



Comprehensive Annual Financial Report

City of Minneapolis, Minnesota
For the year ended December 31, 2014

Finance and Property Services Department



Minneapolis City Hall

Photo courtesy of:
Ellen Velasco-Thompson
Director Risk Management & Claims Division
Finance and Property Services Department
City of Minneapolis

COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF
MINNEAPOLIS, MINNESOTA

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

FINANCE & PROPERTY SERVICES DEPARTMENT

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June 22, 2015

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

TRANSMITTAL

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the City of Minneapolis (the City) for the year ended December 31, 2014. The purpose of the report is to present the financial position of the City and the results of its operations for the year then ended. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA) and other rule-making bodies, and audited in accordance with generally accepted auditing standards by the Office of the State Auditor (OSA).

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

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

INDEPENDENT AUDIT

Minnesota law requires that the Office of the State Auditor perform the City's annual audit. The OSA's report on the City's financial statements is based on its audit in accordance with generally accepted auditing standards. The State Auditor issued an unmodified or "clean" opinion on the City's financial statements for the year ended December 31, 2014. The State Auditor's opinion is included as page one through three in the financial section of this report.

The independent audit of the financial statements of the City is part of a broader, federally mandated audit designed to meet the requirements of the federal Single Audit Act and the related U.S. Office of Management and Budget's Circular A-133. The State Auditor is required to report not only on the fair presentation of the financial statements, but also on the City's internal controls over financial reporting, and compliance with legal requirements, with special emphasis on internal controls and compliance requirements involving the administration of Federal awards. These reports are included in the Office of the State Auditor's separate Management and Compliance Report.

STEWARDSHIP

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

INTERNAL CONTROLS

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

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

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

THE REPORTING ENTITY

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

THE CITY AND ITS SERVICES

City Profile

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

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

There are 81 residential neighborhoods within the City offering a broad range of housing to more than 170,000 households. The City is well known for its concerned and active citizenry which has engaged in partnerships with government and business to improve neighborhoods and create economic opportunities. Minneapolis is second only to New York City in per capita attendance at theater and arts events. Minneapolis has more than thirty theaters; the Guthrie Theater and the Children's Theatre Company are recognized as two of the country's best. The City boasts two world-class art museums and is home to the internationally acclaimed Minnesota Orchestra.

As of 2013, Minneapolis is home to an estimated 401,000 people, which is the largest population the City has seen since the 1970s. From 2010 to 2013, the population within the City grew by a little over 18,000 people, a growth rate of 4.8% which was faster than that of the region as a whole which was 3.6%. Males and females each make up approximately 50% of the population as do renters and homeowners. Children and youth under 18 make up 20% of the population with seniors aged 65 and above comprising 8% of the population. Following national and regional trends, an increasing percentage of the City's population is persons of color: as of the 2010 Census, 40% of the City's population is non-white or Hispanic, with a majority of the population 19 and younger being non-white. Approximately 15% of residents are immigrants and 20% routinely speak a language other than English at home.

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

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

Form of Government and Organization

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

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

City Council

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

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

Mayor

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

Departments

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

FINANCIAL POLICES

Each year during the budget process, the Council adopts a comprehensive set of financial policies. Of particular relevance to the City budget process is the policy to maintain a minimum unassigned fund balance in the General Fund equal to 17% of the following year's General Fund budgeted expenditures. This balance is to be used for cash flow purposes, unanticipated expenditures of a non-recurring nature, unexpected increases in service delivery costs, or unexpected revenue shortfalls. The unassigned fund balance of the General Fund at December, 31, 2014, was \$102.4 million, which is \$23.6 million more than policy requires. Additional information regarding the 2014 fund balance in the General Fund is available in the MD&A.

Separate from the unassigned general fund reserve balance, the City also has a policy to budget an operating budget contingency in the General Fund of not less than 1% of all budgeted general fund expenditures in each of the applicable years planned for in the City's Five-Year Financial Direction. The contingency reserve was \$4.0 million in 2014, and is \$4.0 million in 2015.

ECONOMIC CONDITION AND OUTLOOK

A detailed discussion and analysis of the City's overall financial condition during the fiscal year ended 2014 is included as part of the MD&A.

LONG-TERM FINANCIAL PLANNING

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

DEBT MANAGEMENT

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

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2013. A Certificate of Achievement is valid for a period of one year only. The City has received this prestigious award for 45 years.

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

The City also received the GFOA's Distinguished Budget Presentation Award for its 2014 annual budget document. To qualify for the distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



Kevin D. Carpenter
Finance Officer



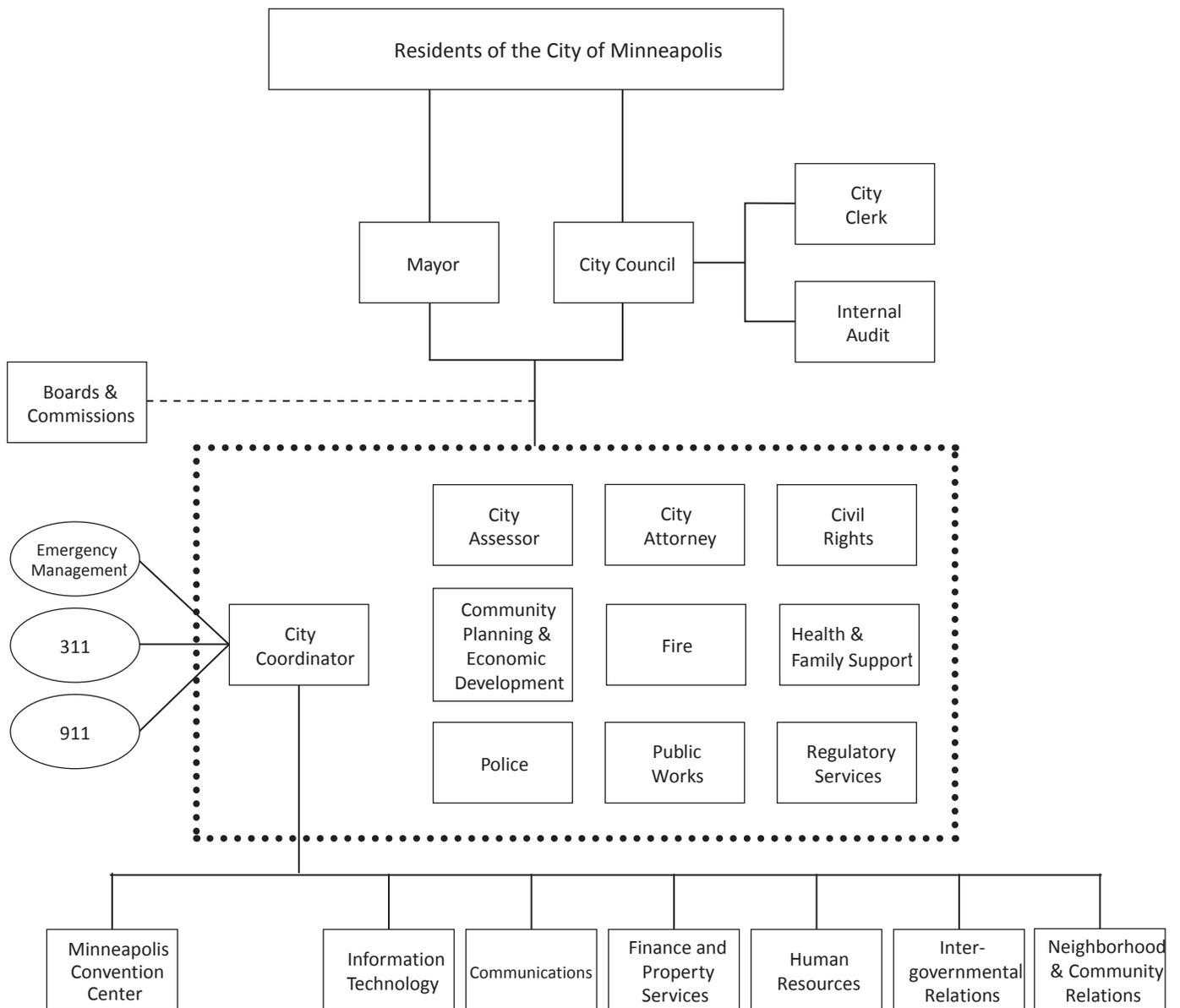
Sandra Christensen
Deputy Finance Officer



Connie L. Griffith
Controller

City of Minneapolis

Organizational Chart



MAYOR AND COUNCIL

CITY OF MINNEAPOLIS, MINNESOTA

2014

Mayor..... BETSY HODGES

CITY COUNCIL

Ward 1..... KEVIN REICH

Ward 2..... CAM GORDON

Ward 3..... JACOB FREY

Ward 4..... President BARBARA JOHNSON

Ward 5..... BLONG YANG

Ward 6..... ABDI WARSAME

Ward 7..... LISA GOODMAN

Ward 8..... Vice-President ELIZABETH GLIDDEN

Ward 9..... ALONDRA CANO

Ward 10..... LISA BENDER

Ward 11..... JOHN QUINCY

Ward 12..... ANDREW JOHNSON

Ward 13..... LINEA PALMISANO



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Minneapolis
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO



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REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT

The Honorable Betsy Hodges, Mayor
and Members of the City Council
City of Minneapolis, Minnesota

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 is a component unit and 1 percent, a negative 1 percent, and 10 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those 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 the 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Minneapolis' basic financial statements. The introductory section, the other supplementary information, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2015, 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* in considering the City of Minneapolis' internal control over financial reporting and compliance. It does not include Meet Minneapolis which was audited by other auditors.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 22, 2015



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

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, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the City's basic financial statements following this section. **All dollar amounts are expressed in thousands unless otherwise indicated.**

FINANCIAL HIGHLIGHTS

- At the close of the 2014 fiscal year, assets of the City of Minneapolis exceeded liabilities by \$2,174,081 (net position). Of this amount, \$1,650,660 is the City's net investment in capital assets and \$229,779 is restricted for specific purposes (restricted net position) leaving \$293,642 in unrestricted net position.
- The City's total net position increased by \$86,136 in 2014. Governmental activities increased the City's net position by \$44,421 and the business-type activities increased the net position by \$41,715.
- As of December 31, 2014, total fund balance in the general fund was \$102,439, all of which was unassigned.
- The City's total long-term bond and note liability decreased by \$6,012 from the prior year. Total bonds and notes issued in 2014 was \$105,235. Total debt retirement was \$111,247. Major new debt issuances included bonds of \$61,905 for the Downtown East Project; \$37,400 for various infrastructure improvements in the five-year capital plan; and \$5,930 for special assessment projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements include not only the City of Minneapolis (known as the primary government), but also legally separate entities for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City's basic financial statements to be misleading or incomplete. For the City of Minneapolis, component units are included in the basic financial statements of the City and consist of legally separate entities which provide services almost entirely to the primary government (blended component units) or for which the City is financially accountable and have substantially the same board as the City (discretely presented component units). An example of a blended component unit 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 29-30 of this report.

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

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

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

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

The governmental funds' financial statements can be found on pages 31-34 of this report.

Proprietary Funds— The City of Minneapolis maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Minneapolis uses the enterprise funds to account for its Sanitary Sewer, Stormwater, Water Treatment and Distribution Services, Municipal Parking, Solid Waste and Recycling, and Community Planning & Economic Development (CPED) activities. The City uses Internal Service Funds to account for its property management services, fleet services, business information services, central stores, engineering lab, outside purchases of asphalt and cement services, city attorney, workers' compensation, unemployment benefits and other payroll related services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The proprietary funds' financial statements can be found on pages 35-38 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 39 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 43-89 of this report.

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

The required supplementary information can be found on pages 91-93 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 Position

The City’s assets exceeded liabilities by \$2,174,081 at the close of the fiscal year ending December 31, 2014 compared to \$2,087,945 at the end of the previous year.

**Statement of Net Position
December 31, 2014**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 803,521	\$ 768,613	\$ 258,951	\$ 265,043	\$ 1,062,472	\$ 1,033,656
Capital assets	1,196,132	1,173,250	991,705	976,846	2,187,837	2,150,096
Total assets	<u>\$ 1,999,653</u>	<u>\$ 1,941,863</u>	<u>\$ 1,250,656</u>	<u>\$ 1,241,889</u>	<u>\$ 3,250,309</u>	<u>\$ 3,183,752</u>
Current and other liabilities	\$ 163,878	\$ 169,597	\$ 47,697	\$ 59,302	\$ 211,575	\$ 228,899
Long-term liabilities	557,447	538,359	307,206	328,549	864,653	866,908
Total liabilities	<u>721,325</u>	<u>707,956</u>	<u>354,903</u>	<u>387,851</u>	<u>1,076,228</u>	<u>1,095,807</u>
Net position:						
Net investment in capital assets	890,622	845,638	760,038	731,372	1,650,660	1,577,010
Restricted net position	195,322	198,251	34,457	33,529	229,779	231,780
Unrestricted net position	192,384	190,018	101,258	89,137	293,642	279,155
Total net position	<u>1,278,328</u>	<u>1,233,907</u>	<u>895,753</u>	<u>854,038</u>	<u>2,174,081</u>	<u>2,087,945</u>
Total liabilities and net position	<u>\$ 1,999,653</u>	<u>\$ 1,941,863</u>	<u>\$ 1,250,656</u>	<u>\$ 1,241,889</u>	<u>\$ 3,250,309</u>	<u>\$ 3,183,752</u>

The largest portion of the City’s net position reflects its \$1,650,660 investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City continues to invest significantly in its infrastructure assets, which is reflected in the \$73,650 increase in this portion of the City’s net position. The City uses these capital assets to provide services to citizens. As a result, these assets are not available for future spending. Although the City’s investments in capital assets are reported net of related debt, it should

be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position decreased \$2,001 to \$229,779 in 2014 largely due to the \$5,295 increase in debt service offset by the \$8,725 decrease in the community planning & economic development special revenue fund, primarily in the tax increment financing program. The reduction is due to a prepayment of tax increment debt from fund balance. Net position is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation (City ordinances).

The remaining \$293,642 represents the unrestricted portion of the City's net position. This is an increase of \$14,487 over the 2013 unrestricted net position. The largest portion of the increase is due to a planned increase in unrestricted net position in the water enterprise fund as a result of a positive operating margin in 2014. The unrestricted net position has remained positive each of the last five years continuing to improve each year.

Statement of Activities

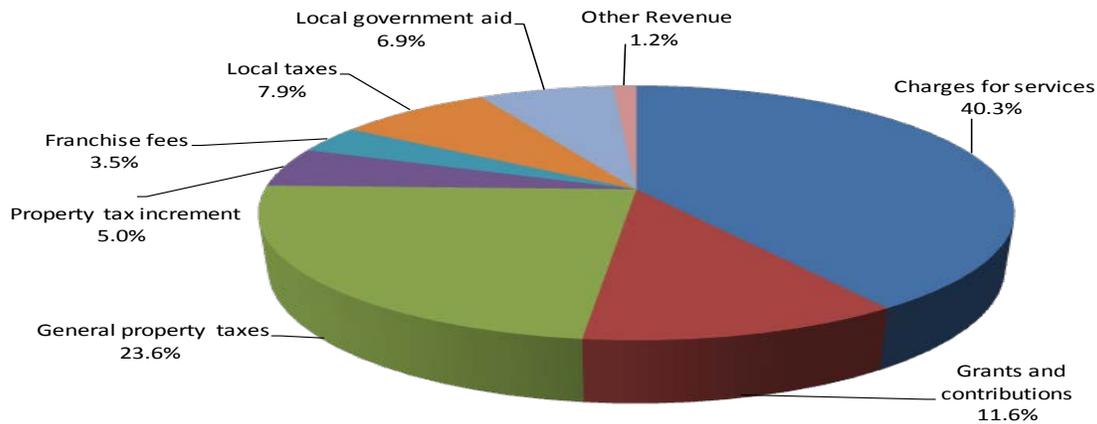
The following table presents the changes in net position for governmental and business-type activities:

	Statement of Activities For the Year Ended December 31, 2014					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 128,289	\$ 125,661	\$ 261,238	\$ 247,988	\$ 389,527	\$ 373,649
Operating grants and contributions	103,219	115,838	4,696	3,435	107,915	119,273
Capital grants and contributions	3,885	15,466	157	2,972	4,042	18,438
General revenues:						
Property taxes	228,620	232,979	-	-	228,620	232,979
Property tax increment	48,568	41,159	-	-	48,568	41,159
Franchise fees	33,531	29,620	-	-	33,531	29,620
Local taxes	76,292	70,634	-	-	76,292	70,634
Other taxes	180	165	-	-	180	165
Local government aid	66,860	56,379	-	-	66,860	56,379
Unrestricted interest and investment earnings	4,213	(593)	6,064	5,072	10,277	4,479
Other	1,141	8,793	119	244	1,260	9,037
Gain on sale of capital assets	214	340	249	25	463	365
Total revenues	695,012	696,441	272,523	259,736	967,535	956,177
Expenses						
General government	109,005	83,726	-	-	109,005	83,726
Public safety	244,482	225,332	-	-	244,482	225,332
Public works	126,689	86,795	-	-	126,689	86,795
Culture and recreation	8,836	11,993	-	-	8,836	11,993
Health and welfare	20,098	18,442	-	-	20,098	18,442
Community planning & economic development	140,604	153,877	7,759	7,862	148,363	161,739
Interest on long-term debt	17,581	16,549	-	-	17,581	16,549
Sanitary sewer	-	-	47,710	44,868	47,710	44,868
Stormwater	-	-	27,305	27,816	27,305	27,816
Solid waste and recycling	-	-	30,013	34,446	30,013	34,446
Water treatment and distribution services	-	-	57,899	57,961	57,899	57,961
Municipal parking	-	-	43,418	45,868	43,418	45,868
Total expenses	667,295	596,714	214,104	218,821	881,399	815,535
Excess (deficiency) before transfers	27,717	99,727	58,419	40,915	86,136	140,642
Transfers	16,704	3,066	(16,704)	(3,066)	-	-
Change in net position	44,421	102,793	41,715	37,849	86,136	140,642
Net position - January 1, 2014	1,233,907	1,131,114	854,038	816,189	2,087,945	1,947,303
Net position - December 31, 2014	\$ 1,278,328	\$ 1,233,907	\$ 895,753	\$ 854,038	\$ 2,174,081	\$ 2,087,945

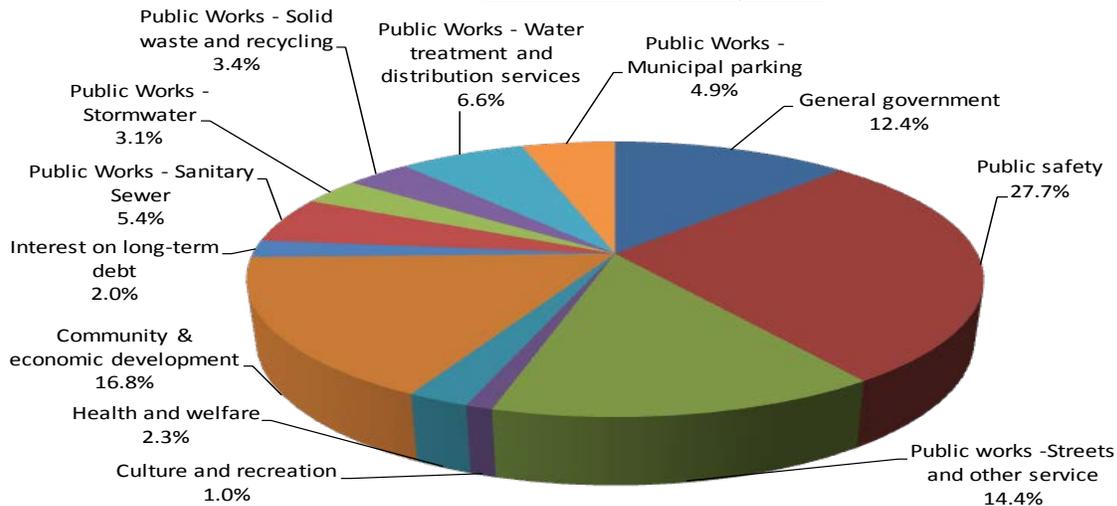
Governmental Activities—Governmental activities increased the City’s net position by \$44,421 compared to an increase of \$102,793 in 2013. Total governmental revenue decreased by 0.2% from 2013 to 2014 and total expenses increased by 11.8% over that same period. The increase in expenses is attributable to a variety of factors including increased capital outlay for the Downtown East project which will not result in City assets. There was also a rise in Public Safety costs as personnel expenses increased for wage, benefit, and overtime increases. Both Police and Fire are experiencing a higher than normal staff turnover rate due to retirements which brings additional training costs for new staff and overtime costs to cover staffing gaps during transitions. 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 2014, 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. Overall grant funding decreased while revenues from local taxes (formally known as convention center taxes), local government aid, and franchise fees increased.

A significant expense in the statement of activities, compared to fund statements, is depreciation. Current year depreciation for governmental activities was \$60,955.

