	2,233
Convention Center										
Occupancy rate	NA	NA	60%	55%	56%	66%	62%	61%	61%	57%
Total attendance	NA	NA	1,111,513	917,821	903,330	784,250	836,000	782,000	753,000	637,218
Health & Family Support										
Number of three-year old screenings conducted by the schools	NA	NA	195	601	647	740	837	828	NA	NA
Number of homicide deaths in Minneapolis, ages 0-24	NA	NA	NA	28	7	11	22	10	14	NA
Percent of one and two year olds tested for lead	48%	50%	55%	58%	63%	65%	69%	71%	NA	NA
Number of children under age 6 with elevated lead levels	758	846	516	463	384	374	351	282	NA	NA
Public Safety										
Coordinator - 311 - 911										
911 answer time, seconds	NA	NA	NA	6.09	6.51	6.40	7.53	7.90	7.10	6.23
911 pending time to dispatch, high priority calls, minutes	NA	NA	NA	2.32	2.28	2.85	2.97	3.17	1.82	1.24
Percent of 311 calls answered in 20 seconds or less	NAP	NAP	NAP	NAP	NAP	NAP	90%	74%	80%	82%
Percent of 311 calls resolved at first call	NAP	NAP	NAP	NAP	NAP	NAP	70%	76%	80%	83%
Attorney - Criminal Prosecution										
Number of chronic offenders convicted	NA	NA	NA	82	83	81	129	130	145	136
Domestic violence conviction rate	NA	NA	NA	48%	48%	48%	58%	54%	61%	66%
Prosecution caseload	51,080	44,970	43,981	35,393	29,117	21,688	27,195	27,377	32,076	30,467

Schedule 17
City of Minneapolis
Operating Indicators by Function/Program - Last 10 Fiscal Years
December 31, 2009

Function/Description	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety -Continued										
Fire										
Number of emergency responses	24,131	24,542	21,745	21,879	21,433	22,423	22,199	34,019	34,146	32,165
Number of fires extinguished (all non EMS runs prior to 2002)	10,325	10,260	2,238	2,194	2,068	1,775	1,808	1,859	1,489	1,401
Number of hazmat, false alarms, and other non EMS/ fire runs	NA	NA	9,471	8,940	9,129	9,672	9,638	9,961	10,165	9,403
Number of inspections	7,626	9,528	6,736	9,782	9,460	7,802	8,271	4,821	7,337	10,447
Percent of time response is five minutes or less	NA	NA	NA	88.1%	88.1%	85.8%	84.8%	83.0%	86.5%	86.1%
Lives lost due to fires	4	7	5	8	6	5	2	2	6	2
Civilian injuries due to fire	42	30	51	28	37	31	29	21	21	15
Police										
Number of major crimes	28,134	27,199	27,200	25,427	25,457	28,941	29,474	28,458	25,894	22,478
Number of livability crimes	NA	45,385	42,405	38,926	37,000	36,676	40,294	38,184	35,135	33,168
Number of violent crimes (subset of major crimes)	4,490	4,140	4,204	4,594	4,825	5,572	6,480	5,660	4,884	4,331
Number of guns seized	NA	763	813	822	1,093	1,032	1,458	1,087	1,002	929
Regulatory Services - Building permits										
Permits issued	17,812	32,823	21,228	20,277	13,497	45,163	34,587	10,787	11,022	12,200
Estimated value, in millions \$	978	163	90	100	927	777	840	761	773	778
Public Works										
Refuse Collection										
Refuse collected, tons	168,859	175,712	174,146	174,491	175,887	169,220	164,180	153,687	163,084	152,886
Recyclables, tons	55,279	58,958	58,320	59,742	61,267	56,479	54,649	47,976	53,552	53,323
Percent of solid waste stream recycled, by weight	NA	NA	NA	34.2%	34.8%	33.4%	34.0%	31.2%	32.8%	34.9%
Water										
Average daily consumption, thousands of gallons	65,380	65,380	61,160	57,960	57,343	56,864	58,434	60,300	58,520	53,713
Sewer										
Number of residential sanitary sewer backups	31	35	29	24	20	21	21	16	NA	NA
Volume of combined sewer overflow, millions of gallons	25	57	40	1	8	2	3	none	none	none
Streets										
Safety and ride-ability pavement condition index (PCI), average of all city streets	78	78	77	76	75	74	74	73	73	73
Number of traffic crashes	NA	8,079	7,442	7,018	6,802	6,443	5,712	5,600	NA	NA
Number of injuries in traffic crashes	NA	3,626	3,297	3,052	3,144	2,844	2,535	2,500	NA	NA

Notes:

NA = Not Available, NAP= measure is Not Applicable to that year; new service or process
The City is working to focus on consistent reporting of results data. Although many of these statistics may have been collected in earlier years, the method of collection may not have been the same as current collection methods.