Government-wide Revenues

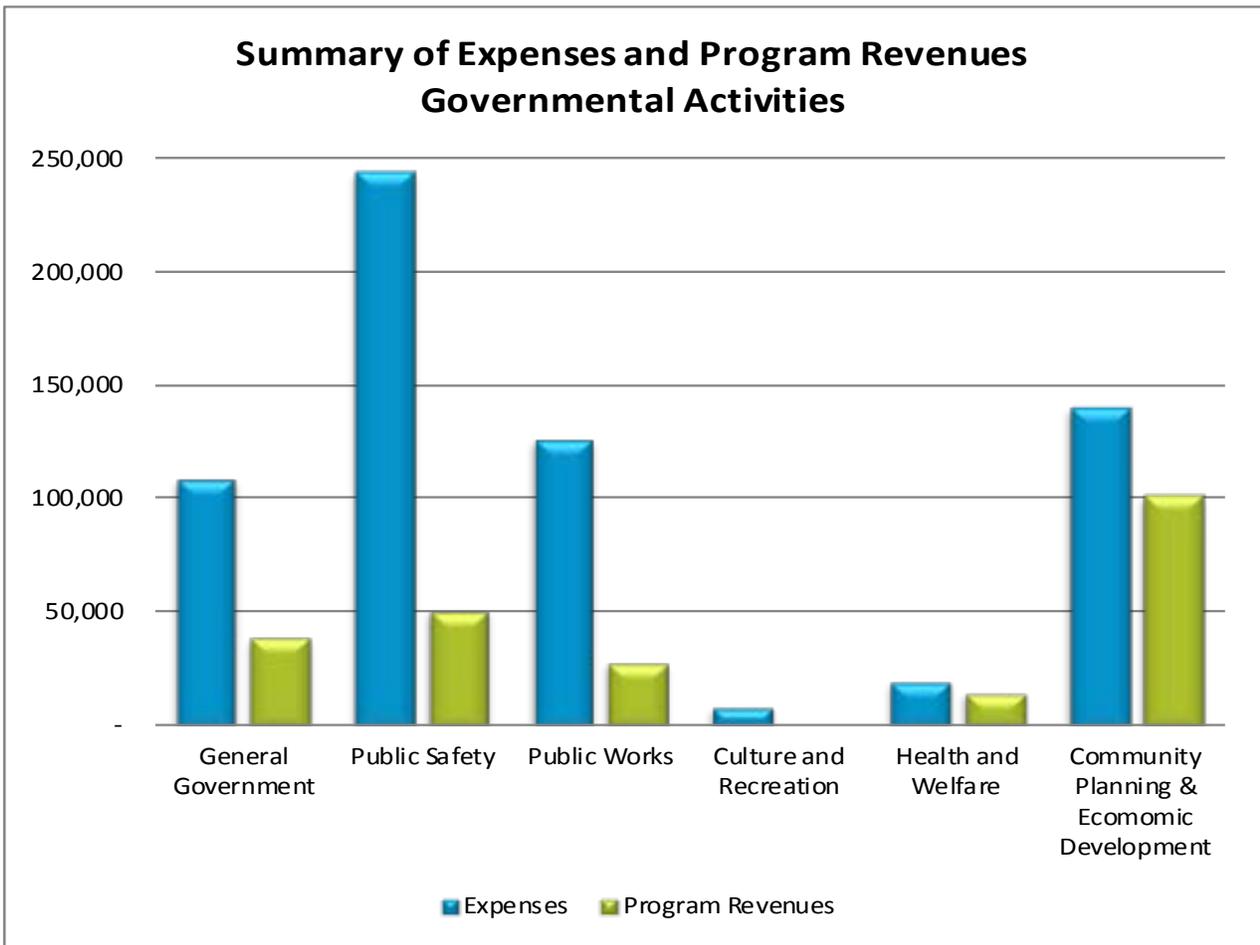


Government-wide Expenses



Summary of expenses and program revenues - Governmental Activities
For the Year ended December 31, 2014

Functions/Programs	Expenses	Program revenues	Net (Expense) Revenue by Program
General government	\$ 109,005	\$ 39,128	\$ (69,877)
Public safety	244,482	51,196	(193,286)
Public works	126,689	28,415	(98,274)
Culture and recreation	8,836	-	(8,836)
Health and welfare	20,098	15,059	(5,039)
Community planning & economic development	140,604	101,595	(39,009)
Interest on long-term debt	17,581	-	(17,581)
	<u>\$ 667,295</u>	<u>\$ 235,393</u>	<u>\$ (431,902)</u>
General revenues and transfers supporting governmental activities			<u>476,323</u>
Change in net position			<u>44,421</u>
Net position - January 1, 2014			<u>1,233,907</u>
Net position - December 31, 2014			<u>\$ 1,278,328</u>

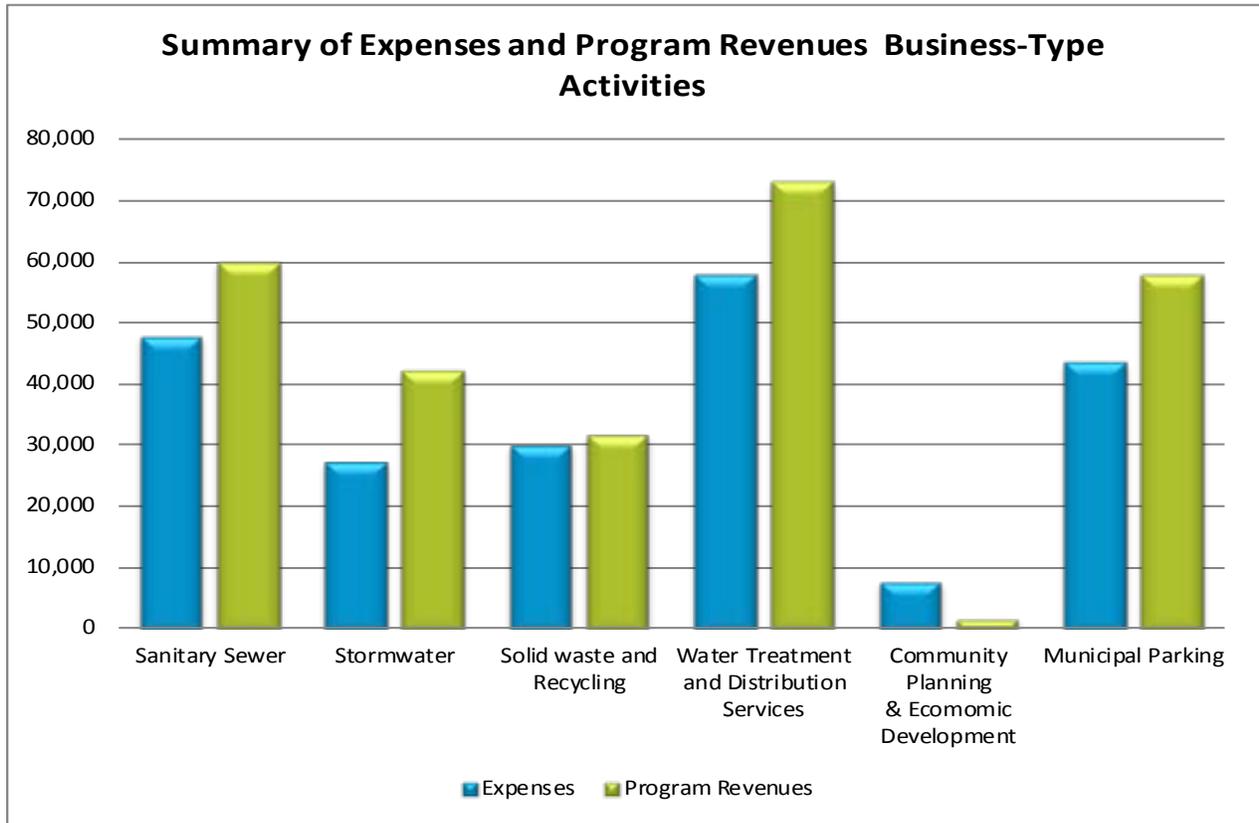


Business-Type Activities—Business-type activities increased the City’s net position by \$41,715 compared with an increase of \$37,849 in 2013.

Summary of expenses and program revenues - Business-Type Activities

For the Year ended December 31, 2014

Functions/Programs	Expenses	Program revenues	Net (Expense) Revenue by Program
Sanitary sewer	\$ 47,710	\$ 59,730	\$ 12,020
Stormwater	27,305	42,280	14,975
Solid waste and recycling	30,013	31,640	1,627
Water treatment and distribution services	57,899	72,800	14,901
Community planning & economic development	7,759	1,842	(5,917)
Municipal parking	43,418	57,799	14,381
	<u>\$ 214,104</u>	<u>\$ 266,091</u>	\$ 51,987
General revenues and transfers supporting business-type activities			(10,272)
Change in net position			41,715
Net position - January 1, 2014			854,038
Net position - December 31, 2014			<u>\$ 895,753</u>



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

For 2014, four governmental funds, including the General Fund, are presented as major funds. These funds include one Special Revenue Fund (the Community Planning & Economic Development Fund), the Permanent Improvement Capital Project Fund, and the Special Assessment Debt Service Fund. At December 31, 2014, the City's governmental funds reported a combined ending fund balance of \$486,456, an increase of \$17,323 compared with the prior year. Approximately 21% of this total amount (\$102,294) constitutes unassigned fund balance, which is available for spending at the City's discretion.

The remainder of the fund balance is classified as follows: nonspendable (\$45,706) for land development; restricted (\$195,322) for debt service, community planning & economic development, capital improvements, grants, and law enforcement legal requirements; and assigned (\$143,134) for specific purposes not meeting a more restricted criteria for community planning & economic development programs, neighborhood and community relations, public safety programs, pension obligations, and capital improvements.

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 2014		FY 2013		Increase/ (Decrease)
	Amount	Percent of Total	Amount	Percent of Total	Amount
Taxes	\$ 387,322	54.50 %	\$ 375,006	52.76 %	\$ 12,316
Licenses and permits	50,996	7.18	40,735	5.73	10,261
Intergovernmental revenues	136,432	19.20	155,756	21.91	(19,324)
Charges for services and sales	62,863	8.85	63,028	8.87	(165)
Fines and forfeits	7,519	1.06	8,014	1.13	(495)
Special assessments	25,529	3.59	24,379	3.43	1,150
Investment earnings	4,067	0.57	(645)	(0.09)	4,712
Miscellaneous revenue	35,923	5.05	44,466	6.26	(8,543)
Total	\$ 710,651	100.00 %	\$ 710,739	100.00 %	\$ (88)

**Expenditures by Function
Governmental Funds**

<u>Expenditures by Function</u>	<u>FY 2014</u>		<u>FY 2013</u>		<u>Increase/ (Decrease)</u>
	<u>Amount</u>	<u>Percent of</u>	<u>Amount</u>	<u>Percent of</u>	<u>Amount</u>
		<u>Total</u>		<u>Total</u>	
General government	\$ 99,330	12.91 %	\$ 97,469	13.88 %	\$ 1,861
Public safety	245,341	31.89	232,311	33.08	13,030
Public works	56,173	7.30	54,915	7.82	1,258
Culture and recreation	3,238	0.42	4,106	0.59	(868)
Health and welfare	20,029	2.60	17,993	2.56	2,036
Community planning & economic development	142,326	18.50	148,082	21.08	(5,756)
Capital outlay	102,422	13.31	63,414	9.03	39,008
Intergovernmental					
General government	297	0.04	898	0.13	(601)
Public safety	176	0.02	169	0.02	7
Culture and recreation	5,598	0.73	7,887	1.12	(2,289)
Debt service - principal retirement	77,391	10.06	58,386	8.31	19,005
Debt service - interest and fiscal charges	17,065	2.22	16,712	2.38	353
Total	\$ 769,386	100.00 %	\$ 702,342	100.00 %	\$ 67,044

General Fund—The General Fund is the general operating fund of the City. In 2014, tax revenue for sales and use, food, liquor, and lodging taxes that were previously recorded in the Convention Center Special Revenue Fund were recorded directly in the General Fund. As of December 31, 2014, unassigned fund balance in the General Fund was \$102,439, an increase of \$5,469 during 2014.

The following table provides changes in revenues by source from 2013 to 2014.

<u>Revenues by Source</u>	<u>General Fund Revenues By Source</u>				<u>Increase/ (Decrease)</u>
	<u>2014</u>		<u>2013</u>		<u>Amount</u>
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Taxes	\$ 271,500	58.21 %	\$ 218,215	55.04 %	\$ 53,285
Licenses and permits	49,268	10.57	39,227	9.90	10,041
Intergovernmental revenues	81,277	17.43	70,531	17.79	10,746
Charges for services and sales	46,592	9.99	42,530	10.73	4,062
Fines and forfeits	7,179	1.54	7,668	1.93	(489)
Special assessments	3,084	0.66	3,482	0.88	(398)
Investment earnings	1,862	0.40	(607)	(0.15)	2,469
Miscellaneous revenues	3,245	0.70	1,497	0.38	1,748
Total revenues	\$ 464,007	99.50	\$ 382,543	96.50	\$ 81,464
Transfers in	2,323	0.50	13,868	3.50	(11,545)
Total revenues and other financing sources	<u>\$ 466,330</u>	<u>100.00 %</u>	<u>\$ 396,411</u>	<u>100.00 %</u>	<u>\$ 69,919</u>

In 2014, General Fund revenues and transfers increased by about 18% from the previous year. Some highlights include:

- Tax collections were lower. Current and delinquent tax collections were larger in 2013.
- Sales and use, food, liquor, and lodging taxes previously recorded in the Convention Center Special Revenue Fund, were directly recorded to the General Fund. Total tax receipts for these taxes were approximately \$74,321.
- Licenses and permit revenue was higher as building permits issued continued to rise on high levels of construction and development activity, especially in the Downtown area.
- Investment earnings were positive at year end compared to an investment loss in 2013.

The following table provides the changes in expenditures by function from 2013 to 2014:

General Fund Expenditures by Function					
Expenditures by Function	2014		2013		Increase/ (Decrease)
	Amount	Percent of Total	Amount	Percent of Total	Amount
General government	\$ 66,996	14.55 %	\$ 64,210	16.69 %	\$ 2,786
Public safety	223,399	48.47	207,882	54.02	15,517
Public works	54,903	11.91	51,364	13.35	3,539
Culture and recreation	3,238	0.70	4,106	1.06	(868)
Health and welfare	7,521	1.63	6,975	1.81	546
Community planning & economic development	29,959	6.50	19,645	5.11	10,314
Intergovernmental					
Community planning & economic development	200	0.04	-	-	200
Total expenditures	386,216	83.80	354,182	92.04	32,034
Transfers out	74,645	16.20	30,616	7.96	44,029
Total expenditures and other financing uses	<u>\$ 460,861</u>	<u>100.00 %</u>	<u>\$ 384,798</u>	<u>100.00 %</u>	<u>\$ 76,063</u>

Overall, general fund expenditures increased by 20% from the previous year, although appropriations were underspent by more than \$5,300.

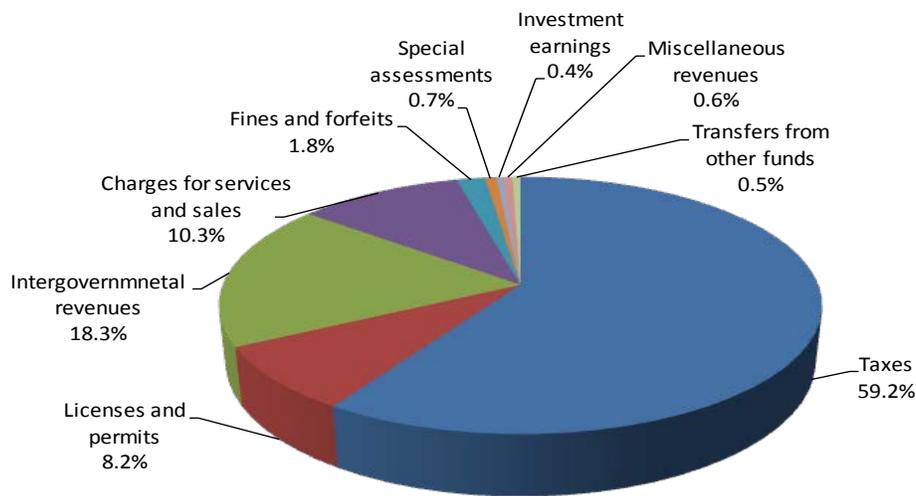
General Fund Budgetary Highlights—The final budget for the City’s General Fund represents the original budget plus any previously appropriated funds set aside for the purpose of honoring legally incurred obligations (prior year encumbrances and commitments), and any additional supplemental appropriations that may occur during the fiscal year. In 2014, the following were significant budget actions:

- The original General Fund appropriation for fiscal year 2014 was \$466,295, which included projected transfers out of \$73,699. The final appropriation was \$466,163. General revenues and other resources were originally estimated at \$441,727, which included projected transfers in of \$2,323. The final revenue estimate was \$443,699 including transfers of \$2,323.
- Significant budgetary variances between the final amended budget and the actual results include:
 - 1) The Police Department had appropriation savings of \$2,428 due primarily to savings related to salaries and fringes. While there was a budgetary savings, the overall expense for salaries and fringes did increase by \$5,634 over 2013.
 - 2) The Fire Department ended the year with \$1,214 in budget savings, also due to savings in personnel expense.

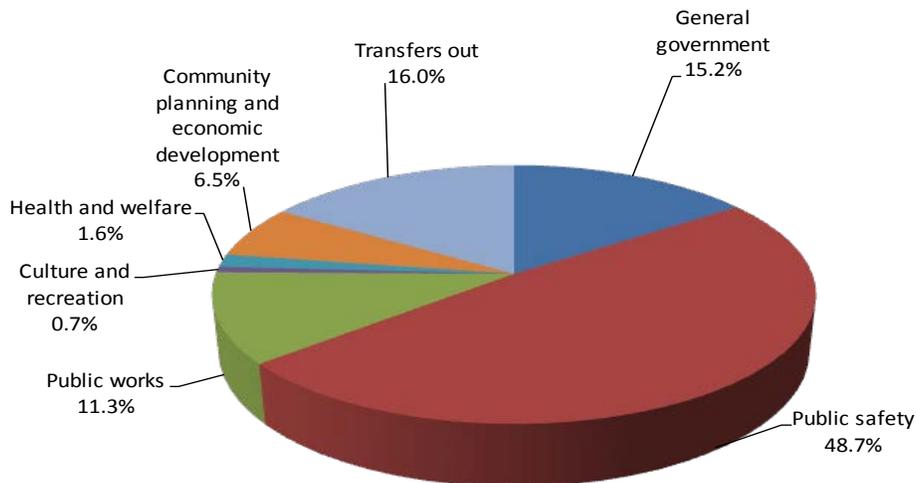
- 3) In the Public Works Department, the excess of expenditures over budget in Field Services is a result of the extended winter and significant, late season snowfall. Snow and ice control expenditures were substantially over budget. Increased revenues from utility cut work helped to offset a portion of the additional costs incurred. Public Works received a \$1,000 appropriation increase from contingency funds to cover the cost of pot-hole repairs.
- 4) The City Clerk's office was over budget by \$245 due to costs associated with multiple elections including a large mid-term election for national offices.
- 5) Contingency funds of \$3,000 remained unspent at year-end with only \$1,000 of the original contingency funding being used by Public Works as noted above.

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

General Fund Revenue Budget by Function



General Fund Expenditure Budget by Function



The Community Planning & 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 the City’s historic structures. These programs are financed primarily through tax increment financing, administrative fees, and rents and sales from land held for development. A general development fund program provides loans and grants to outside organizations within the City to assist commercial and housing development. The program is capitalized with residual equities from development projects, sales from land held for development, and loan repayments.

The total revenues of the CPED Special Revenue fund in 2014 were \$57,041, a 15% decrease from the prior year. The decrease is due to the inclusion of two large land sales in the prior year, and to the shift of the financing for the City’s small business loan program from the CPED Special Revenue Fund to the City’s General Fund. The related loan recapture revenue and bond issuance fees also shifted to the General Fund. Seventy-six percent of the fund’s revenue was derived from property tax increment revenue, and 20% of the fund’s revenue was generated from rents collected and the repayment of loans made for the housing and redevelopment activities of the City. The remaining revenue was derived from a variety of miscellaneous sources. The expenditures for the fund in 2014 were \$31,634. The fund’s expenditures are primarily for contractual services for the housing and economic programs operated within the fund and for the staff costs to monitor and deliver these programs. The level of current fund expenditures in 2014 was comparable to the prior year, except for the program shift to the General Fund discussed above.

The fund’s transfers to other funds of \$27,910 were primarily to provide resources for the debt service obligations issued by the City for community development programs. The CPED Special Revenue Fund also transferred \$5,520 to the City’s Neighborhood and Community Relations Special Revenue Fund to support ongoing activities.

At year-end, the fund balance in the CPED Special Revenue Fund was \$203,807. This included \$37,195 in a nonspendable form, primarily for the inventory of properties held for resale; \$133,891 restricted for specific programs by State law; and the remaining \$32,721 assigned to provide for community planning & economic development activities.

Permanent Improvement Capital Project Fund—Funding for the Permanent Improvement Capital Project Fund is primarily from three sources: bonds that are sold by the City for capital projects; the State of Minnesota; and Federal Funds. State and Federal revenues are primarily used for capital assets including bridges, streets, street lighting and traffic signals.

The Permanent Improvement Capital Project Fund is used to build infrastructure for the City including bridges, streets, traffic signals, street lights, and to fund other capital projects. During 2014, \$102,422 of capital outlay occurred which was an increase of 62% from 2013.

The key assets constructed with these funds include:

- Bridges - \$5,308
- Streets - \$20,812
- Traffic Signals & Street Lighting - \$23,465
- Bike Trails- \$2,008
- Property Service - \$3,187
- Downtown East - \$47,532

The fund balance increased from \$27,696 in 2013 to \$30,877 in 2014. The increase was due to increase of bond proceeds. Additionally, revenues for the fund decreased from \$27,559 in 2013 to \$15,255 in 2014 due to decrease from state, federal, and local sources for capital projects.

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

At the end of 2014, the City had \$49,213 of debt outstanding for special assessment improvements. During 2014, the City received debt related assessment collections and interest earnings of \$11,461 and paid total debt service of \$10,591 on special assessment bonds.

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

Overall, the enterprise funds had a positive net position of \$912,947 at December 31, 2014, an increase of \$38,467 over 2013.

The following table summarizes the total assets, total liabilities, operating income, changes in net position, and net positions for each of the enterprise funds, from 2013 to 2014:

	Enterprise Funds						Total	
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	CPED	2014	2013
Assets	\$ 129,227	\$ 334,445	\$ 334,765	\$ 299,082	\$ 32,373	\$ 137,958	\$ 1,267,850	\$ 1,262,381
Liabilities	10,645	7,724	113,285	120,818	3,516	98,915	354,903	387,901
Operating income (loss)	5,238	13,972	12,577	13,554	(59)	4,529	49,811	47,279
Change in net position	4,190	15,002	11,030	5,637	1,983	625	38,467	38,704
Net position	\$ 118,582	\$ 326,721	\$ 221,480	\$ 178,264	\$ 28,857	\$ 39,043	\$ 912,947	\$ 874,480

Sanitary Sewer Fund— The Sanitary Sewer Fund pays 95% of the contractual payments to Metropolitan Council Environmental Services (MCES) for waste water collection and treatment services. This fund also accounts for sanitary sewer maintenance and design work and the related capital programs and debt service payments. Net position as of December 31, 2014 was \$118,582, which is a \$4,190 increase from 2013. In 2014 operating income was \$5,238 offset by transfers and debt services. Compared to 2013, operating revenues reflected a decrease of \$1,795 with a total of \$60,057 compared to \$61,852. Even though Sewer Availability Charge (SAC) revenues for 2014 totaled \$8,100, they were \$700 less than the \$8,800 recorded for 2013. Miscellaneous revenues increased by \$300 due to increases in design activities and capital project close outs. The sanitary utility revenue decreased by \$900 to \$50,600 compared to \$51,400 due to a decrease in volume (usage) even though the fixed rate was increased by \$0.40 over 2013.

The operating expense amounted to \$54,819 compared to \$53,494 for 2013 resulting in an increase of \$1,325. The increase in operating expenses can largely be attributed to City services, fleet expenses, overheads, supplies, repair and maintenance work. This increase of \$1,700 was off-set by a decrease in payments to MCES of \$300. MCES payments for the year totaled \$32,800 compared to \$33,100 in 2013. MCES rates are set by the Metropolitan Council on a yearly basis and are based on an allocation of overall costs incurred by MCES for waste processing for customer communities.

Stormwater Fund— The Stormwater Fund pays 5% of the contractual payments to Metropolitan Council Environmental Services (MCES) for waste water collection and treatment services. This fund also accounts for the combined sewer overflow (CSO) program, street cleaning, storm design, storm water maintenance, and the related capital programs and debt service payments. Net position as of December 31, 2014 was \$326,721 which was an increase of \$15,002 from 2013 primarily due to design revenues exceeding the cost of operations. Compared to 2013, operating revenues reflected an increase of \$2,333. The utility revenues increased by \$200 with utility rates set at \$11.94/ESU (Equivalent Storm Units), and the design revenues increased by \$2,133 due to increases in design activities and capital project close outs. Reimbursements from the State of Minnesota for maintenance work done by the Street Cleaning and Storm Maintenance departments make up the rest of the opening revenue which in 2014 totaled \$1,500 – about the same as 2013 total. These reimbursements are based on agreements with the State and Hennepin County. Compared to 2013, operating expenses reflected a decrease of \$317. A combined decrease of \$600 was recorded for storm management and street cleaning stemming from vacant positions and reduced spring sweeps. However, these decreases were offset by increases in design, storm maintenance, and Met Council cost centers due to increase in personnel, overheads, and government contracted services.

Water Treatment and Distribution Services Fund—The Water Treatment and Distribution Services Fund accounts for the operation and maintenance of a water treatment and 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, as well as the Metropolitan Airport Commission. Net position increased by \$11,030 for the year, resulting in a net position at December 31, 2014 of \$221,480. This planned increase allowed for additions to long-term assets in the amount of \$15,670 for improvements to the City's water distribution system and the Fridley Filter Plant rehabilitation and other water treatment infrastructure improvements. Operating revenue decreased by \$1,833, when compared to 2013. Overall, water sales volume revenue was down from 2013 as a result of the wet weather during the first half of the year and lower summer temperatures. Higher than anticipated revenues associated with capital design and fee based revenue as well as an increase in the volume of reimbursable work for the year helped offset water sales being only at 94% of the budgeted 2014 amount. Operating expenses decreased by \$636 compared to 2013. Expenses were slightly lower due to decreased chemical and other variable operating costs related to the lower production of water caused by lagging sales due to wet weather and lower temperatures.

Municipal Parking Fund—The Municipal Parking Fund accounts for the operation and maintenance of parking ramps, lots, on-street parking meters, the municipal impound lot, and the traffic/parking control system. Net position at December 31, 2014 was \$178,264 which is an increase of \$5,637 from 2013.

There are three reasons for the increase:

- Continued operational efficiencies attained through off-street parking; the largest contributor was a reduction in operator expenses due to the new pay machines in most of the ramps reducing the number of staff hired.
- Use of new multi-space parking meters which continues to provide increased revenues in on-street parking.
- Higher off-street parking revenues due to the heavy snows in January.

Solid Waste and Recycling Fund—The Solid Waste and Recycling Fund accounts for the City's solid waste and recycling collection and disposal, graffiti removal, and a solid waste transfer station that serves 106,000 dwelling units. Pick-up services for trash, yard waste, and recyclables are provided on a weekly and a biweekly basis. City crews provide approximately one-half of the solid waste collection services and the other half of the services are provided through a consortium of companies specializing in waste collections. Also accounted for in this fund are various initiatives such as Clean City neighborhood clean sweeps; city-wide litter and graffiti abatement and removal; and an Organics Pilot Program. Net position through December 31, 2014 totaled \$28,857, which is an increase of \$1,983 from 2013. Compared to 2013 operating revenues increased by \$255. Utility revenues increased to \$29,500, an increase of \$600 over 2013. This increase can be attributed to an increase in dwelling units served as well as increase in base rate of \$0.60 per dwelling unit. An increase in revenues of \$100 in miscellaneous services was offset by a \$400 decrease in revenues from the sale of scrap metals as a result of decreased demand for this product. The Fund also received \$900 in a Hennepin County grant for recycling activities.

Operating expenses decreased by \$3,633 compared to 2013. Expenses in the Recycling Division decreased by \$4,700 due to one-time costs related to capital purchases of equipment and carts for the implementation of One-Sort Program completed in 2013. Expenses also decreased in Collection, Disposal, Yard Waste, Customer Service, Graffiti, and Organics divisions by a total of \$1,000. Fewer cart purchases, lower vendor contracts for collection services, reduction in yard waste, and redistribution of City services to Admin division account for this decrease.

These decreases were offset by a \$2,100 increase in expenses in the Problem Material, Transfer Stations, Administration, Clean City, and Equipment divisions. Of this increase, \$1,500 is in Administration where City services – overheads, liability insurance, worker’s comp, BIS charges, and rents were removed from other divisions and spent out of this department. Additional vehicles, crane carriers, chassis, and refuse bodies were purchased out of the Equipment division, increasing expense by \$400. Repair and maintenance work along with personnel costs make up the remaining \$200 increase in Problem Material, Clean City, and Transfer Stations divisions.

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

Net position increased by \$625 during the year. The increase resulted primarily from interest revenue earned on various reserve investments within the fund. The barge related activities of the River Terminal facility have been discontinued. The facility is currently used primarily as leased space for commodity storage. The City intends to develop the site for park and jobs-intensive business uses.

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

Although the financial condition of the internal service funds reached a low point at year-end 2000 when the combined net position deficit had declined to \$(54,407), the financial condition continues to improve due to key measures taken in 2001. At the end of 2014, the combined net position in the internal service funds had improved to \$179,437. A change in accounting principle and prior period adjustments due to the implementation of GASB Statement No. 34 led to an initial improvement of \$17,555 in 2001. The restatement recognized assets previously unrecorded within the internal service funds. The remaining improvement of \$216,289 can be credited to the deficit reduction plans implemented by the managers of each of the respective funds. Another milestone was reached in 2012 in that all six of the Internal Service Funds had a positive net position. The following table provides a summary of cash balances, total assets, total liabilities, operating income, changes in net position, and the net position for each of the internal service funds:

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

	Engineering Materials and Testing	Intergovern- mental Services	Property Services	Equipment Services	Public WorksStores	Self- Insurance	Total	
							2014	2013
Cash	\$ 1,936	\$ 49,888	\$ 3,758	\$ 23,187	\$ 1	\$ 70,583	\$ 149,353	\$ 121,770
Assets	1,938	82,401	37,354	78,416	5,244	71,289	276,642	241,432
Liabilities	156	20,317	4,552	18,594	606	52,980	97,205	110,290
Operating income (loss)	(193)	3,065	(1,189)	8,558	290	5,934	16,465	(6,079)
Change in net position	(193)	24,680	(257)	9,760	549	13,756	48,295	33,984
Net position	\$ 1,782	\$ 62,084	\$ 32,802	\$ 59,822	\$ 4,638	\$ 18,309	\$ 179,437	\$ 131,142

Engineering Materials and Testing Fund— The Engineering, Materials and Testing Fund records transactions related to City purchases of Hot-Mix Asphalt and Ready-Mix Concrete. This fund also records the transactions associated with the quality control activities for the placement of these materials and assures compliance with State and Federal standards and specifications. The Engineering Laboratory, a component of this fund, provides these quality control activities. In addition, the Engineering Laboratory is responsible for construction inspection and testing services, maintaining a laboratory for testing construction materials, performing geotechnical evaluations, and coordinating related environmental field services.

Beginning in 2009 and through 2013, the fund consistently achieved positive net operating income and increased its net position by \$1,947 from \$28 in 2008 to \$1,975 in 2013. In 2013, it was determined to reduce the overhead rates applied to the procurement and sale of asphalt and concrete and to reduce the rates charged for laboratory services. These reductions occurred because of the financial stability of the fund and its compliance with financial policy for minimum cash balance and net position. Continued increases to cash balance and net position were not required. The fund maintains a positive cash balance at \$1,936 at year-end 2014 which is a decrease of \$189 from the 2013 ending balance of \$2,125. The 2014 year-end net position is \$1,782 representing a decrease of \$193 from the 2013 net position of \$1,975.

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

In 2003, the fund’s beginning net position 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 position deficit from \$(40,850) to \$(32,984). The fund has since recorded a total increase in net position of \$95,068 through 2014 ending the year at \$62,084. The actual cash balance at year-end 2014 is \$49,888, representing an increase of \$14,625 from the 2013 year-end cash balance of \$35,263. The cash balance increase is primarily due to a transfer in from the general fund of \$22,046 of which \$13,127 is directed by the long-term financial plan to increase net position and assist with debt payments. Included in the cash balance are prepayments of \$9,630 for technology projects from other City departments. In 2010, \$4,560 of refunding bonds were issued to retire old debt and achieve a lower interest rate for current debt. At year-end 2014, the fund’s remaining debt is \$2,762 which includes \$2,225 of new debt issued in 2014 to fund approved capital projects.

Property Services Fund—The Property Services Fund is responsible for the management and maintenance of City-owned buildings including police precinct structures, fire stations, and public works buildings. The fund does not include the Convention Center, or Water facilities 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.

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

Several of the City's properties are recorded as assets of this fund resulting in an annual depreciation expense. The Property Services Fund does not have rental and maintenance rates sufficient to fully recover depreciation, which generally results in an operating loss each year and a decrease to net position. In 2014, the fund experienced a decrease of \$257 to net position resulting in an ending balance of \$32,802 compared to the 2013 net position of \$33,059. The fund did experience an increase to net position of \$7,488 in 2013 resulting from a transfer from the General Fund of \$3,282 and a capital contribution of \$4,845 related to building improvements paid for by the Permanent Improvement Fund. The purpose of the large one-time transfer from the General Fund was to assist with the debt service payments of \$4,412 obligated through 2018. At year-end 2014, the remaining debt obligation is \$3,421. The cash balance decreased from \$4,248 at year-end 2013 to \$3,758 at year-end 2014 primarily due to the payment of the debt obligation and the use of net position to fund the Maximo capital project.

Equipment Services Fund—The Equipment Services Fund manages the acquisition, maintenance and disposal of 2,100 units of equipment, primarily the City's fleet of vehicles. The fund manages the distribution of these vehicles and that of the contractual rented equipment to the City departments. The fund also provides technicians to maintain the equipment. Through the end of October 2013, the fund provided the drivers and operators for the equipment that is used in construction and snow removal. Beginning in November 2013, these employees were transitioned out of Fleet Services Fund and reassigned to various Public Works departments. The Fleet Services Division uses an activity based cost recovery model to calculate equipment and labor rates charged to customers based on actual expenses related to the vehicle and the replacement cost of the vehicle.

A long-term financial plan was developed for the fund in 2003. The fund has progressively increased its net position from \$13,266 in 2004 to \$59,822 in 2014. In 2014, the fund experienced an increase of \$9,760 or 19.5% from the 2013 net position of \$50,062. The 2014 ending cash balance is \$23,187, an increase of \$4,293 from the ending balance of \$18,894 in 2013. The increases to both cash balance and net position are largely the result of timing differences between when revenue is collected for replacement of vehicles and the delay in the delivery of those vehicles.

Public Works Stores Fund—This fund accounts for the centralized procurement, receiving, warehousing, and distribution of stocked inventory items, and the purchase of special goods and services for City departments. In addition, this fund stores an inventory of traffic signal components for assembly for Public Works-Transportation. At year-end 2014, the fund reported a net position gain of \$549, increasing the net position from \$4,089 in 2013 to \$4,638 in 2014. The fund maintained a cash balance of \$1 for 2014, a decrease of \$1 from the ending 2014 cash balance of \$2. The fund experienced a slight increase of \$21 in the amount due to other funds resulting in a 2014 year-end balance of \$202. In 2014, the fund increased the value of inventory by 14.5% resulting in a year-end balance of \$5,243.

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

The net position at year-end 2014 was \$18,309, an increase of \$13,756 from the 2013 net position of \$4,553. A milestone was reached in 2012 when the net position became positive in the Self-Insurance Fund. The cash balance increased from \$61,238 in 2013 to \$70,583 at year-end 2014. In 2003, when the fund's net position was a deficit of \$(40,983), a long-term financial plan was implemented. The plan was updated in 2012. The performance of the fund compared to the original long-term financial plan shows a net position that is ahead of the plan and a cash balance that is significantly increased over the original forecast.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets—As of December 31, 2014, the City's investment in capital assets for its governmental and business-type activities was \$2,187,837 (net of accumulated depreciation). This investment in capital assets includes land, buildings and

systems, improvements, machinery and equipment, roads, highways, and bridges. The increase in the City’s investment in capital assets for the current fiscal year included a 3.7% increase in governmental activities and a 1.5% increase in business-type activities.

The following table summarizes capital assets for governmental and business-type activities for 2014 and 2013:

	Capital Assets (Net of depreciation)					
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	2014	2013	2014	2013	2014	2013
Land and easements	\$ 110,789	\$ 110,789	\$ 128,382	\$ 128,382	\$ 239,171	\$ 239,171
Construction in progress	193,890	229,622	40,081	54,343	233,971	283,965
Infrastructure	445,397	384,235	-	-	445,397	384,235
Buildings and structures	369,806	382,939	307,648	317,564	677,454	700,503
Public improvements	21,050	15,070	486,416	446,064	507,466	461,134
Machinery and equipment	44,156	39,254	29,172	30,481	73,328	69,735
Computer equipment	4,812	4,336	6	10	4,818	4,346
Software	6,232	7,005	-	-	6,232	7,005
Other capital outlay	-	-	-	2	-	2
Total	<u>\$ 1,196,132</u>	<u>\$ 1,173,250</u>	<u>\$ 991,705</u>	<u>\$ 976,846</u>	<u>\$ 2,187,837</u>	<u>\$ 2,150,096</u>

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

- Major renovation projects at the Convention Center including new carpeting throughout and Target center concession stand improvements were undertaken.
- There was approximately \$116,818 in governmental infrastructure additions consisting of several major paving projects.
- There was \$34,000 in Stormwater infrastructure additions.

Additional information on the City’s capital assets can be found in Note 4 on pages 66-69 of this report.

Long-term debt—As of December 31, 2014, the City had total long-term bonds and notes outstanding of \$858,545 compared to \$864,557 in the prior year. Of this amount, \$536,938 related to governmental activities and \$321,607 related to business activities. The City had \$47,565 or approximately 5.5% of the outstanding long-term debt in variable rate mode at year-end. Long-term notes of \$136,995 are included in the above total, of which \$18,115 is for governmental activities and \$118,880 is for business activities.

The following table shows various classifications of the City’s long-term debt at December 31, 2014 and the amount of principal due in 2015.

<u>Summary of Outstanding Bonds and Notes</u>	<u>Balance 1/1/2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/2014</u>	<u>Due in 2015</u>
General Obligation (GO) Bonds and Notes:					
Property Tax Supported GO Bonds	\$ 136,530	\$ 29,075	\$ 37,075	\$ 128,530	\$ 38,365
Self Supporting GO Bonds	164,620	61,905	14,755	211,770	20,995
GO Improvement Bonds	53,774	6,030	10,591	49,213	9,286
Tax Increment GO Bonds	97,545	-	13,365	84,180	6,675
Tax Increment GO Notes	4,450	-	390	4,060	410
Internal Service Fund Related GO Bonds	23,805	2,225	4,400	21,630	5,625
Enterprise Fund Related GO Bonds	128,197	6,000	21,570	112,627	15,365
Enterprise Fund Related GO Notes	<u>122,725</u>	<u>-</u>	<u>3,845</u>	<u>118,880</u>	<u>4,465</u>
Total General Obligation Bonds and Notes	731,646	105,235	105,991	730,890	101,186
Revenue Bonds and Notes:					
Economic Development Revenue Bonds	24,385	-	885	23,500	950
Other Community Development Related Bonds	94,100	-	4,000	90,100	3,770
Revenue Notes	<u>14,426</u>	<u>-</u>	<u>371</u>	<u>14,055</u>	<u>360</u>
Total Outstanding Bonds and Notes	<u>\$ 864,557</u>	<u>\$105,235</u>	<u>\$ 111,247</u>	<u>\$ 858,545</u>	<u>\$ 106,266</u>

The City maintained an “AAA” rating from Standard & Poor’s and Fitch Ratings and received an “Aa1” from Moody’s for its general obligation debt in 2014. Additional information on the City’s Long-term debt can be found in Note 5 starting on page 69 of this report.

HISTORICAL AND LONG-TERM FINANCIAL PLANNING

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

- During the 1990s, due to other external demands, the revenue to support the internal services did not keep pace with the growth in expenses. Significant negative cash balances resulted because annual expenses exceeded revenues. Today, the individual balances are no longer negative. This is a significant improvement over the position of the funds since 2000 when the net position deficit was \$(61.7) million.
- The City adopted long-term financial plans for three of the internal service funds (Intergovernmental Services, Equipment Services, and Self-Insurance) to increase net position and to achieve and maintain a positive cash balance. To meet the goals of the adopted long-term financial plans, transfers from the General Fund to all three funds are necessary. At year-end 2014, all three internal service funds had positive net position and cash balances.
- 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 2000, Minneapolis voters approved a levy to build a new Central Library and fund improvements to community libraries. Effective January 1, 2008, the Minneapolis Public Library System merged into the Hennepin County Library System. Though the County will be responsible for the operating costs for the libraries in future years, under a financial agreement, the City will continue to issue debt as defined in the City’s adopted capital plan and will be responsible for a declining share of operations through 2017.

- In June of 2009, the Governor exercised his authority to “unallot” or unilaterally reduce various state appropriations. The appropriation directly impacting the City of Minneapolis was Local Government Aid (LGA). The City’s LGA was reduced by \$8.5 million in 2009 and \$21.3 million in 2010 as a result of these actions.
- The City adopts a five-year capital improvement program (CIP) that is updated annually. Each year, City departments and independent boards and commissions prepare new and/or modify existing capital budget requests (CBRs). The CBRs are then reviewed by the Capital Long-Range Improvement Committee (CLIC) which is a citizen advisory committee to the Mayor and City Council.
- 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. For the first time in five years, the 2014 budget does not project growth in the cost of the closed pension obligations from the prior year.
- Beginning with the 2014 budget cycle, the City implemented the Capital Asset Request System (CARS) to allow departments to submit budget requests for the replacement of capital equipment items greater than five-thousand dollars, such as technology systems, vehicles and construction equipment and/or other large dollar items necessary to provide services. The CARS process uses a five-year planning horizon with the intent of establishing normal replacement cycles for all long-term assets used by the City Departments.