Source: Prepared by finance department using City department reports

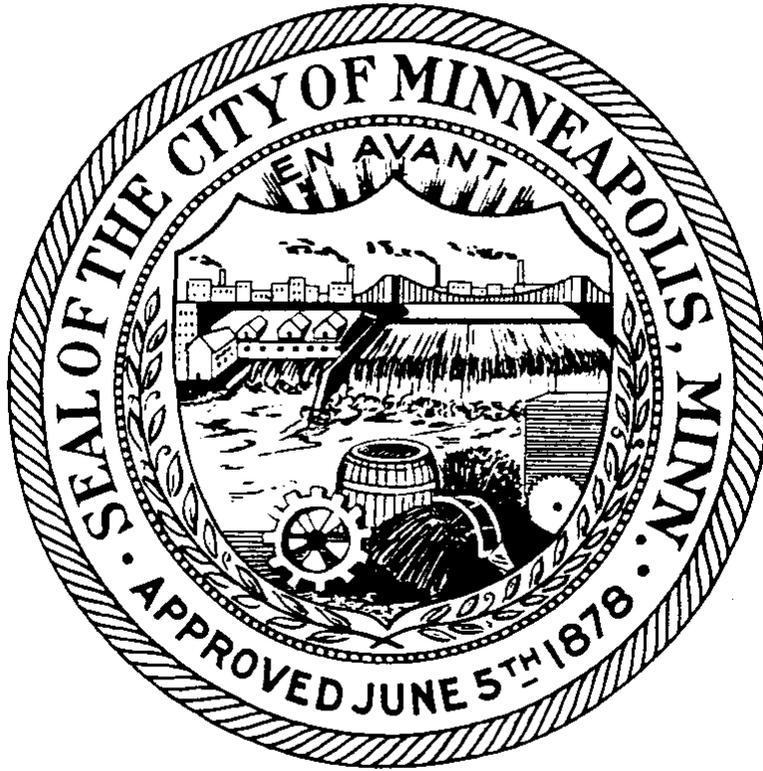
(UNAUDITED)

Schedule 18
City of Minneapolis
Capital Assets Statistics by Function/Program
Last 10 Fiscal Years
December 31, 2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<u>Primary Government</u>										
<u>Public Safety:</u>										
Police stations	5	5	5	5	5	5	5	5	5	5
Patrol units	223	225	225	225	218	220	206	222	215	203
Unmarked, trucks, trailers, scooters, motorcycles	284	286	267	254	275	279	299	299	299	286
Fire Stations	19	19	19	19	19	19	19	19	19	19
Fire Trucks/Pumpers/Ladders/Engines/Cars	73	58	59	59	110	115	114	116	123	129
Regulatory Services Fleet	166	191	114	130	139	137	117	130	150	127
<u>Public Works:</u>										
Refuse collection trucks,heavy equipment,dumpsters	108	114	106	105	121	134	138	135	135	144
Streets (miles)	978	1,071	1,071	1,070	1,070	1,070	896	896	896	896
Alleys (miles)	433	455	374	376	379	379	380	380	380	380
Sidewalks (miles)	1,903	1,900	1,900	1,900	1,900	1,900	2,000	2,000	2,000	2,000
Streetlights	12,200	13,300	16,000	17,000	17,500	17,750	18,000	18,500	19,000	19,000
Traffic signals	854	855	884	884	884	916	916	916	916	916
Buildings/Plants/Garages	34	34	29	28	28	31	31	31	31	31
Equipment,Cars,Trucks,Tractors,Vans	1,056	1,090	931	909	1,469	1,440	1,443	1,448	1,436	1,471
<u>Business-type Activities</u>										
<u>Water:</u>										
Water mains (miles)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Fire hydrants	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084
Storage capacity (thousands of gallons)	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Buildings	13	13	13	13	14	14	14	13	13	13
Water basins	3	3	3	3	3	3	3	3	3	3
Sanitary sewers (miles)	861	877	852	835	845	838	838	830	830	830
<u>Stormwater:</u>										
Storm sewers (miles)	518	533	569	583	536	581	571	522	522	522
Holding Ponds	2	3	3	3	3	3	3	3	3	3
Number of parking ramps	17	18	19	21	22	22	24	15	14	14
Convention Center	1	1	1	1	1	1	1	1	1	1

(UNAUDITED)

Source: Minneapolis Finance Department - Controller Division



THIS PAGE IS INTENTIONALLY BLANK