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

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

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

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

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

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

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

In January of 2003, the Mayor and City Council adopted a five-year financial direction and a commitment to long-term business planning. This direction established resource constraints within which departments were to prepare business plans for providing services with reductions in funding growth. The combination of reduced spending and limited growth in property tax revenue addressed the City’s existing challenges. The City adopted a two percent cap on annual wage increases for City contracts, which was replaced with a compensation philosophy in 2007. The compensation philosophy

links salary increases to strategic workforce needs and does not anticipate pattern settlements. Prior to the 2% wage policy, pattern settlements at the City took the form of the first contract settlement setting the percent increase for all other contract settlements.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Outlook:

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

- For 2015, the Council Adopted Budget for all City funds (including the Neighborhood Revitalization Program, Board of Estimate and Taxation, the Municipal Building Commission, and the City's contribution to the Minneapolis Public Housing Authority) of \$1.3 billion which represents a \$65 million or 5.3% increase from the 2014 Council Adopted Budget of \$1.2 billion.
- At the same time, the Council adopted a 2015 property tax levy of \$287.6 million, which results in a 2.1% increase, or \$5.9 million increase, from the 2014 adopted property tax levy. As part of this budget, funds that have accumulated in the General Fund due to a growing economy and fiscal restraint in prior years allows for utilization of fund balance in the amount of \$13.5 million.
- In 2015, City positions grew by 75 FTE and salaries and wages increased by \$11.3 million. The overall positions include positions funded in Capital departments. This is a change from prior years in that positions funded in Capital departments were not included in the budget. Health insurance costs are budgeted to increase from \$64.1 million to \$65.1 million. This estimate is based on changes and experience related to the current plan design and the competitive procurement processes. The anticipated health premium increase for 2015 is 3%. The five-year financial direction includes an average 5% annual health insurance cost increase.
- The 2015 budget bolsters public safety by providing funding for ten more police officers, a class of 18 cadets, and funding for classes of community service officers which serve a hiring pipeline proven to increase the diversity of the City's police force. The budget also includes funding for police body cameras, four more 911 operators, and two recruit classes in the Fire Department. Funding is also included for the Fire and Emergency Service Explorer Program in the Fire Department, which offers leadership development and encourages young and diverse people in Minneapolis public high schools to enter firefighting and emergency services as a career.
- The City's levies for its closed pension funds that merged into the Minnesota State Public Employees' Retirement Association (PERA) remain level at \$27.3 million for 2015. Due to sound financial management, the City does not anticipate a need to bond for pension costs in 2015.
- For 2015 – 2019, the five year capital program totals \$572.8 million including all funding sources. The 2015 portion of the five-year capital program is \$132.8 million which funds accelerated improvements to the City's infrastructure by continuing support for the expanded net debt bond program put in place in 2012.

- In the 2015 budget, approximately \$23.9 million has been dedicated to fund items through the CARS process. The majority of items funded reflect deferred maintenance and replacement costs for existing operating capital including technology upgrades.

Economic Outlook and Tax Trends

In 2014 the City of Minneapolis continued to exhibit solid growth in population, jobs, housing, and commercial construction, which collectively strengthened its already strong economic base and contributed to higher than projected building permit fee revenue and tax base growth. Highlights include:

Job Growth

- as of mid-2014 [latest available data*], the City had 308,700 jobs, well above its pre-recession high of 296,000 and the highest quarterly total since 2001
- the City also added jobs at a faster annual rate (1.9%) than the 7 county metro area and the state
- the average annual unemployment rates for both the City and the 7-county metro area have been lower than those for the state as a whole and for the nation for most of the last ten years; for 2014, the City's average annual unemployment rate was 4.1%, about the same as the metro area (4.0%), and state (4.1%) but well below the national unemployment rate (6.2%)
- the City's labor force and number of employed residents have both seen steady gains in the four years since the recession's low point of 2010

*Data Source: MN Department of Employment and Economic Development

Population Growth

This growing employment base, as well as a national demographic trend towards urban living, has contributed to a population spurt since the 2010 Census. In mid-2014, the Metropolitan Council reported that the City had added 18,360 residents since 2010, for an estimated 2013 population of 400,938 a 4.8% increase. The Council further reported that the City of Minneapolis added more population than any other city in this metro area, and that the three year growth rate of 4.8% was higher than the comparable growth rate of 3.6% for the region as a whole.

Construction Growth

During 2014, the City saw the construction start of two transformative projects downtown: a new \$1 billion Vikings football stadium and an adjacent regional headquarters for Wells Fargo Bank, the first phase of the so-called Downtown East project. These two projects helped fuel a record \$2 billion in permitted construction value for the year, resulting in a large one time bump in permit revenues as well as significant long term tax base growth.

Job and population growth have combined to fuel an extraordinary residential building boom, as Minneapolis continued to lead the metro area in housing units permitted. After two record years, residential construction cooled somewhat in 2014, but still produced a total of 2,085 new or converted units permitted and \$556 million in estimated residential construction value, far higher than the 10 year average.

Real Estate Trends

Approximately two-thirds of the value of the City's tax base is comprised of residential property. As a result, real estate prices have a direct and significant impact on the City's overall estimated market value. In 2014, the Minneapolis Area Association of Realtors reported the median residential sale price was \$206,500 in January 2015, a \$16,550 or 8.7 percent increase from \$189,500 reported for the same period in 2014. Although the median sale prices continue to improve, they are not yet back to their pre-recession level of \$225,000 citywide in 2006. This recovery in residential value is reflected in the City's overall market value. Minneapolis' total market value for residential property in January 2015 is \$24.8 billion dollars.

Commercial Tax Base

Minneapolis maintains the highest concentration of commercial office buildings in the State of Minnesota and therefore is the largest contributor of revenue to the state general tax on a per city basis. Minneapolis' 2015 Commercial/Industrial (C/I) tax base is estimated at \$8.1 billion dollars, of which \$5.0 billion resides in the Minneapolis Central Business District (CDB).

The City's commercial tax base hit a low point in 2012 due to the recession, however, since that time the C/I tax base has grown 15.4%, one of the fastest recovering major metropolitan cities in the state according to Governing.com. Notable commercial projects making the news in 2014 included: Wells-Fargo Towers, CenterPoint Office Tower, Block E –Mayo Clinic Square, Be the Match Office building, and Surly Brewing Company. New apartment developments continue to be announced as new apartment buildings hold grand openings. Developers and market analysts believe there is still a lot of room for growth in the apartment market before the sector becomes over-built. A partial list of apartments announced or in the approval process are: a 32-story apartment tower on the Ritz block; a 29-story apartment on the Nye's Polonaise Room site; an 18 story tower on the Superior Plating site; a 36-story apartment on the former Nicollet Hotel block and a 35-story river front tower.

According to a leading office market research and leasing firm, the sale of Class A office buildings at record prices will keep pressure on Class A rental rates, a prime bellwether of downtown commercial values. Here are some of the major building sales in 2014:

Major Building Sales in 2014		
Source: Minneapolis City Assessor		
Building	Address	Total Sale Price
Retek on the Mall	900 Nicollet Mall	\$164,500,000
NOP	20 & 100-111 Washington	\$103,000,000
Tractor Works Building	824 Washington Avenue	\$54,800,000
Graves 601 Hotel	601 1st Avenue N.	\$65,000,000
Calhoun Square	3007 Hennepin Avenue	\$67,000,000
Hampton Inn	19 8th Street N.	\$38,000,000

Downtown Office Space—Vacancy Rate:

Because of the importance of real estate taxes as a source of local government revenue, commercial vacancy trends are an important economic gauge for municipalities. Several commercial real estate companies compile and report real estate statistics. At the 2015 Annual Market Outlook conference sponsored by the Business Owners and Managers Association (BOMA), the Minneapolis CBD office vacancy rates were reported to have trended downward to 15.9% which is close to prerecession levels. Absorption in the office market was occurring at a healthy pace, rental rates were trending upward for prime space and large blocks of vacant space remained in some desirable Class A office buildings.

REQUESTS FOR INFORMATION

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



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STATEMENT OF NET POSITION
December 31, 2014

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

	Primary Government				
	Governmental Activities	Business-type Activities	Total	Discrete Component Units	Total
ASSETS					
Cash and cash equivalents	\$ 587,091	\$ 109,456	\$ 696,547	\$ 28,921	\$ 725,468
Investments with trustees	3,351	41,980	45,331	-	45,331
Receivables (net)	101,323	28,413	129,736	6,052	135,788
Loans receivable from component unit	2,020	-	2,020	-	2,020
Due from other governmental agencies	37,110	1,316	38,426	607	39,033
Capital leases	-	3,770	3,770	-	3,770
Prepays and other assets	773	-	773	418	1,191
Inventories	6,500	4,502	11,002	189	11,191
Internal Balances	17,194	(17,194)	-	-	-
Long-term portion of loans and notes receivable	-	383	383	-	383
Long-term portion of loans due from component unit	2,020	-	2,020	-	2,020
Long-term portion of capital lease receivable	-	86,325	86,325	-	86,325
Properties held for resale	46,139	-	46,139	-	46,139
Accounts receivable, long-term	-	-	-	560	560
Capital assets:					
Nondepreciable	304,679	168,463	473,142	118,950	592,092
Depreciable, net	891,453	823,242	1,714,695	207,488	1,922,183
Total assets	\$ 1,999,653	\$ 1,250,656	\$ 3,250,309	\$ 363,185	\$ 3,613,494
LIABILITIES					
Accrued salaries and benefits	\$ 12,280	\$ 1,252	\$ 13,532	\$ 1,885	\$ 15,417
Accounts payable	21,366	9,858	31,224	3,875	35,099
Interest payable	2,822	1,555	4,377	50	4,427
Unpaid claims payable	-	-	-	4,114	4,114
Loans payable to primary government	-	-	-	2,020	2,020
Fiscal agent liability	-	-	-	97	97
Due to other governmental agencies	30	335	365	-	365
Unearned revenue	16,252	1,058	17,310	408	17,718
Deposits held for others	5,552	9,188	14,740	-	14,740
Long-term interest payable	-	1,441	1,441	-	1,441
Compensated absences:					
Due within one year	17,478	851	18,329	1,916	20,245
Due beyond one year	16,586	1,984	18,570	2,754	21,324
Other postemployment benefits - due beyond one year	33,356	2,667	36,023	4,315	40,338
Long-term portion of loan payable due to primary government	-	-	-	2,020	2,020
Long-term liabilities:					
Due within one year	88,098	23,600	111,698	101	111,799
Due beyond one year	507,505	301,114	808,619	525	809,144
Total liabilities	721,325	354,903	1,076,228	24,080	1,100,308
NET POSITION					
Net investment in capital assets	890,622	760,038	1,650,660	325,972	1,976,632
Restricted:					
Debt service	31,309	34,457	65,766	-	65,766
Community & economic development	133,891	-	133,891	-	133,891
Law enforcement	1,241	-	1,241	-	1,241
Grants	1,684	-	1,684	-	1,684
Capital improvements	27,197	-	27,197	409	27,606
Project and grant programs	-	-	-	677	677
Special trust	-	-	-	113	113
Special reserves	-	-	-	4,927	4,927
Unrestricted	192,384	101,258	293,642	7,007	300,649
Total net position	1,278,328	895,753	2,174,081	339,105	2,513,186
Total liabilities and net position	\$ 1,999,653	\$ 1,250,656	\$ 3,250,309	\$ 363,185	\$ 3,613,494

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

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2014

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Discrete Component Units	Total
					Governmental Activities	Business-type Activities	Total		
Primary government									
Governmental Activities:									
General government	\$ 109,005	\$ 20,831	\$ 15,549	\$ 2,748	\$ (69,877)	\$ -	\$ (69,877)	\$ -	\$ (69,877)
Public safety	244,482	17,604	33,592	-	(193,286)	-	(193,286)	-	(193,286)
Public works	126,689	14,522	12,756	1,137	(98,274)	-	(98,274)	-	(98,274)
Culture and recreation	8,836	-	-	-	(8,836)	-	(8,836)	-	(8,836)
Health and welfare	20,098	2,436	12,623	-	(5,039)	-	(5,039)	-	(5,039)
Community planning & economic development	140,604	72,896	28,699	-	(39,009)	-	(39,009)	-	(39,009)
Interest on long-term debt	17,581	-	-	-	(17,581)	-	(17,581)	-	(17,581)
Total governmental activities	667,295	128,289	103,219	3,885	(431,902)	-	(431,902)	-	(431,902)
Business-type Activities:									
Sanitary sewer	47,710	59,310	420	-	-	12,020	12,020	-	12,020
Stormwater	27,305	39,983	2,297	-	-	14,975	14,975	-	14,975
Solid waste and recycling	30,013	30,473	1,167	-	-	1,627	1,627	-	1,627
Water treatment and distribution services	57,899	71,881	775	144	-	14,901	14,901	-	14,901
Community planning & economic development	7,759	1,842	-	-	-	(5,917)	(5,917)	-	(5,917)
Municipal parking	43,418	57,749	37	13	-	14,381	14,381	-	14,381
Total business-type activities	214,104	261,238	4,696	157	-	51,987	51,987	-	51,987
Total primary government	\$ 881,399	\$ 389,527	\$ 107,915	\$ 4,042	(431,902)	51,987	(379,915)	-	(379,915)
Component units:									
Discrete component units	\$ 119,080	\$ 38,723	\$ 4,529	\$ 10,959				(64,869)	(64,869)
General Revenues:									
Taxes:									
General property tax and fiscal disparities					228,620	-	228,620	60,433	289,053
Property tax increment					48,568	-	48,568	-	48,568
Franchise fees					33,531	-	33,531	-	33,531
Local taxes					76,292	-	76,292	-	76,292
Other taxes					180	-	180	-	180
Local government aid - unrestricted					66,860	-	66,860	229	67,089
Grants and contributions not restricted to programs					-	-	-	8,977	8,977
Unrestricted interest and investment earnings					4,213	6,064	10,277	2	10,279
Other					1,141	119	1,260	79	1,339
Gain on sale of capital assets					214	249	463	862	1,325
Transfers					16,704	(16,704)	-	-	-
Total general revenues and transfers					476,323	(10,272)	466,051	70,582	536,633
Change in net position					44,421	41,715	86,136	5,713	91,849
Net position - January 1, restated (see Note 1-A)					1,233,907	854,038	2,087,945	333,392	2,421,337
Net position - December 31					\$ 1,278,328	\$ 895,753	\$ 2,174,081	\$ 339,105	\$ 2,513,186

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

**GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	General	Community Planning and Economic Development	Permanent Improvement	Special Assessment	Non-Major Governmental	Total
ASSETS						
Cash and cash equivalents	\$ 99,989	\$ 164,100	\$ 36,028	\$ 10,136	\$ 127,485	\$ 437,738
Investments with trustees	-	-	-	-	3,351	3,351
Receivables:						
Accounts - net	11,654	133	638	-	2,352	14,777
Taxes	3,213	128	23	-	1,245	4,609
Special assessments	650	-	3,165	39,140	1,428	44,383
Intergovernmental	717	679	26,445	-	9,268	37,109
Loans-net	-	21,306	-	-	14,497	35,803
Loans due from component unit	-	-	-	-	4,040	4,040
Accrued interest	890	385	59	32	293	1,659
Due from other funds	4,500	-	-	-	-	4,500
Advances to other funds	1,250	2,750	-	-	3,250	7,250
Properties held for resale	-	37,195	-	-	8,511	45,706
Total assets	\$ 122,863	\$ 226,676	\$ 66,358	\$ 49,308	\$ 175,720	\$ 640,925
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Salaries payable	\$ 10,544	\$ 68	\$ 179	\$ -	\$ 697	\$ 11,488
Accounts payable	3,919	458	2,173	13	6,719	13,282
Intergovernmental payable	-	-	-	-	30	30
Due to other funds	-	-	-	-	4,500	4,500
Deposits held for others	3,052	603	-	-	1,897	5,552
Advances from other funds	-	-	4,000	-	-	4,000
Unearned revenue	-	-	476	-	6,146	6,622
Total liabilities	17,515	1,129	6,828	13	19,989	45,474
Deferred Inflows of Resources:						
Unavailable Revenue	2,909	21,740	28,653	39,050	16,643	108,995
Fund balances:						
Nonspendable	-	37,195	-	-	8,511	45,706
Restricted	-	133,891	27,197	10,245	23,989	195,322
Assigned	-	32,721	3,680	-	106,733	143,134
Unassigned	102,439	-	-	-	(145)	102,294
Total fund balances	102,439	203,807	30,877	10,245	139,088	486,456
Total liabilities, deferred inflows of resources, and fund balances	\$ 122,863	\$ 226,676	\$ 66,358	\$ 49,308	\$ 175,720	\$ 640,925

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

**Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position - Governmental Activities
December 31, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

Fund balances - total governmental funds		\$	486,456
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>			
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>			
Non-depreciable	261,144		
Depreciable	1,471,506		
Accumulated depreciation	<u>(655,806)</u>		<u>1,076,844</u>
Deferred inflows are not available to pay for current-period expenditures and, therefore, in the governmental funds, are unavailable revenue.			108,995
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.			179,437
Receivable from business-type funds for internal service fund activity.			17,194
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	(523,317)		
Other postemployment benefits payable	(31,965)		
Operating and Capital leases payable	(182)		
Bond interest payable	(2,772)		
Compensated absences	<u>(32,362)</u>		<u>(590,598)</u>
Net position of governmental activities		\$	<u>1,278,328</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, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	General	Community Planning and Economic Development	Permanent Improvement	Special Assessment	Non-Major Governmental	Total
REVENUES:						
Taxes	\$ 271,500	\$ 43,302	\$ 1,271	\$ -	\$ 71,249	\$ 387,322
Licenses and permits	49,268	-	324	-	1,404	50,996
Intergovernmental revenues	81,277	1	6,074	-	49,080	136,432
Charges for services and sales	46,592	3,122	4,595	-	8,554	62,863
Fines and forfeits	7,179	-	-	-	340	7,519
Special assessments	3,084	-	1,580	11,345	9,520	25,529
Investment earnings	1,862	1,032	117	116	940	4,067
Miscellaneous revenues	3,245	9,584	1,294	-	21,800	35,923
Total revenues	<u>464,007</u>	<u>57,041</u>	<u>15,255</u>	<u>11,461</u>	<u>162,887</u>	<u>710,651</u>
EXPENDITURES:						
Current:						
General government	66,996	-	-	-	32,334	99,330
Public safety	223,399	-	-	-	21,942	245,341
Public works	54,903	-	-	-	1,270	56,173
Culture and recreation	3,238	-	-	-	-	3,238
Health and welfare	7,521	-	-	-	12,508	20,029
Community planning & economic development	29,959	31,634	-	-	80,733	142,326
Capital outlay	-	-	102,422	-	-	102,422
Intergovernmental:						
General government	-	-	297	-	-	297
Public safety	-	-	-	-	176	176
Culture and recreation	200	-	5,398	-	-	5,598
Debt Service:						
Principal retirement	-	-	-	10,591	66,800	77,391
Interest and fiscal charges	-	-	-	1,638	15,427	17,065
Total expenditures	<u>386,216</u>	<u>31,634</u>	<u>108,117</u>	<u>12,229</u>	<u>231,190</u>	<u>769,386</u>
Excess (deficiency) of revenues over (under) expenditures	<u>77,791</u>	<u>25,407</u>	<u>(92,862)</u>	<u>(768)</u>	<u>(68,303)</u>	<u>(58,735)</u>
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	2,323	647	1,839	1,104	99,546	105,459
Transfers to other funds	(74,645)	(27,910)	(3,257)	-	(21,050)	(126,862)
Bonds issued	-	-	97,010	-	-	97,010
Premium (Discount)	-	-	451	-	-	451
Total other financing sources (uses)	<u>(72,322)</u>	<u>(27,263)</u>	<u>96,043</u>	<u>1,104</u>	<u>78,496</u>	<u>76,058</u>
Net change in fund balances	5,469	(1,856)	3,181	336	10,193	17,323
Fund balances - January 1	<u>96,970</u>	<u>205,663</u>	<u>27,696</u>	<u>9,909</u>	<u>128,895</u>	<u>469,133</u>
Fund balances - December 31	<u>\$ 102,439</u>	<u>\$ 203,807</u>	<u>\$ 30,877</u>	<u>\$ 10,245</u>	<u>\$ 139,088</u>	<u>\$ 486,456</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, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

Net increase (decrease) in fund balances - total governmental funds	\$	17,323
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
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.		48,295
Transfers from business-type funds for internal service fund activity.		(3,248)
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:	72,344	
Less loss on retirement of capital assets	(9,851)	
Less current year depreciation	<u>(46,643)</u>	<u>15,850</u>
Revenues not collected for several months after the City's fiscal year ends are not considered "available" revenues and are deferred in the governmental funds. The adjustment between the fund statements and the statement of activities is the increase or decrease in revenue deferred as available.		
Deferred inflows of resources - December 31	108,995	
Deferred inflows of resources - January 1	<u>(114,589)</u>	<u>(5,594)</u>
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Bonds principal payments	77,391	
Bond proceeds	(97,010)	
Premium/discount	<u>(451)</u>	<u>(20,070)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in accrued interest payable	(516)	
Change in other postemployment benefits payable	(8,566)	
Change in compensated absences	(1,576)	
Change in other long-term liabilities	<u>2,523</u>	<u>(8,135)</u>
Increase (decrease) in net position of governmental activities	<u>\$</u>	<u>44,421</u>

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

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2014

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Internal Service Funds
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 19,120	\$ 34,961	\$ 25,133	\$ 10,498	\$ 19,729	\$ 15	\$ 109,456	\$ 149,353
Investments with trustees	-	-	-	-	-	41,980	41,980	-
Receivables:								
Accounts - net	4,052	3,378	4,751	3,115	3,065	57	18,418	92
Special assessments:								
Current	151	316	1,236	1	134	-	1,838	-
Delinquent	28	60	153	7	36	-	284	-
Deferred	-	-	1,016	6,522	-	-	7,538	-
Intergovernmental	38	332	920	-	26	-	1,316	1
Loans	-	-	-	-	-	50	50	-
Accrued interest	-	-	-	-	-	285	285	-
Capital leases	-	-	-	-	-	3,770	3,770	-
Due from other funds	-	-	-	-	-	-	-	202
Inventories	-	-	3,059	-	1,443	-	4,502	6,500
Properties held for resale	-	-	-	-	-	-	-	433
Prepaid items	-	-	-	-	-	-	-	773
Total current assets	23,389	39,047	36,268	20,143	24,433	46,157	189,437	157,354
Long-term assets:								
Receivables:								
Loans	-	-	-	-	-	383	383	-
Capital leases	-	-	-	-	-	86,325	86,325	-
Capital assets:								
Nondepreciable								
Land and easements	1	7,211	2,993	112,452	1,877	3,848	128,382	23,007
Construction in progress	3,242	3,306	30,306	2,867	360	-	40,081	20,528
Depreciable								
Buildings and structures	-	-	223,833	281,284	2,047	12,743	519,907	55,650
Less accumulated depreciation	-	-	(74,069)	(124,653)	(2,039)	(11,498)	(212,259)	(30,440)
Public improvements	162,520	395,034	167,651	7,654	-	-	732,859	9,641
Less accumulated depreciation	(60,194)	(110,324)	(74,802)	(1,123)	-	-	(246,443)	(3,567)
Machinery and equipment	1,482	1,611	33,052	5,003	14,298	347	55,793	96,040
Less accumulated depreciation	(1,213)	(1,440)	(10,473)	(4,545)	(8,603)	(347)	(26,621)	(62,586)
Computer equipment	10	193	99	1,041	178	-	1,521	70,849
Less accumulated depreciation	(10)	(193)	(93)	(1,041)	(178)	-	(1,515)	(66,064)
Software	-	1,488	269	130	955	-	2,842	55,255
Less accumulated depreciation	-	(1,488)	(269)	(130)	(955)	-	(2,842)	(49,025)
Other capital outlay	-	-	19	15	-	-	34	51
Less accumulated depreciation	-	-	(19)	(15)	-	-	(34)	(51)
Total long-term assets	105,838	295,398	298,497	278,939	7,940	91,801	1,078,413	119,288
Total assets	\$ 129,227	\$ 334,445	\$ 334,765	\$ 299,082	\$ 32,373	\$ 137,958	\$ 1,267,850	\$ 276,642

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

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2014

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

	Business-type Activities - Enterprise Funds						Total	Governmental
								Internal
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Service Funds
LIABILITIES								
Current liabilities:								
Salaries payable	\$ 127	\$ 223	\$ 529	\$ 103	\$ 266	\$ 4	\$ 1,252	\$ 792
Accounts payable	393	1,188	2,534	4,030	1,620	93	9,858	8,084
Intergovernmental payable	-	-	-	-	335	-	335	-
Due to other funds	-	-	-	-	-	-	-	202
Deposits held for others	-	-	93	1,869	-	7,226	9,188	-
Interest payable	22	15	845	255	-	418	1,555	50
Unearned revenue	-	-	-	-	-	1,058	1,058	9,630
Bonds payable-current portion	3,500	2,236	4,294	5,335	-	3,770	19,135	5,625
Notes payable-current portion	-	-	4,360	105	-	-	4,465	-
Compensated absences payable-current portion	88	144	368	65	181	5	851	511
Unpaid claims payable-current portion	-	-	-	-	-	-	-	5,432
Total current liabilities	4,130	3,806	13,023	11,762	2,402	12,574	47,697	30,326
Long-term liabilities:								
Interest payable	-	566	106	769	-	-	1,441	-
Bonds payable	6,060	2,639	22,312	69,358	-	86,330	186,699	16,628
Advances from other funds	-	-	-	-	-	-	-	3,250
Notes payable	-	-	75,870	38,545	-	-	114,415	-
Compensated absences payable	205	336	858	152	422	11	1,984	1,191
Other postemployment benefits	250	377	1,116	232	692	-	2,667	1,391
Unpaid claims payable	-	-	-	-	-	-	-	44,419
Total long-term liabilities	6,515	3,918	100,262	109,056	1,114	86,341	307,206	66,879
Total liabilities	10,645	7,724	113,285	120,818	3,516	98,915	354,903	97,205
NET POSITION								
Net investment in capital assets	96,678	290,524	192,479	167,324	7,940	5,093	760,038	98,917
Restricted - debt service	-	-	-	-	-	34,457	34,457	-
Unrestricted	21,904	36,197	29,001	10,940	20,917	(507)	118,452	80,520
Total net position	118,582	326,721	221,480	178,264	28,857	39,043	912,947	179,437
Total liabilities and net position	\$ 129,227	\$ 334,445	\$ 334,765	\$ 299,082	\$ 32,373	\$ 137,958	\$ 1,267,850	\$ 276,642
Net position - total enterprise funds							\$ 912,947	
Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.							(17,194)	
Net position of business-type activities							\$ 895,753	

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

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Fiscal Year Ended December 31, 2014

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Internal Service Funds
Operating revenues:								
Licenses and permits	\$ 181	\$ -	\$ 40	\$ 350	\$ -	\$ -	\$ 571	\$ -
Intergovernmental revenues	254	1,007	-	37	-	-	1,298	-
Charges for services and sales	59,457	39,983	72,228	57,444	30,567	1,842	261,521	90,389
Fines and forfeits	-	-	-	-	-	-	-	18
Special assessments	165	287	775	-	276	-	1,503	-
Interest	-	-	-	-	-	5,262	5,262	-
Rents and commissions	-	-	-	2	-	-	2	33,890
Total operating revenues	60,057	41,277	73,043	57,833	30,843	7,104	270,157	124,297
Operating expenses:								
Personnel costs	4,505	6,576	18,935	3,687	10,758	161	44,622	32,703
Contractual services	14,736	13,365	20,303	31,363	17,330	2,063	99,160	46,653
Materials, supplies, services and other	34,132	3,138	11,034	2,602	1,974	4	52,884	12,719
Rent	-	-	156	-	-	-	156	1,445
Depreciation	1,446	4,226	10,038	6,627	840	347	23,524	14,312
Total operating expenses	54,819	27,305	60,466	44,279	30,902	2,575	220,346	107,832
Operating income (loss)	5,238	13,972	12,577	13,554	(59)	4,529	49,811	16,465
Non-operating revenues (expenses):								
Intergovernmental	1	1,003	-	-	891	-	1,895	-
Interest revenue	-	-	-	-	-	802	802	-
Interest expense	(88)	-	(2,622)	(2,531)	-	(5,184)	(10,425)	(428)
Gain (loss) on disposal of capital assets	-	-	-	-	173	76	249	214
Special assessments	-	-	-	13	-	-	13	-
Other revenues	-	33	54	20	12	-	119	6,084
Total non-operating revenues (expenses)	(87)	1,036	(2,568)	(2,498)	1,076	(4,306)	(7,347)	5,870
Income (loss) before contributions and transfers	5,151	15,008	10,009	11,056	1,017	223	42,464	22,335
Capital contributions	-	-	144	-	-	-	144	416
Transfers in (out):								
Transfers from other funds	196	-	1,184	373	966	402	3,121	27,067
Transfers to other funds	(1,157)	(6)	(307)	(5,792)	-	-	(7,262)	(1,523)
Total contributions and transfers	(961)	(6)	1,021	(5,419)	966	402	(3,997)	25,960
Change in net position	4,190	15,002	11,030	5,637	1,983	625	38,467	48,295
Net position - January 1	114,392	311,719	210,450	172,627	26,874	38,418	874,480	131,142
Net position - December 31	\$ 118,582	\$ 326,721	\$ 221,480	\$ 178,264	\$ 28,857	\$ 39,043	\$ 912,947	\$ 179,437

Change in net position - total enterprise funds \$ 38,467

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.

3,248

Change in net position of business-type activities

\$ 41,715

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

	Business-type Activities - Enterprise Funds						Total	Governmental
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Internal Service Funds
Cash flows from operating activities:								
Cash received from customers and users	\$ 60,669	\$ 40,433	\$ 71,955	\$ 58,120	\$ 31,252	\$ 10,870	\$ 273,299	\$ 121,143
Intergovernmental receipts	-	925	-	-	-	-	925	-
Contribution (withdrawal from developer)	-	-	-	-	-	(1,610)	(1,610)	-
Developer construction funds used	-	-	-	-	-	(13,562)	(13,562)	-
Payments to suppliers and users	(50,367)	(16,430)	(29,793)	(37,487)	(18,861)	(2,152)	(155,090)	(66,044)
Payments to employees	(4,431)	(6,662)	(18,914)	(3,747)	(10,926)	(176)	(44,856)	(34,078)
Other non-operating revenues	-	33	54	20	12	-	119	6,084
Net cash provided (used) by operating activities	5,871	18,299	23,302	16,906	1,477	(6,630)	59,225	27,105
Cash flows from non-capital financing activities:								
Subsidies from federal and local grants	-	-	3	-	-	-	3	-
Transfers from other funds	196	-	1,184	373	966	402	3,121	27,067
Repayment of advances from other funds	-	-	-	-	-	(10)	(10)	(1,500)
Principal paid on bonds and notes	-	-	-	-	-	(4,041)	(4,041)	-
Interest paid on bonds and notes	-	-	-	-	-	(5,182)	(5,182)	-
Transfers to other funds	(1,157)	(6)	(307)	(5,792)	-	-	(7,262)	(1,523)
Intergovernmental	1	1,003	-	-	891	-	1,895	-
Repayment from (payment to) other fund for cash deficit	-	-	-	-	-	(40)	(40)	-
Net cash provided (used) by non-capital financing activities	(960)	997	880	(5,419)	1,857	(8,871)	(11,516)	24,044
Cash Flows from capital and related financing activities:								
Bonds issued	-	-	6,072	-	-	-	6,072	2,252
Principal paid on bonds	(5,150)	(3,235)	(2,301)	(10,884)	-	-	(21,570)	(4,400)
Interest paid on bonds	(413)	(850)	(2,112)	(3,409)	-	-	(6,784)	(699)
Principal paid on notes	-	-	(3,845)	-	-	-	(3,845)	-
Interest paid on notes	-	-	(2,196)	(219)	-	-	(2,415)	-
Capital contributions	-	-	165	-	-	-	165	-
Special assessments	-	-	-	559	-	-	559	-
Acquisition and construction of capital assets	(5,547)	(16,610)	(13,789)	(340)	(1,410)	-	(37,696)	(21,057)
Bond issuance costs	-	-	(6)	-	-	-	(6)	(2)
Proceeds from sale of capital assets	-	-	-	-	11	76	87	340
Net cash provided (used) by capital and related financing activities	(11,110)	(20,695)	(18,012)	(14,293)	(1,399)	76	(65,433)	(23,566)
Cash flows from investing activities:								
Purchase of investments	-	-	-	-	-	(16,285)	(16,285)	-
Sale of investments	-	-	-	-	-	30,921	30,921	-
Interest	-	-	-	-	-	800	800	-
Net cash provided (used) by investing activities	-	-	-	-	-	15,436	15,436	-
Net increase (decrease) in cash and cash equivalents	(6,199)	(1,399)	6,170	(2,806)	1,935	11	(2,288)	27,583
Cash and cash equivalents, beginning of year	25,319	36,360	18,963	13,304	17,794	4	111,744	121,770
Cash and cash equivalents, end of year	\$ 19,120	\$ 34,961	\$ 25,133	\$ 10,498	\$ 19,729	\$ 15	\$ 109,456	\$ 149,353
Reconciliation of operating income to net cash provided (used) by operating activities								
Operating income (loss)	\$ 5,238	\$ 13,972	\$ 12,577	\$ 13,554	\$ (59)	\$ 4,529	\$ 49,811	\$ 16,465
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:								
Depreciation	1,446	4,226	10,038	6,627	840	347	23,524	14,312
Accounts receivable - net	691	231	(1,047)	277	381	21	554	(13)
Intergovernmental receivable	(38)	(82)	-	-	-	-	(120)	-
Loans receivable	-	-	-	-	-	34	34	-
Notes receivable	-	-	-	-	-	-	-	150
Special assessments receivable	(40)	(68)	108	-	27	-	27	-
Capital leases receivable	-	-	-	-	-	(9,562)	(9,562)	-
Inventories	-	-	647	-	170	-	817	(820)
Prepaid items	-	-	340	-	-	-	340	114
Salaries payable	33	68	131	(5)	20	(7)	240	48
Accounts payable	(1,499)	73	715	(3,519)	161	(85)	(4,154)	302
Intergovernmental payable	-	-	(2)	(2)	112	-	108	(5)
Deposits held for others	-	-	(150)	10	-	(1,808)	(1,948)	-
Unearned revenue	-	-	-	-	-	(91)	(91)	(3,289)
Compensated absences payable	27	65	1	(9)	17	(8)	93	(329)
Other postemployment benefits	13	(219)	(110)	(47)	(204)	-	(567)	(1,096)
Unpaid claims payable	-	-	-	-	-	-	-	(4,818)
Other non-operating revenues	-	33	54	20	12	-	119	6,084
Net cash provided (used) by operating activities	\$ 5,871	\$ 18,299	\$ 23,302	\$ 16,906	\$ 1,477	\$ (6,630)	\$ 59,225	\$ 27,105
Non-cash investing, capital and financing activities:								
Capitalization of interest on construction in progress	\$ 99	\$ 189	\$ 359	\$ 76	\$ -	\$ -	\$ 723	\$ -
Capital contribution	-	-	-	-	-	-	-	416
Increase (decrease) in the value of investments reported at fair value	-	-	-	-	-	199	199	-

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2014

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 5,933
Receivables:	
Accounts - net	<u>205</u>
Total assets	<u><u>\$ 6,138</u></u>
LIABILITIES	
Accounts payable	\$ 1,505
Intergovernmental payable	4,511
Deposits held for others	<u>122</u>
Total liabilities	<u><u>\$ 6,138</u></u>

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

**COMBINING STATEMENT OF NET POSITION
DISCRETE COMPONENT UNITS
December 31, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Minneapolis Park and Recreation Board	Municipal Building Commission	Meet Minneapolis	Total Discrete Component Units
<u>ASSETS</u>				
Cash and investments	\$ 25,572	\$ 2,079	\$ 1,270	\$ 28,921
Receivables (net)	5,296	-	756	6,052
Due from other governmental agencies	-	607	-	607
Prepays and other assets	297	-	121	418
Inventories	189	-	-	189
Accounts receivable, long-term	-	-	560	560
Capital assets:				
Nondepreciable	108,353	10,596	1	118,950
Depreciable, net	192,048	14,976	464	207,488
Total assets	<u>\$ 331,755</u>	<u>\$ 28,258</u>	<u>\$ 3,172</u>	<u>\$ 363,185</u>
<u>LIABILITIES</u>				
Accrued salaries and benefits	\$ 1,172	\$ 112	\$ 601	\$ 1,885
Accounts payable	2,828	755	292	3,875
Interest payable	-	-	50	50
Unpaid claims payable	4,114	-	-	4,114
Loans payable to primary government	-	-	2,020	2,020
Fiscal agent liability	-	-	97	97
Unearned revenue	-	-	408	408
Compensated absences:				
Due within one year	1,771	145	-	1,916
Due beyond one year	2,704	50	-	2,754
Other postemployment benefits - due beyond one year	3,967	348	-	4,315
Long-term portion of loan payable -				
Due to primary government	-	-	2,020	2,020
Long-term liabilities:				
Due within one year	50	-	51	101
Due beyond one year	323	-	202	525
Total liabilities	<u>16,929</u>	<u>1,410</u>	<u>5,741</u>	<u>24,080</u>
<u>NET POSITION</u>				
Net investment in capital assets	300,028	25,572	372	325,972
Restricted				
Capital improvements	409	-	-	409
Project and grant programs	677	-	-	677
Special trust	113	-	-	113
Special reserves	4,927	-	-	4,927
Unrestricted	8,672	1,276	(2,941)	7,007
Total net position	<u>314,826</u>	<u>26,848</u>	<u>(2,569)</u>	<u>339,105</u>
Total liabilities and net position	<u>\$ 331,755</u>	<u>\$ 28,258</u>	<u>\$ 3,172</u>	<u>\$ 363,185</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, 2014

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenues and Changes in Net Position				Total Discrete Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Minneapolis Park and Recreation Board	Municipal Building Commission	Meet Minneapolis	
Minneapolis Park and Recreation Board	\$ 97,216	\$ 18,819	\$ 4,529	\$ 10,327	\$ (63,541)	\$ -	\$ -	\$ (63,541)
Municipal Building Commission	11,220	7,914	-	632	-	(2,674)	-	(2,674)
Meet Minneapolis	10,644	11,990	-	-	-	-	1,346	1,346
Total discrete component unit activities	\$ 119,080	\$ 38,723	\$ 4,529	\$ 10,959	\$ (63,541)	\$ (2,674)	\$ 1,346	\$ (64,869)
General Revenues:								
Taxes:								
General property tax and fiscal disparities					60,433	-	-	60,433
Local government aid					-	229	-	229
Grants and contributions not restricted to specific programs					8,977	-	-	8,977
Unrestricted interest and investment earnings					2	-	-	2
Other					-	79	-	79
Gain on sale of capital assets					55	-	807	862
Total general revenues					69,467	308	807	70,582
Change in net position					5,926	(2,366)	2,153	5,713
Net position - January 1, restated (see Note 1-A)					308,900	29,214	(4,722)	333,392
Net position - December 31					\$ 314,826	\$ 26,848	\$ (2,569)	\$ 339,105

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



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For the fiscal year ended December 31, 2014

(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. Also, the City has operational responsibility over the BET. It is these criterions that results in the BET being reported as a blended component unit.

DISCRETELY PRESENTED COMPONENT UNITS

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

▪ Minneapolis Park and Recreation Board

The Minneapolis Park and Recreation Board (Park Board) was established according to Chapter 16 of the City Charter. The nine-member board is elected by the voters of the City and is responsible for developing and maintaining parkland and parkways as well as planting and maintaining the City's boulevard trees. Also, the City has no operational responsibility over the Park Board. It is these criterions that results in the Park Board being reported as a discrete component unit. The Mayor recommends the tax levies and budget for the Park Board, and the City

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A - REPORTING ENTITY

DISCRETELY PRESENTED COMPONENT UNITS

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

Council and Mayor approve the allocation of the state’s local government aid for Park Board operations. All Park Board actions are submitted to the Mayor and a mayoral veto may be overridden by a vote of two thirds of the members of the Park Board. The Board of Estimate and Taxation approves the maximum property tax levy for the Park Board, and the full faith and credit of the City secures debt issued for Park Board projects. The City Finance Officer acts as Treasurer of the Park Board. Complete financial statements for the Park Board can be obtained from the Minneapolis Park and Recreation Board at 2117 West River Road, Minneapolis, Minnesota, 55411.

The net position of the Park Board has been adjusted to reflect changes in capital assets.

Net position - December 31, 2013	\$ 314,641
Adjustments	<u>(5,741)</u>
Net position - January 1, 2014, restated	<u>\$ 308,900</u>

▪ **Municipal Building Commission**

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

▪ **Meet Minneapolis**

Greater Minneapolis Convention and Visitors Association 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. Management also has no operational responsibility over Meet Minneapolis. It is this criterion that results in Meet Minneapolis being reported as a discretely presented component unit. 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:

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A - REPORTING ENTITY****RELATED ORGANIZATIONS (continued)****▪ Minnesota Sports Facilities Authority**

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

▪ Minneapolis Public Housing Authority

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

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

▪ Minneapolis Telecommunications Network

The Minneapolis Telecommunications Network (MTN) is a non-profit corporation organized by the City in 1983 under Minnesota Statutes, Chapter 317. Minneapolis Telecommunications Network provides public access media programming to residents of the City as well as providing media production training. Support for MTN comes from Public, Education, and Government (PEG) fees collected as part of agreements between the City and cable service providers. These agreements require cable companies to provide support for public, educational, and government access TV channels. The City Council and Mayor appoint the nine members of the board. There are up to three ex-officio members representing the City of Minneapolis, Comcast Cable, and the Minneapolis Public Schools. Complete financial statements for the MTN can be obtained from the Minneapolis Telecommunications Network at 1620 Central Avenue Suite 175, Minneapolis, Minnesota, 55413-1674.

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A - REPORTING ENTITY (continued)****JOINT VENTURES**

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

▪ Minneapolis-Duluth/Superior Passenger Rail Alliance

The Minneapolis-Duluth/Superior Passenger Rail Alliance was established under a joint powers agreement between Anoka County, Hennepin County, Isanti County, Pine County, St. Louis and Lakes Counties Regional Railroad Authority, City of Duluth, City of Minneapolis, and Douglas County (Wisconsin) to explore options for the development of rail transportation between the Twin Cities and Duluth Superior metropolitan areas. The nine-member board consists of one elected official selected by each party in the Alliance as well as a member of the Mille Lacs Band of Ojibwe. Each party also appoints an alternate member. The City of Minneapolis pays an annual membership fee to the Alliance to cover the costs of activities. The percentage share of the City in the Alliance's assets, liabilities, and equity cannot be determined at fiscal year-end. St. Louis and Lake Counties Regional Railroad Authority serves as the fiscal agent.

▪ Minneapolis/Saint Paul Housing Finance Board

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

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

▪ Minneapolis Youth Coordinating Board

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

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

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

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

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

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

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.

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

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

All governmental funds are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Tax revenues are recognized in the year for which the taxes are levied. Property tax levies are approved and certified to the County in December prior to the year collectible. The County acts as a collection agency. Such tax levies constitute a lien on the property on January 1st of the year collectible. Taxes are payable to the County in two installments by the fifteenth day of May and the fifteenth day of October. City property taxes are recognized as revenues when they become measurable and available to finance expenditures of the current period.

Major revenues that are determined to be susceptible to accrual include property taxes, special assessments, grants-in-aid, intergovernmental revenues, rentals, and intra-city charges. Interest on investments, short-term notes and loans receivable are accrued; interest on special assessments receivable is not accrued. Major revenues that are determined not to be susceptible to accrual because they are not available soon enough to pay liabilities of the current period or are not objectively measurable include delinquent property taxes and assessments, licenses, permits, fines and forfeitures.

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

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

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

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

The City reports the following major governmental funds:

- **General Fund**

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

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**B – BASIS OF PRESENTATION****GOVERNMENTAL FUNDS (continued)****▪ Special Revenue Fund - Community Planning and Economic Development**

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

▪ Capital Project Fund - Permanent Improvement

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

▪ Debt Service Fund – Special Assessment

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

PROPRIETARY FUNDS

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

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

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

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred 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 *non-operating* 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 *non-operating* revenues and expenses.

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

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

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

The City reports the following major enterprise funds:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B – BASIS OF PRESENTATION (continued)

NON-MAJOR FUNDS

The City reports the following non-major governmental funds:

Special Revenue Funds:

Arena Reserve
 Board of Estimate and Taxation
 Convention Center
 HUD Consolidated Plan
 Downtown Improvement District
 Employee Retirement
 Grants-Federal
 Grants-Other
 Police
 Neighborhood & Community Relations
 Regulatory Services

Debt Service Funds:

Community Development Agency
 Development
 General Debt Service

Additionally, the City reports the following fund types:

▪ **Internal Service Funds**

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

- **Engineering Materials and Testing** – 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. These services are provided to City departments as well as the Park Board, Municipal Building Commission, and Youth Coordinating Board.
- **Property Services** – This fund is used to account for the physical management and maintenance of various City buildings, except for the City Hall/County Court House building.
- **Equipment Services** – This fund is used to account for the ownership and operation of various equipment and vehicles. The fund operates as a rental agent to various departments to support the construction and maintenance of city infrastructure, fire protection services and police services.
- **Public Works Stores** – This fund is used to account for centralized procurement, warehousing and distribution of stocked inventory items, as well as the purchase of special goods and services.
- **Self-Insurance** – This fund is used to account for employee benefit programs and administrative costs, occupational health services and severance payments to employees who have retired or resigned; a tort liability program; and a workers’ compensation program.

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

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

- **Agency Funds**

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

- **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 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.

C – BUDGETS

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

The 2013 process for the 2014 budget involved the following:

February - March*Strategic planning*

The City engages in citywide strategic planning every four years to develop citywide goals and strategic directions. These citywide goals and strategic directions set guidelines for each department to develop its business plan. Early in 2014, the elected officials and department leadership participated in sessions aimed at setting a future direction for the City within the financial parameters anticipated. As a result of the decisions arrived at in these sessions, a new vision, five-year goals, and strategic directions were adopted. These will be revisited next in 2018.

March*Preliminary prior year-end budget status report*

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

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**C – BUDGETS (continued)****March-April***Capital Improvement Budget Development*

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

April-June*Operating Budget Development*

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

Capital Asset Request System (CARS) Plan and Budget Development

Departments work in coordination with Finance and Property Services to prepare five-year plans for the replacement of smaller capital assets and operating capital. The plans are based upon the need for replacements and the addition of capital assets for operational effectiveness. Each request requires a justification and estimate of the impact on operating budgets, as well as identifying funding sources.

June-August*Mayor's Recommended Budget*

The 2014 Mayor's Recommended Budget was based on program proposals submitted by departments. These program proposals are reviewed and discussed by the submitting department, the Mayor's Office, Council Members, the Coordinator's Office and Finance for priority-setting. In addition to reviewing operating budgets, the Mayor meets with representatives from CLIC before finalizing the capital budget recommendation. By City Charter, the Mayor must make recommendations to the City Council on the budget no later than August 15.

September*Maximum Proposed Property Tax Levy*

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

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**C – BUDGETS (continued)****September-November***City Council Budget Review and Development*

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

Truth in Taxation

"Truth in Taxation" or "TNT" property tax statements are mailed by Hennepin County to property owners indicating the maximum amount of property taxes that the owner will be required to pay. These statements also indicate the dates when truth in taxation public hearings will be held, which is in early December as required by State law. State law was changed in the 2009 Legislative session to eliminate a separate TNT hearing. It was replaced with a requirement to allow public comments at the meeting at which the final budget adoption occurs. The City Council has maintained this hearing as part of the regularly scheduled budget meetings. According to State law, the meeting must be held after 6:00 p.m.

December*City Council Budget Adoption*

The City Council adopts a final budget that reflects any and all changes made to the Mayor's Recommended Budget. Once the final budget resolutions are adopted, all the requests from departments for additional funds or positions made throughout the year are brought as amendments to the original budget resolutions before the Ways and Means/Budget Committee and the City Council for approval as amendments to the original budget resolution.

The independent boards and commissions adopt their own operating budgets.

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

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

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

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		Expenditure
	Budget at	Changes	Budget at end
	beginning of	during year	of year
	year		
General	\$ 392,596	\$ (1,078)	\$ 391,518
CPED Special Revenue	30,918	31,112	62,030
Arena Reserve Special Revenue Fund	6,932	449	7,381
Convention Center Special Revenue	44,559	5,399	49,958
HUD Consolidated Plan Special Revenue	15,118	1,262	16,380
Downtown Improvement District Special Revenue	5,800	350	6,150
Employee Retirement Special Revenue	33,018	1,500	34,518
Grants – Federal Special Revenue	10,553	13,771	24,324
Grants – Other Special Revenue	7,805	20,672	28,477
Police Special Revenue	2,181	39	2,220
TOTAL	\$ 549,480	\$ 73,476	\$ 622,956

D – NON-CURRENT GOVERNMENTAL ASSETS/LIABILITIES

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

E – DEPOSITS AND INVESTMENTS

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

Investment earnings in the investment pool, net of daily amortization of premiums and discounts, are calculated monthly and allocated to participating funds based on each fund's share of equity (positive or negative) in the investment pool. Some funds, such as debt service funds, retain their monthly allocation of investment earnings while other funds, which are not required to retain their allocated interest, pass the interest on to either the City General Fund or to the Community Planning and Economic Development Special Revenue Fund. Also, periodically the City distributes investment earnings from 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.

F – INVENTORIES OF MATERIALS AND SUPPLIES AND PREPAID ITEMS

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

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**F – INVENTORIES OF MATERIALS AND SUPPLIES AND PREPAID ITEMS (continued)**

purchased. Governmental fund inventories are recorded as expenditures at the time the inventory is consumed. Reported inventories of governmental funds are equally offset by nonspendable fund balance, to indicate 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.

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

G – RECEIVABLES

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

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

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

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

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

H – CAPITAL ASSETS

Capital assets (including infrastructure) are recorded 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

H – CAPITAL ASSETS (continued)

period or their estimated useful lives in the government-wide statements and proprietary funds. As of 2008 the City is no longer using salvage values, and will depreciate assets to zero.

The estimated useful lives are as follows:

Infrastructure	15 to 100 years
Buildings and Structures	25 to 50 years
Equipment	5 to 15 years
Public Improvements	20 to 40 years

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

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

I – COMPENSATED ABSENCES

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

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. noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.” Advances to other funds, as reported in the fund financial statements, are included in assigned fund balance in applicable governmental funds to indicate they are not available for appropriation and are not available financial resources. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when a fund incurs costs that are eventually repaid through charges to the benefiting fund. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

K – PROPERTIES HELD FOR RESALE

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

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**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.

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds.

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

M – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the City has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported on in the governmental funds balance sheet. The governmental funds report unavailable revenues from five sources: taxes, intergovernmental grants, special assessments interest, and long-term receivables. These amounts are recognized as an inflow of resources in the period that the amounts become available.

N – 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.

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits, per book	\$ 188
Investments	776,520
Imprest cash held by City	24
Total	<u>\$ 776,732</u>
Primary Government:	
Cash and cash equivalents	\$ 696,547
Cash in Agency Funds	5,933
Investments with trustees	45,331
Total primary government	<u>\$ 747,811</u>
Discretely Presented Component Units:	
Park and Recreation Board:	
Cash and cash equivalents	<u>25,572</u>
Municipal Building Commission:	
Cash and cash equivalents	<u>2,079</u>
Meet Minneapolis:	
Cash and cash equivalents	<u>1,270</u>
Total	<u>\$ 776,732</u>

A - Deposits

The City has executed a Depository Pledge Agreement with its depository bank. The depository bank pledges to secure the deposited funds, to the extent not insured by the Federal Deposit Insurance Corporation (“FDIC”), by pledging securities of any type permitted by the provisions of Chapter 118A of the Minnesota Statutes, which are eligible to be held in a Securities Account at the Federal Reserve Bank of San Francisco. The bank balances at the City’s designated depository as of December 31, 2014, totaled \$4,131.

Reconciliation of bank cash balance to book cash balance:	
Bank balance, per 12/31/14, bank statement	\$ 4,131
Reconciling items and outstanding checks	<u>(3,943)</u>
Deposits, per book	<u>\$ 188</u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the City’s deposits may be delayed or not be returned. The City’s policy is to have its designated depositories comply with Minnesota Statutes Chapter 118A to pledge allowable securities to collateralize the City’s deposits. At December 31, 2014, the City was not exposed to custodial credit risk since all deposits are either FDIC insured (where applicable) or are collateralized through securities pledged to the City of Minneapolis by the financial institution and held in safekeeping at the Federal Reserve Bank of San Francisco at 110% of deposit value.

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

B - Investments

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

Investment derivative instruments

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

As of December 31, 2014, there were no derivative instruments held in the City’s Investment Portfolio.

Interest Rate Risk

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

The following table presents the City of Minneapolis’ investment balances (excluding accrued earnings) at December 31, 2014, and information relating to interest rate risks:

Investment Type	Weighted Average Maturity (Years)	Carrying (Fair) Value
U.S. Federal Agency obligations	0.8	\$ 234,722
U.S. Treasury obligations	1.8	344,499
U.S. Mortgage obligations	3.0	69,066
Municipal bonds	2.4	66,717
Commercial paper	0.5	25,994
Mutual funds	0.1	29,109
Negotiable certificates of deposit	0.5	6,413
Portfolio Weighted Average Maturity	1.5	
Total investments		\$ 776,520
Deposits per book		188
Imprest cash		24
Total cash and investments		\$ 776,732

NOTE 2 - DEPOSITS AND INVESTMENTS

B - Investments (continued)

Credit Risk

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

"INVESTMENTS.

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

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

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

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

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

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For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 2 - DEPOSITS AND INVESTMENTS

B - Investments (continued)

At December 31, 2014, the City's investments were rated by Standard & Poor's and Moody's as follows:

Investment Type	Standard & Poor's		Moody's	
U.S. Federal agency obligations	AA+	\$ 234,722	Aaa	\$ 234,722
U.S. Treasury obligations	AA+	\$ 344,499	Aaa	\$ 344,499
U.S. Mortgage obligations	AA+	\$ 69,066	Aaa	\$ 69,066
Municipal bonds				
	AAA	\$ 25,560	Aaa	\$ 22,257
	AA+	15,217	Aa1	15,133
	AA	7,069	Aa2	17,319
	AA-	3,175	Aa3	3,096
	A+	2,985	A1	-
	A	-	A2	100
	A-	-	A3	624
	Not Available	-	Not Available	732
	Not rated	<u>12,711</u>	Not rated	<u>7,456</u>
Total Municipal bonds		<u>\$ 66,717</u>		<u>\$ 66,717</u>
Commercial paper	A-1+	\$ 20,000	P-1	\$ 25,994
	A-1	<u>5,994</u>	P-1	<u>-</u>
Total Commercial paper		<u>\$ 25,994</u>		<u>\$ 25,994</u>
Mutual funds	AAAmG	\$ 29,109	Aaa-mf	\$ 29,109
Negotiable certificates of deposit	Not rated	\$ 6,413	Not rated	\$ 6,413
Total		<u>\$ 776,520</u>		<u>\$ 776,520</u>

NOTE 2 - DEPOSITS AND INVESTMENTS

B - Investments (continued)

Custodial Credit Risk

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

Concentration of Credit Risk

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

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For the fiscal year ended December 31, 2014

(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		Permanent Improvement	Special Assessment	Non-Major Governmental Funds	Internal Service Funds	Total Governmental
Governmental Activities							
Accounts	\$ 11,703	\$ 133	\$ 638	\$ -	\$ 2,352	\$ 92	\$ 14,918
Taxes	3,213	128	23	-	1,245	-	4,609
Special assessments	650	-	3,165	39,140	1,428	-	44,383
Intergovernmental	717	679	26,445	-	9,268	1	37,110
Loans	-	178,765	-	-	67,415	-	246,180
Loans due from component unit	-	-	-	-	2,020	-	2,020
Interest	890	385	59	32	293	-	1,659
Gross receivables	17,173	180,090	30,330	39,172	84,021	93	350,879
Less: Allowance for uncollectibles	(49)	(157,459)	-	-	(52,918)	-	(210,426)
Total receivables (due within one year)	\$ 17,124	\$ 22,631	\$ 30,330	\$ 39,172	\$ 31,103	\$ 93	\$ 140,453
Long-term portion of loans due from component unit	\$ -	\$ -	\$ -	\$ -	\$ 2,020	\$ -	\$ 2,020
	Water Treatment and Distribution						
	Sanitary Sewer	Stormwater	Services	Municipal Parking	Solid Waste and Recycling	CPED	Total Business-type
Business-type Activities							
Accounts	\$ 4,052	\$ 3,378	\$ 4,751	\$ 3,415	\$ 3,065	\$ 57	\$ 18,718
Special assessments	179	376	2,405	6,530	170	-	9,660
Intergovernmental	38	332	920	-	26	-	1,316
Loans	-	-	-	-	-	1,036	1,036
Interest	-	-	-	-	-	285	285
Gross receivables	4,269	4,086	8,076	9,945	3,261	1,378	31,015
Less: Allowance for uncollectibles	-	-	-	(300)	-	(986)	(1,286)
Total receivables (due within one year)	\$ 4,269	\$ 4,086	\$ 8,076	\$ 9,645	\$ 3,261	\$ 392	\$ 29,729
Long-term portion of loans and notes receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 383	\$ 383

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.

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 3 - RECEIVABLES (continued)

The future payment requirements for these agreements are as follows:

	<u>Capitalized Leases</u>
Scheduled Lease Payments:	
2015	\$ 8,784
2016	8,967
2017	8,926
2018	8,813
2019	8,042
2020-2024	35,607
2025-2029	30,586
2030-2034	25,363
2035-2039	19,058
2040	<u>2,636</u>
Subtotal	156,782
Less: Interest over lease term	<u>(66,682)</u>
 Total Principal	 90,100
Less: Unexpended construction funds	<u>(5)</u>
 Net Capitalized Leases and Notes receivable	 90,095
Less: Current Portion	<u>(3,770)</u>
 Noncurrent Portion	 <u>\$ 86,325</u>

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

	Balance January 1, 2014	Additions	Retirements	Balance December 31, 2014
Governmental Activities				
<i>Capital assets, not being depreciated</i>				
Land and easements	\$ 110,789	\$ -	\$ -	\$ 110,789
Construction in progress	229,622	57,247	(92,979)	193,890
Total capital assets, not being depreciated	340,411	57,247	(92,979)	304,679
<i>Capital assets, being depreciated</i>				
Infrastructure	797,402	100,184	(10,501)	887,085
Buildings and structures	583,546	-	(1,848)	581,698
Public improvements	21,665	8,461	(733)	29,393
Machinery and equipment	121,957	14,456	(3,011)	133,402
Computer equipment	69,927	2,356	-	72,283
Software	51,709	4,090	-	55,799
Other capital outlay	51	-	-	51
Total capital assets, being depreciated	1,646,257	129,547	(16,093)	1,759,711
Less accumulated depreciation for:				
Infrastructure	(413,167)	(31,656)	3,135	(441,688)
Buildings and structures	(200,607)	(11,462)	177	(211,892)
Public improvements	(6,595)	(1,756)	8	(8,343)
Machinery and equipment	(82,703)	(9,338)	2,795	(89,246)
Computer equipment	(65,591)	(1,880)	-	(67,471)
Software	(44,704)	(4,863)	-	(49,567)
Other capital outlay	(51)	-	-	(51)
Total accumulated depreciation	(813,418)	(60,955)	6,115	(868,258)
Total capital assets, being depreciated, net	832,839	68,592	(9,978)	891,453
Governmental activities capital assets, net	\$ 1,173,250	\$ 125,839	\$ (102,957)	\$ 1,196,132

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 263
Public Safety	2,162
Public Works	32,975
Community Planning and Economic Development	11,243
Depreciation on capital assets held in the City's internal service fund is charged to the various functions based on their usage of assets.	14,312
Total depreciation expense - governmental functions	\$ 60,955

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 4 - CAPITAL ASSETS (continued)

	Balance January 1, 2014	Additions	Retirements	Balance December 31, 2014
Business-type Activities				
<i>Capital assets, not being depreciated</i>				
Land and easements	\$ 128,382	\$ -	\$ -	\$ 128,382
Construction in progress	54,343	37,179	(51,441)	40,081
Total capital assets, not being depreciated	182,725	37,179	(51,441)	168,463
<i>Capital assets, being depreciated</i>				
Buildings and structures	518,732	1,175	-	519,907
Public improvements	683,625	49,234	-	732,859
Machinery and equipment	54,665	2,268	(1,140)	55,793
Computer equipment	1,521	-	-	1,521
Software	2,842	-	-	2,842
Other capital outlay	34	-	-	34
Total capital assets, being depreciated	1,261,419	52,677	(1,140)	1,312,956
Less accumulated depreciation for:				
Buildings and structures	(201,168)	(11,091)	-	(212,259)
Public improvements	(237,561)	(8,882)	-	(246,443)
Machinery and equipment	(24,184)	(3,545)	1,108	(26,621)
Computer equipment	(1,511)	(4)	-	(1,515)
Software	(2,842)	-	-	(2,842)
Other capital outlay	(32)	(2)	-	(34)
Total accumulated depreciation	(467,298)	(23,524)	1,108	(489,714)
Total capital assets, being depreciated, net	794,121	29,153	(32)	823,242
Business-type Activities capital assets, net	\$ 976,846	\$ 66,332	\$ (51,473)	\$ 991,705

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

Sanitary Sewer	\$ 1,446
Stormwater	4,226
Water Treatment and Distribution Services	10,038
Municipal Parking	6,627
Solid Waste and Recycling	840
Economic Development	347
Total depreciation expense - business-type functions	\$ 23,524

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 4 - CAPITAL ASSETS (continued)

Construction in Progress

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

Property Services	\$ 5,855
Convention Center	10,085
Traffic Signals & Lighting	35,537
Traffic Grant Projects	19,019
Bicycle Trail	3,960
Street Construction	60,573
Bridge Construction	11,702
Heritage Park	22,383
911/311	387
Police	114
Target Center Capital	1,516
Target Center Renovation	2,230
Equipment Services	718
Property Services	17
Business Information Services	19,794
Total CIP for Governmental Activities	<u>\$ 193,890</u>

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

Sewers - Sanitary Sewer	\$ 3,242
Sewers - Stormwater	3,306
Water Treatment and Distribution Services	30,306
Municipal Parking	2,867
Solid Waste and Recycling	360
Total CIP for Business-type Activities	<u>\$ 40,081</u>

Capital Project Commitments

For the year 2014, the City of Minneapolis made Capital Project commitments for the following:

Property Services	\$ 8,415
Sewer Construction	16,965
Street Construction	48,889
Bridge Construction	11,000
Sidewalk Construction	3,520
Street Lighting	1,400
Traffic Signals	8,270
Bicycle Trails	790
Non-Departmental	8,545
Information Technology	2,850
Water	22,200
Total Capital Project Commitments	<u>\$ 132,844</u>

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 4 - CAPITAL ASSETS (continued)

Discretely Presented Component Units

Activity for the Minneapolis Park and Recreation Board for the year ended December 31, 2014, was as follows:

	Balance 1/1/2014, Restated	Additions	Retirements	Balance December 31, 2014
Capital assets, not being depreciated	\$ 113,070	\$ 15,955	\$ (20,672)	\$ 108,353
Capital assets, being depreciated, net	180,772	11,276	-	192,048
	<u>\$ 293,842</u>	<u>\$ 27,231</u>	<u>\$ (20,672)</u>	<u>\$ 300,401</u>
Depreciation expense charged	\$ 12,801			

Activity for the Municipal Building Commission for the year ended December 31, 2014, was as follows:

	Balance January 1, 2014	Additions	Retirements	Balance December 31, 2014
Capital assets, not being depreciated	\$ 13,103	\$ 666	\$ (3,173)	\$ 10,596
Capital assets, being depreciated, net	15,107	(131)	-	14,976
	<u>\$ 28,210</u>	<u>\$ 535</u>	<u>\$ (3,173)</u>	<u>\$ 25,572</u>
Depreciation expense charged	\$ 3,334			

NOTE 5 - LONG-TERM DEBT

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

Property Tax Supported General Obligation Bonds

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 Activities. 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 Activities 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 Activities and are also backed by the full faith and credit of the City.

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (continued)Revenue Bonds and Notes

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

Sinking Fund Provisions

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

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

2014 Bond Sales

In 2014, the City of Minneapolis issued bonds totaling \$105,235. All bonds were new issuances for capital projects. Below are details of the 2014 debt issuances.

In March 2014, the City issued \$61,905 of Taxable General Obligation Bonds (Downtown East Project), Series 2014. The Downtown East Project is a mixed-use project which includes two office towers, a 1,610 stall public parking ramp, market rate multifamily housing, retail space, skyway connections and an urban green space park. The proceeds of the bonds will be used to finance a portion of the costs of constructing the parking ramp, the urban green space and certain other costs of the Downtown East Project. The bonds were issued in fixed rate mode and had interest rates ranging from .95% to 4.63% and a final maturity date of March 1, 2044.

In December 2014, the City issued \$37,400 of General Obligation Various Purpose Bonds, Series 2014. The bonds were issued to fund a variety of capital infrastructure improvements for the public works department, parks system, Municipal Building Commission and information technology department. The bonds were issued in fixed rate mode and had interest rates ranging from 1.00% to 2.00% and a final maturity date of December 1, 2019.

In December 2014, the City also issued \$5,930 General Obligation Improvement Bonds, Series 2014. These bonds were issued for a variety of special assessment projects related to sidewalk modifications, alleys, and street reconstruction and resurfacing programs. The bonds were issued in fixed rate mode and had interest rates ranging from 2.00% to 3.50% and a final maturity date of December 1, 2034.

Minnesota Public Facilities Authority Notes

The City has entered into six general obligation notes with the Minnesota Public Facilities Authority (PFA) to finance the City's drinking water ultra-filtration project and new filter presses project. The notes are part of a federally sponsored below market financing program related to the Safe Drinking Water Act and the City saves 1.5% on interest costs by participating in the program. The interest rates on the six notes range from 1.00% - 2.83% and the final maturity dates

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (continued)

range from 8/20/19 to 8/20/27. The City received proceeds totaling \$104,188 over the years and at December 31, 2014, the outstanding debt balance of the six general obligation notes in this program is \$80,230.

Discrete Component Unit Debt

Due to current debt issuance policies, the City issues debt on behalf of the Minneapolis Park & Recreation Board and the Municipal Building Commission and previously issued debt for the Minneapolis Library Board. The Minneapolis Public Library System was merged into the Hennepin County Library System on January 1, 2008. As of December 31, 2014, \$97,715 of the outstanding governmental debt is related to activities of these discretely presented component units and is reported within the debt balances of the primary government. Of this balance, \$80,405 is related to library improvements transferred to the Hennepin County Library System. The capital assets purchased with funds obtained from this debt issuance are held by the respective discrete component units and are reported with their capital assets on the Statement of Net Position, with the exception of the library assets now held by Hennepin County.

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For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (continued)

Long-term liabilities at December 31, 2014 (in thousands) are detailed below.

	Balance <u>1/1/2014</u>	Additions	Retirements	Balance <u>12/31/2014</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
<u>Bonds and Notes</u>					
Property Tax Supported GO Bonds	\$ 136,530	\$ 29,075	\$ 37,075	\$ 128,530	\$ 38,365
Self-Supporting GO Bonds	164,620	61,905	14,755	211,770	20,995
Special Assessment GO Bonds	53,774	6,030	10,591	49,213	9,286
Tax Increment GO Bonds	97,545	-	13,365	84,180	6,675
Tax Increment GO Notes	4,450	-	390	4,060	410
Tax Increment Revenue Bonds	24,385	-	885	23,500	950
Tax Increment Revenue Notes	14,385	-	330	14,055	360
Internal Service Funds GO Bonds	23,805	2,225	4,400	21,630	5,625
Total Bonds and Notes	<u>519,494</u>	<u>99,235</u>	<u>81,791</u>	<u>536,938</u>	<u>82,666</u>
<u>Other Long-term Liabilities</u>					
Unamortized Premium (Discount)	<u>10,793</u>	<u>478</u>	<u>2,639</u>	<u>8,632</u>	<u>-</u>
Total Long-term Liabilities Governmental	<u>530,287</u>	<u>99,713</u>	<u>84,430</u>	<u>545,570</u>	<u>82,666</u>
Business-type Activities:					
<u>Bonds and Notes</u>					
Stormwater Fund GO Bonds	7,971	-	3,235	4,736	2,236
Sanitary Sewer Fund GO Bonds	14,450	-	5,150	9,300	3,500
Water Treatment and Distribution Services Fund GO Bonds	22,070	6,000	2,301	25,769	4,294
Water Treatment and Distribution Services Fund GO Notes	84,075	-	3,845	80,230	4,360
Municipal Parking Fund GO Bonds	83,706	-	10,884	72,822	5,335
Municipal Parking Fund GO Notes	38,650	-	-	38,650	105
CPED Related Non GO Fund					
General Agency Reserve Fund System Bonds	94,100	-	4,000	90,100	3,770
Community Planning and Economic Development Fund Revenue Note	<u>41</u>	<u>-</u>	<u>41</u>	<u>-</u>	<u>-</u>
Total Bonds and Notes	<u>345,063</u>	<u>6,000</u>	<u>29,456</u>	<u>321,607</u>	<u>23,600</u>
<u>Other Long-term Liabilities</u>					
Unamortized Premium (Discount)	<u>4,049</u>	<u>71</u>	<u>1,014</u>	<u>3,106</u>	<u>-</u>
Total Long-term Liabilities Business-type	<u>349,112</u>	<u>6,071</u>	<u>30,470</u>	<u>324,713</u>	<u>23,600</u>
Total Long-term Liabilities	<u>\$ 879,399</u>	<u>\$ 105,784</u>	<u>\$ 114,900</u>	<u>\$ 870,283</u>	<u>\$ 106,266</u>

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (continued)

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

Amortization of Outstanding Governmental City Debt

As of December 31, 2014, annual debt service requirements for Governmental activities to maturity (in thousands) are as follows:

Governmental Activities – Non-Proprietary

Year Ending Dec 31:	Bonds		Notes	
	Principal	Interest	Principal	Interest
2015	\$ 76,271	\$ 15,803	\$ 770	\$ 444
2016	58,276	13,800	820	407
2017	49,236	12,557	870	365
2018	51,401	11,353	925	321
2019	61,170	9,839	985	274
2020 - 2024	108,575	30,370	4,545	588
2025 - 2029	39,674	15,392	-	-
2030 - 2034	14,775	10,274	9,200	-
2035 - 2039	15,700	7,040	-	-
2040 - 2044	22,115	2,694	-	-
	<u>\$ 497,193</u>	<u>\$ 129,122</u>	<u>\$ 18,115</u>	<u>\$ 2,399</u>

	Internal Service Fund Bonds		Total Governmental Activities Bonds & Notes	
	Bonds	Interest	Principal	Interest
2015	\$ 5,625	\$ 605	\$ 82,666	\$ 16,852
2016	3,035	474	62,131	14,681
2017	3,160	386	53,266	13,308
2018	9,810	294	62,136	11,968
2019	-	-	62,155	10,113
2020 - 2024	-	-	113,120	30,958
2025 - 2029	-	-	39,674	15,392
2030 - 2034	-	-	23,975	10,274
2035 - 2039	-	-	15,700	7,040
2040 - 2044	-	-	22,115	2,694
	<u>\$ 21,630</u>	<u>\$ 1,759</u>	<u>\$ 536,938</u>	<u>\$ 133,280</u>

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (continued)

Amortization of Outstanding Business-type Activities City Debt

As of December 31, 2014, annual debt service requirements for Business-type activities to maturity (in thousands) are as follows:

Year Ending Dec 31:	Bonds		Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 19,135	\$ 10,374	\$ 4,465	\$ 4,027	\$ 23,600	\$ 14,401
2016	18,249	8,045	5,725	3,914	23,974	11,959
2017	13,449	7,434	8,005	3,741	21,454	11,175
2018	12,224	6,918	9,550	3,504	21,774	10,422
2019	12,765	6,489	9,845	3,221	22,610	9,710
2020 - 2024	61,445	25,466	37,130	12,036	98,575	37,502
2025 - 2029	30,365	13,941	32,455	6,304	62,820	20,245
2030 - 2034	17,545	8,382	11,705	1,492	29,250	9,874
2035 - 2039	15,320	3,060	-	-	15,320	3,060
2040	2,230	108	-	-	2,230	108
Total	<u>\$ 202,727</u>	<u>\$ 90,217</u>	<u>\$ 118,880</u>	<u>\$ 38,239</u>	<u>\$ 321,607</u>	<u>\$ 128,456</u>

Discretely Presented Component Unit

Activity for the Minneapolis Park and Recreation Board for the year ended December 31, 2014, was as follows:

	Balance		Retirements	Balance		Amounts Due Within One Year
	January 1, 2014	Additions		December 31, 2014		
Notes payable	<u>\$ 1,744</u>	<u>\$ -</u>	<u>\$ 1,371</u>	<u>\$ 373</u>	<u>\$ 50</u>	

Year Ending December 31:	Principal	Interest
2015	\$ 50	\$ 18
2016	52	15
2017	55	13
2018	58	10
2019	61	7
2020-2021	97	5
Total	<u>\$ 373</u>	<u>\$ 68</u>

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

As of December 31, 2014, outstanding industrial, commercial, and housing revenue bonds and notes approximated \$2,342 million. The bonds are payable solely from revenues of the respective enterprises and do not constitute an indebtedness of the City. They are not a charge against the City’s general credit or taxing power.

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 7 - DEFERRED INFLOWS OF RESOURCES

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

Deferred Inflows of Resources	General	CPED	Permanent	Special	Non-Major	Total
	Fund				Governmental	
Property taxes	\$ 1,999	\$ -	\$ 16	\$ -	\$ 697	\$ 2,712
Special assessments	566	-	3,141	39,038	1,335	44,080
Tax increment	-	121	-	-	-	121
Loans receivable	-	21,306	-	-	14,497	35,803
Long-term receivable	-	-	25,477	-	-	25,477
Interest	344	149	19	12	114	638
Other unavailable revenue	-	164	-	-	-	164
Total deferred inflows of resources	<u>\$ 2,909</u>	<u>\$ 21,740</u>	<u>\$ 28,653</u>	<u>\$ 39,050</u>	<u>\$ 16,643</u>	<u>\$ 108,995</u>

NOTE 8 - LEASES

Operating Leases

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

Year Ending December 31	Governmental Activities Amount
2015	\$ 2,394
2016	2,393
2017	2,336
2018	2,303
2019	2,301
2020-2024	5,376
2025-2029	10,350
2030-2034	8,787
2035-2039	4,277
2040	15
	<u>\$ 40,532</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 five to seventeen years. The operating lease transactions are measured on a straight-line basis over the lease term per GASB Statement No. 13-Accounting for Operating Leases with Scheduled Rent Increases. Application of the straight-line basis to the total lease expenditures of \$500 over the lease terms results in a total annual lease amount of \$182.

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 8 - LEASES

Operating Leases with scheduled rent increases (continued)

For 2014 the amount of lease expenditures is as follows:

	<u>Amount</u>
Operating leases	\$ 187
Additional straight line basis	<u>(5)</u>
Total expenditures	<u>\$ 182</u>

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

	<u>Governmental Activities Amount</u>
<u>Year</u>	
2015	\$ 116
2016	116
2017	118
2018	120
2019	<u>30</u>
Total minimum lease payments	<u>\$ 500</u>

NOTE 9 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables

The composition of interfund balances as of December 31, 2014 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	\$ 4,500
Internal Service Funds	Internal Service Funds	<u>202</u>
	Total	<u>\$ 4,702</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.

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 9 - INTERFUND TRANSACTIONS (continued)

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Permanent Improvement Fund	\$ 1,250
CPED Special Revenue Fund	Permanent Improvement Fund	2,750
Convention Center Special Revenue Fund	Internal Service Funds	3,250
	Total	<u>\$ 7,250</u>

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

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:

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For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 9 - INTERFUND TRANSACTIONS

Transfers (continued)

Fund Transferred To	Fund Transferred From	Total Transfers In
Governmental Funds:		
General Fund	Municipal Parking Fund	\$ 2,323
		<u>2,323</u>
CPED Special Revenue Fund	Non-Major Governmental Funds	647
		<u>647</u>
Permanent Improvement Fund	General Fund	1,340
	Internal Service Funds	499
		<u>1,839</u>
Special Assessment Debt Service Fund	Permanent Improvement Fund	862
	Water Works Fund	242
		<u>1,104</u>
Non-Major Governmental Funds	General Fund	48,097
	Non-Major Governmental Funds	18,697
	CPED Special Revenue Fund	27,135
	Permanent Improvement Fund	2,205
	Internal Service Funds	24
	Water Treatment and Distribution Services Fund	65
	Municipal Parking Fund	3,323
		<u>99,546</u>
	Total Governmental Funds	\$ 105,459
Proprietary Funds:		
Business-Type Activities		
Sanitary Sewer Fund	Permanent Improvement Fund	\$ 190
	Stormwater Fund	6
		<u>196</u>
Water Treatment and Distribution Services Fund	General Fund	27
	Sanitary Sewer Fund	1,157
		<u>1,184</u>
Municipal Parking Fund	CPED Special Revenue Fund	373
		<u>373</u>
Solid Waste & Recycling Fund	General Fund	820
	Municipal Parking Fund	146
		<u>966</u>
CPED Enterprise Fund	CPED Special Revenue Fund	402
		<u>402</u>
	Total Business Type Activities	\$ 3,121
Governmental Type Activities		
Internal Service Funds	General Fund	\$ 24,361
	Non-Major Governmental Funds	1,706
	Internal Service Funds	1,000
		<u>27,067</u>
	Total Governmental Type Activities	\$ 27,067

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

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 10 – NET POSITION/FUND BALANCES

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

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

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

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

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

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

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

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

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

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 10 – NET POSITION/FUND BALANCES (continued)

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

Fund Balances	General	Community Planning and Economic Development	Permanent Improvement	Special Assessment	Non-Major Governmental	Total
<u>Nonspendable</u>						
Land held for development	\$ -	\$ 37,195	\$ -	\$ -	\$ 8,511	\$ 45,706
<u>Restricted for:</u>						
Debt service	-	-	-	10,245	21,064	31,309
Community and economic development	-	133,891	-	-	-	133,891
Capital improvements	-	-	27,197	-	-	27,197
Grants	-	-	-	-	1,684	1,684
Law enforcement	-	-	-	-	1,241	1,241
<i>Total restricted</i>	<u>-</u>	<u>133,891</u>	<u>27,197</u>	<u>10,245</u>	<u>23,989</u>	<u>195,322</u>
<u>Assigned to:</u>						
General government	-	-	-	-	508	508
Public safety	-	-	-	-	5,038	5,038
Community & economic development	-	32,721	-	-	75,931	108,652
Neighborhood & community relations	-	-	-	-	3,037	3,037
Pension obligations	-	-	-	-	22,219	22,219
Capital improvements	-	-	3,680	-	-	3,680
<i>Total assigned</i>	<u>-</u>	<u>32,721</u>	<u>3,680</u>	<u>-</u>	<u>106,733</u>	<u>143,134</u>
<u>Unassigned</u>	<u>102,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(145)</u>	<u>102,294</u>
Total fund balances	<u>\$ 102,439</u>	<u>\$ 203,807</u>	<u>\$ 30,877</u>	<u>\$ 10,245</u>	<u>\$ 139,088</u>	<u>\$ 486,456</u>

NOTE 11 – RESTRICTED NET POSITION – GOVERNMENTAL ACTIVITIES

Certain components of net position are classified on the statement of net position as restricted because their use is limited. The Governmental Activities report restricted amounts that are not available for operations or are legally restricted by outside parties for use for a specific purpose. As of December 31, 2014, the Governmental Activities restricted net position is as follows:

Debt Service	\$ 31,309
Community and economic development	133,891
Capital improvements	27,197
Grants	1,684
Law enforcement	1,241
Total restricted net position	<u>\$ 195,322</u>

NOTE 12 – RESTRICTED NET POSITION – BUSINESS-TYPE ACTIVITIES

Certain components of net position are classified on the statement of net position as restricted because their use is limited. The Business-type Activities report restricted net position amounts that are not available for operations or are legally restricted by outside parties for use for a specific purpose. As of December 31, 2014, the Business-type component of restricted net position is as follows:

Debt Service	<u>\$ 34,457</u>
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For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 13 – DEFINED BENEFIT PENSION PLAN – STATEWIDE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**Plan Description**

All full-time and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund and the Public Employees Police and Fire Fund, which are cost sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes chapters 353 and 356.

General Employees Retirement Fund members belong to the Coordinated Plan or the Basic Plan, as well as a separate division for the Minneapolis Employees Retirement Fund (MERF). The Coordinated Plan members are covered by Social Security, and Basic Plan members are not. All new members must participate in the Coordinated Plan and benefits vest after three years of credited service (five years for those first eligible for membership after June 30, 2010). MERF was made part of the General Employees Retirement Fund in June 2010. A traditional multiple employer defined benefit plan, MERF is not coordinated with Social Security and was closed to new membership in 1979. Because its funding includes annual state subsidies and is required to remain self-sustaining, it is accounted for separately by PERA. In addition to the base employer contribution, MERF employers share the responsibility of meeting the MERF division's unfunded liability with the State of Minnesota.

Legislation (MN Statue 353) was passed in 2011 that merged the Minneapolis Police Relief Association and Minneapolis Fire Relief Association into PERA'S Police and Fire Fund effective December 30, 2011. All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. For members' first eligible for membership after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after five years and increasing 10 percent for each year of service until fully vested after ten years. Members eligible for membership before July 1, 2010, are fully vested after three years of service.

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. Defined retirement benefits are based on a member's average yearly salary for the five highest-paid consecutive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for the General Employees Retirement Fund 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 year thereafter. 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 successive 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 Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each year of service.

For all General Employees Retirement Fund members, hired prior to July 1, 1989, whose annuity is calculated using Method 1, and for all Public Employees Police and Fire Fund members, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for Public Employees Police and Fire Fund members and either 65 or 66 (depending on the date hired) for General Employees Retirement Fund members. 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.

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 13 – DEFINED BENEFIT PENSION PLAN – STATEWIDE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (continued)

PERA issues a publicly available financial report that includes financial statements and required supplementary information for the General 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.

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. Ch. 353. 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. General Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 6.25 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members are required to contribute 10.20 percent.

The City is required to contribute the following percentages of annual covered payroll in 2014:

General Employees Retirement Fund	
Coordinated Plan members	7.25 %
Public Employees Police and Fire Fund	15.30 %

The City’s contributions for the years ending December 31, 2014, 2013 and 2012, for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Minneapolis Employees Retirement Fund were:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Employees Retirement Fund	\$ 9,935	\$ 9,150	\$ 10,544
Public Employees Police and Fire Fund	27,308	25,879	21,593
Minneapolis Employees Retirement Fund	21,376	21,485	21,311

These contribution amounts are equal to the contractually required contributions for each year as set by state statute. Contribution rates increase on January 1, 2015, in the General Employees Retirement Fund Coordinated Plan (6.50 percent for members and 7.50 percent for employers) and the Public Employees Police and Fire Fund (10.80 percent for members and 16.20 percent for employers).

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 MERF division of the PERA General Employees Retirement Fund, a defined benefit pension plan which is a cost-sharing, multiple-employer retirement plan. This plan is administered in accordance with Minnesota Statutes Chapter 353 and sections of Minnesota Statutes 422A (2008). The MERF division pension plan provides pension benefits, deferred annuity, and death and disability benefits as set by state statute. Members are eligible for service retirement either:

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 13 – DEFINED BENEFIT PENSION PLAN – STATEWIDE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (continued)

- 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 division 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 2.0 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.

A monthly retirement benefit is available to employees who have under three years of service, 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.

Funding Policy

MERF division employees contribute 9.75 percent of salary into the Deposit Accumulation Reserve and .50 percent 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 percent of salary. The unfunded actuarial liability is funded partially by payments each year of 2.68 percent of salary plus \$3.9 million from all employers. The City levies taxes to finance the employer's share of pension costs for the PERA General Employees Retirement Fund.

On June 30, 2010 the Minneapolis Employees Retirement Fund (MERF) was consolidated under PERA. Legislation extended the full funding date to 2031 and set a minimum annual payment from the employers of \$27 million and maximum annual payment of \$34 million.

Additional Information

PERA includes more information about the MERF division account in its publicly available report which can be obtained at the address included under the Plan Description for PERA.

On January 1, 2015, MERF was merged into the PERA General Fund. While MERF is fully integrated into the PERA General Fund, Minneapolis and other MERF employers, plan active members, and the State of Minnesota remain obligated for the funding of MERF member benefits.

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 13 – DEFINED BENEFIT PENSION PLAN – STATEWIDE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (continued)**Potential Impact of New Accounting Standards on Current Period Financial Statements**

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27. Application of GASB Statement No. 68 may restate portions of these financial statements and will require the City to report unfunded pension liabilities on the statement of net position. GASB 68 is required to be implemented for fiscal year ending December 31, 2015.

NOTE 14 - 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, 2014, was \$2,032 and the CPED's total payroll was \$17,824.

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 \$112 and \$104 respectively to the plan during the year, which amounts represented 5.53 percent and 5.1 percent respectively of the covered payroll.

NOTE 15 – POSTEMPLOYMENT BENEFITS PLAN**Plan Description**

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

There is no separate, audited GAAP-basis postemployment benefit plan report available.

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 15 – POSTEMPLOYMENT BENEFITS PLAN (continued)

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 2014, the City contributed \$5,118 to the plan. As of January 1, 2014, there were approximately 648 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.

Annual required contribution	\$ 12,184
Interest on net OPEB obligation	870
Adjustment to annual required contribution	<u>(1,036)</u>
Annual OPEB cost (expense)	12,018
Contributions made	<u>5,118</u>
Increase in net OPEB obligation	6,900
Net OPEB obligation – beginning of year	<u>29,123</u>
Net OPEB obligation – end of year	<u><u>\$ 36,023</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014, 2013 and 2012 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	\$12,018	42.57%	\$36,023
12/31/2013	\$11,606	45.85%	\$29,123
12/31/2012	\$9,887	43.50%	\$22,841

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 15 – POSTEMPLOYMENT BENEFITS PLAN (continued)

Funded Status and Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the City had no assets deposited to fund the plan. The actuarial accrued liability for benefits was \$123,491 and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$123,491. These are projected figures based on the valuation assumptions. The covered payroll (annual payroll of active employees covered by the plan) was \$291,238, and the ratio of the UAAL to the covered payroll was 42.4 percent.

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

Actuarial Methods and Assumptions

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

In the January 1, 2013, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 3.0 percent 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 7.0 percent to 8.5 percent, long-term, similar to a pension plan) or unfunded (3.0 percent to 5.0 percent, 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 8.0 percent initially, reduced incrementally to an ultimate rate of 5.0 percent after 12 years. Both rates included a 3.0 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The original amortization period is 30 years, as of January 1, 2011, 30 years remain.

	Balance 1/1/2014	Additions	Retirements	Balance 12/31/2014
Other postemployment benefits payable:				
Governmental activities	25,886	7,470	-	33,356
Business-type activities	3,237	-	(570)	2,667
Total	<u>29,123</u>	<u>7,470</u>	<u>(570)</u>	<u>36,023</u>

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 15 – POSTEMPLOYMENT BENEFITS PLAN (continued)

Discretely Presented Component Units

Activity for the discretely presented component units for the year ended December 31, 2014, was as follows:

	Balance 1/1/2014	Additions	Retirements	Balance 12/31/2014
Other postemployment benefits payable:				
Minneapolis Park and Recreation Board	\$ 3,851	\$ 1,059	\$ 943	\$ 3,967
Municipal Building Commission	273	128	53	348
Total	<u>\$ 4,124</u>	<u>\$ 1,187</u>	<u>\$ 996</u>	<u>\$ 4,315</u>

NOTE 16 - VACATION, SEVERANCE, SICK AND COMPENSATORY TIME PAY

Depending on the terms of their collective bargaining contract, or the policies applicable to their classification, employees may accumulate up to 50 days' 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.

	Balance 1/1/2014	Additions	Retirements	Balance 12/31/2014	Amounts Due Within One Year
Compensated absences payable:					
Governmental activities	\$ 32,817	\$ 20,667	\$ 19,420	\$ 34,064	\$ 17,478
Business-type activities	2,741	2,595	2,501	2,835	851
Total	<u>\$ 35,558</u>	<u>\$ 23,262</u>	<u>\$ 21,921</u>	<u>\$ 36,899</u>	<u>\$ 18,329</u>

Discretely Presented Component Units

Activity for the discretely presented component units for the year ended December 31, 2014, was as follows:

	Balance 1/1/2014	Additions	Retirements	Balance 12/31/2014	Amounts Due Within One Year
Compensated absences payable:					
Minneapolis Park and Recreation Board	\$ 4,585	\$ 2,547	\$ 2,657	\$ 4,475	\$ 1,771
Municipal Building Commission	185	162	152	195	145
Total	<u>\$ 4,770</u>	<u>\$ 2,709</u>	<u>\$ 2,809</u>	<u>\$ 4,670</u>	<u>\$ 1,916</u>

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 17 - RISK MANAGEMENT & CLAIMS

The City is self-insured and exposed to a variety of risks related to liability claims; property, personal injury and accidents. The City is self-insured for workers' compensation, general liability and re-employment. Claims under \$25 and unrepresented are handled by Risk Management & Claims. Claims that are 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 & liability programs. The City, CPED and the BET are self-insured for general liability. 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 \$49,851, reported in the Self-Insurance Internal Service Fund at December 31, 2014, 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 in March of 2015 for claim exposure and settlements payments, calculated that the claims liability at December 31, 2014 is \$49,851, a decrease of \$4,817 from the liability amount of \$54,668 at December 31, 2013.

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).

Dental coverage is based on plan design and includes Delta Dental PPO coverage of up to \$1.5 or Delta Dental Premier coverage of up to \$1.0 per person annually. Based on an actuarial review of the dental plan, it has been determined that the premium rates charged to departments are sufficient to cover projected dental claims.

Changes in the claims liabilities during fiscal 2013 and 2014 are:

	2013	2014
Liability balance – January 1	\$ 53,030	\$ 54,668
Current year claims and changes in estimates	16,123	5,432
Claim payments	<u>(14,485)</u>	<u>(10,249)</u>
Liability balance – December 31	<u>\$ 54,668</u>	<u>\$ 49,851</u>

NOTE 18 - CLEANUP OF HAZARDOUS MATERIALS

Properties owned by the City of Minneapolis may have certain contingent liabilities associated with them due to potential contamination from hazardous material or difficulty in securing vacant structures located on them. It is not expected that these contingencies will have a material effect on the financial statements of the City.

Any of these related costs that are incurred during City project construction are charged to the project that incurs them, and are capitalized when the project is completed.

NOTE 19 - OTHER COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the grantor agencies. Any disallowed claims, including amounts previously recognized by

For the fiscal year ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 19 - OTHER COMMITMENTS AND CONTINGENCIES (continued)

the City as revenue, would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time. City officials expect such amounts, if any, to be immaterial.

In connection with the normal conduct of its affairs, the City is involved in various claims and litigations pending against the City involving claims for monetary damages. Except as follows, these pending cases are not unusual in number and amount.

- The City is a defendant in two cases that allege injury or wrongful death, as a result of police misconduct.

NOTE 20 – SUBSEQUENT EVENTS

The City issued the following bonds since December 31, 2014.

In March 2015, the City issued \$8,245 of Tax Increment Revenue Refunding Bonds (Village at St. Anthony Falls Project) Series 2015. The City received proceeds of \$8,160 after subtracting a net discount of \$85. These proceeds in conjunction with \$1,038 of debt service reserve funds and \$163 of debt service account funds on hand with the trustee were used on April 6, 2015 to redeem the combined \$8,830 of outstanding bonds from the Tax Increment Revenue Refunding Bonds (Village at St. Anthony Falls Project), Series 2004 and Tax Increment Revenue Refunding Bonds (Village at St. Anthony Falls Project), Series 2005. As part of this transaction, \$405 of the net proceeds funded a new debt service reserve and \$36 was used to pay costs of issuance. The refunding bonds were issued in fixed rate mode and had interest rates ranging from 1.60% to 4.00% and a final maturity date of March 1, 2027. This refunding resulted in combined aggregate debt service savings of \$1,625 and an economic gain of \$1,181 or 11.76% net present value savings on the combined refunded bonds debt service. The refunding details for each series follow.

For the \$5,160 portion of the above refunding bonds issued to refund \$5,460 of Tax Increment Revenue Refunding Bonds (Village at St. Anthony Falls Project), Series 2004, the City received proceeds of \$5,107 after subtracting a net discount of \$53. After accounting for the net change in debt service reserves, this refunding resulted in aggregate debt service savings of \$938 and an economic gain of \$752 or 12.08% net present value savings on the refunded bonds debt service.

For the \$3,085 portion of the above refunding bonds issued to refund \$3,370 of Tax Increment Revenue Refunding Bonds (Village at St. Anthony Project), Series 2005, the City received proceeds of \$3,053 after subtracting a net discount of \$32. After accounting for the net change in debt service reserves, this refunding resulted in aggregate debt service savings of \$687 and an economic gain of \$429 or 11.25% net present value savings on the refunded bonds debt service.

In March 2015, the City issued \$7,460 of Tax Increment Refunding Revenue Bonds (Grant Park Project) Series 2015. The City received proceeds of \$7,337 after subtracting a net discount of \$123. These proceeds along with \$822 of debt service reserve funds and \$437 of debt service account funds on hand with the trustee were used on April 13, 2015 to redeem the remaining \$8,160 of Tax Increment Revenue Refunding Bonds (Grant Park Project), Series 2006. As part of this transaction, \$314 of the proceeds funded a new debt service reserve and \$40 was used to pay costs of issuance. The refunding bonds were issued in fixed rate mode and had interest rates ranging from 1.55% to 4.00% and a final maturity date of March 1, 2030. As a result of this refunding, the City realized aggregate debt service savings of \$1,624 and an economic gain of \$978 or 11.99% net present value savings on the refunded bonds debt service.



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**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 258,638	\$ 262,216	\$ 271,500	\$ 9,284
Licenses and permits	36,350	36,350	49,268	12,918
Intergovernmental revenues	81,299	81,361	81,277	(84)
Charges for services and sales	44,042	45,895	46,592	697
Fines and forfeits	7,893	7,893	7,179	(714)
Special assessments	3,254	3,254	3,084	(170)
Investment earnings	1,600	1,600	1,862	262
Miscellaneous revenues	6,328	2,807	3,245	438
Total revenues	439,404	441,376	464,007	22,631
CURRENT EXPENDITURES:				
Current:				
General government:				
Mayor	1,697	1,827	1,827	-
Council & Clerk	7,276	7,594	7,367	227
Assessor	4,629	4,629	4,500	129
Attorney	8,675	8,744	8,213	531
Civil rights	2,879	3,020	2,775	245
Clerk-Elections	1,265	1,385	2,132	(747)
Coordinator	2,192	2,152	2,386	(234)
Coordinator-311	3,540	3,602	3,489	113
Coordinator-Communications	2,190	2,190	2,167	23
Coordinator-Finance	21,877	22,039	22,037	2
Coordinator-Human resources	6,986	7,807	7,793	14
Coordinator-Intergovernmental relations	1,634	1,520	1,518	2
Internal audit	491	491	144	347
Contingency	4,000	3,000	-	3,000
Coordinator-Information technology	725	825	648	177
General revenues	200	-	-	-
Total general government	70,256	70,825	66,996	3,829
Public safety:				
Regulatory services	15,784	15,819	15,737	82
Coordinator-911	8,132	8,132	8,132	-
Coordinator-Emergency management	717	884	864	20
Fire	59,016	59,016	57,802	1,214
Police	143,292	143,292	140,864	2,428
Total public safety	226,941	227,143	223,399	3,744
Public works:				
Administration	2,975	2,975	2,743	232
Engineering design	4,931	2,806	2,596	210
Field services	30,254	31,254	34,213	(2,959)
Transportation and special projects	15,448	15,483	15,351	132
Total public works	53,608	52,518	54,903	(2,385)
Culture and recreation - Library	3,238	3,238	3,238	-
Health and welfare - Health and family support	7,403	7,403	7,521	(118)
Community planning & economic development:				
Community planning & economic development	30,111	29,112	28,920	192
Coordinator-Neighborhood & community relations	1,039	1,079	1,039	40
Total community planning & economic development	31,150	30,191	29,959	232
Intergovernmental expenditures:				
Culture and recreation	-	200	200	-
Total expenditures	392,596	391,518	386,216	5,302
Excess (deficiency) of revenues over (under) expenditures	46,808	49,858	77,791	27,933
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	2,323	2,323	2,323	-
Transfers to other funds	(73,699)	(74,645)	(74,645)	-
Total other financing sources (uses)	(71,376)	(72,322)	(72,322)	-
Net change in fund balance	(24,568)	(22,464)	5,469	27,933
Fund balance - January 1	96,970	96,970	96,970	-
Fund balance - December 31	\$ 72,402	\$ 74,506	\$ 102,439	\$ 9

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

**COMMUNITY PLANNING AND ECONOMIC DEVELOPMENT
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes:				
General property tax	\$ -	\$ -	\$ 1,016	\$ 1,016
Property tax increment	41,700	41,700	42,286	586
Total taxes	41,700	41,700	43,302	1,602
Intergovernmental revenues:				
State grants and shared revenues	-	-	1	1
Charges for services and sales	2,488	2,488	3,122	634
Investment earnings	191	191	1,032	841
Miscellaneous revenues:				
Rents and commissions	2,802	2,802	4,123	1,321
Sale of land	-	50	170	120
Loan recapture	-	-	5,272	5,272
Other	-	-	19	19
Total miscellaneous revenues	2,802	2,852	9,584	6,732
Total revenues	47,181	47,231	57,041	9,810
CURRENT EXPENDITURES:				
Community planning & economic development	30,918	62,030	31,634	30,396
Excess (deficiency) of revenues over (under) expenditures	16,263	(14,799)	25,407	40,206
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	2,886	2,886	647	(2,239)
Transfers to other funds	(35,045)	(35,045)	(27,910)	7,135
Total other financing sources (uses)	(32,159)	(32,159)	(27,263)	4,896
Net change in fund balance	(15,896)	(46,958)	(1,856)	45,102
Fund balance - January 1	205,663	205,663	205,663	-
Fund balance - December 31	\$ 189,767	\$ 158,705	\$ 203,807	\$ 45,102

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

For the Fiscal Year Ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

NOTE 1 – BUDGETS

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATION

The legal level of budgetary control is at the department level within a fund. The following departments in the General Fund had expenditures in excess of appropriation for the fiscal year ending December 31, 2014.

	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Clerk - Elections	\$ 1,385	\$ 2,132	\$ (747)
Health and family support	7,403	7,521	(118)
Public works	52,518	54,903	(2,385)

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

NOTE 3 – POSTEMPLOYMENT BENEFITS PLAN

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of 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>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
1/1/2009	\$ -	\$ 72,210	\$ 72,210	0.0%	\$ 401,097	18.0%
1/1/2011	\$ -	\$ 96,450	\$ 96,450	0.0%	\$ 287,649	33.5%
1/1/2013	\$ -	\$ 118,093	\$ 118,093	0.0%	\$ 284,134	41.6%



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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.

Convention Center – This fund is used to account for the ownership, maintenance, and operations of the Minneapolis Convention Center.

HUD Consolidated Plan – This fund accounts for federal formula-based grants received from the U.S. Department of Housing & Urban Development's Community Planning and Development Office.

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, Permanent Improvement, Police, Enterprise and Internal Service Funds.

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

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

Neighborhood & Community Relations – This fund is used to account for the tax increment financing funded expenditures of the Neighborhood & Community Relations Department.

Regulatory Services – This fund is used to account for special assessments related to nuisance properties.

Non-Major Debt Service Funds

Community Development Agency – This fund is used to account for the debt service activity of Community Planning and Economic Development. It includes various tax increment revenue notes.

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

General Debt Service – This fund is used to account for debt service activity related to General Obligation governmental debt supported by property tax levies or transfers to/from other City funds. Bonds paid within this fund include general infrastructure, library referendum and pension obligation bonds. This fund also is used to record debt service activity for governmental revenue notes including Community Health, College of St. Thomas District and the Section 108 HUD note for the Midtown Exchange.

Internal Service Funds

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

Intergovernmental Services – This fund is used to account for information technology service, central mailing and printing services, and telecommunication operations. These services are provided to City departments as well as the Park Board, Municipal Building Commission, and Youth Coordinating Board.

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

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

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

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

Agency Funds

Minneapolis Agency – This fund is used to account for the collection and remittance of funds to other governments and agencies.

Skyway Debt Service Agency – This fund is used to account for the collection and payment of funds related to the debt service for the skyway system.

Youth Coordinating Board Agency – This fund is used to account for cash deposited with the City.

Minneapolis Public Housing Authority Agency – This fund is used to account for cash deposited with the City.

Joint Board Agency – This fund is used to account for cash deposited with the City.

GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 NON-MAJOR FUNDS
 December 31, 2014

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 110,150	\$ 17,335	\$ 127,485
Investments with trustees	-	3,351	3,351
Receivables:			
Accounts - net	2,352	-	2,352
Taxes	432	813	1,245
Special assessments	1,428	-	1,428
Intergovernmental	9,268	-	9,268
Loans - net	14,497	-	14,497
Loans due from component unit	4,040	-	4,040
Accrued interest	221	72	293
Advances to other funds	3,250	-	3,250
Properties held for resale	8,511	-	8,511
	<u>154,149</u>	<u>21,571</u>	<u>175,720</u>
Total assets	\$ 154,149	\$ 21,571	\$ 175,720
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
Liabilities:			
Salaries payable	\$ 697	\$ -	\$ 697
Accounts payable	6,713	6	6,719
Intergovernmental payable	30	-	30
Due to other funds	4,500	-	4,500
Deposits held for others	1,897	-	1,897
Unearned revenue	6,146	-	6,146
	<u>19,983</u>	<u>6</u>	<u>19,989</u>
Total liabilities	19,983	6	19,989
Deferred inflows of resources:			
Unavailable revenue	16,142	501	16,643
	<u>16,142</u>	<u>501</u>	<u>16,643</u>
Fund balances:			
Nonspendable	8,511	-	8,511
Restricted	2,925	21,064	23,989
Assigned	106,733	-	106,733
Unassigned	(145)	-	(145)
	<u>118,024</u>	<u>21,064</u>	<u>139,088</u>
Total fund balances	118,024	21,064	139,088
Total liabilities, deferred inflows of resources, and fund balances	\$ 154,149	\$ 21,571	\$ 175,720

**GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NON-MAJOR FUNDS
 For the Fiscal Year Ended December 31, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental</u>
REVENUES:			
Taxes	\$ 32,152	\$ 39,097	\$ 71,249
Licenses and permits	1,404	-	1,404
Intergovernmental revenues	49,044	36	49,080
Charges for services and sales	8,554	-	8,554
Fines and forfeits	340	-	340
Special assessments	9,520	-	9,520
Investment earnings	728	212	940
Miscellaneous revenues	20,648	1,152	21,800
	<u>122,390</u>	<u>40,497</u>	<u>162,887</u>
EXPENDITURES:			
Current:			
General government	32,334	-	32,334
Public safety	21,942	-	21,942
Public works	1,270	-	1,270
Health and welfare	12,508	-	12,508
Community planning & economic development	80,733	-	80,733
Intergovernmental:			
Public safety	176	-	176
Debt Service:			
Principal retirement	-	66,800	66,800
Interest and fiscal charges	-	15,427	15,427
Total expenditures	<u>148,963</u>	<u>82,227</u>	<u>231,190</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,573)</u>	<u>(41,730)</u>	<u>(68,303)</u>
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	57,190	42,356	99,546
Transfers to other funds	<u>(18,697)</u>	<u>(2,353)</u>	<u>(21,050)</u>
Total other financing sources (uses)	<u>38,493</u>	<u>40,003</u>	<u>78,496</u>
Net change in fund balances	11,920	(1,727)	10,193
Fund balances - January 1	<u>106,104</u>	<u>22,791</u>	<u>128,895</u>
Fund balances - December 31	<u><u>\$ 118,024</u></u>	<u><u>\$ 21,064</u></u>	<u><u>\$ 139,088</u></u>



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**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET - NON-MAJOR FUNDS
December 31, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Arena Reserve</u>	<u>Board of Estimate and Taxation</u>	<u>Convention Center</u>	<u>HUD Consolidated Plan</u>
ASSETS				
Cash and cash equivalents	\$ 10,742	\$ 323	\$ 63,019	\$ 1,030
Receivables:				
Accounts - net	1,350	-	482	201
Taxes	-	4	-	-
Special assessments	-	-	-	40
Intergovernmental	-	-	-	-
Loans - net	-	-	-	14,497
Loans due from component unit	-	-	4,040	-
Accrued interest	21	-	158	-
Advances to other funds	-	-	3,250	-
Properties held for resale	-	-	-	5,994
Total assets	<u>\$ 12,113</u>	<u>\$ 327</u>	<u>\$ 70,949</u>	<u>\$ 21,762</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Salaries payable	\$ -	\$ 7	\$ 331	\$ 72
Accounts payable	679	3	2,805	284
Intergovernmental payable	-	-	-	-
Due to other funds	-	-	-	-
Deposits held for others	-	-	1,897	-
Unearned revenue	1,350	-	-	875
Total liabilities	<u>2,029</u>	<u>10</u>	<u>5,033</u>	<u>1,231</u>
Deferred inflows of resources:				
Unavailable revenue	<u>8</u>	<u>2</u>	<u>61</u>	<u>14,537</u>
Fund balances:				
Nonspendable	-	-	-	5,994
Restricted	-	-	-	-
Assigned	10,076	315	65,855	-
Unassigned	-	-	-	-
Total fund balances	<u>10,076</u>	<u>315</u>	<u>65,855</u>	<u>5,994</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,113</u>	<u>\$ 327</u>	<u>\$ 70,949</u>	<u>\$ 21,762</u>

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET - NON-MAJOR FUNDS
December 31, 2014

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

Downtown Improvement District	Employee Retirement	Grants- Federal	Grants- Other	Police	Neighborhood & Community Relations	Regulatory Services	Total
\$ 681	\$ 22,026	\$ 360	\$ 2,792	\$ 978	\$ 3,064	\$ 5,135	\$ 110,150
-	-	7	7	303	-	2	2,352
-	428	-	-	-	-	-	432
25	-	-	1	-	-	1,362	1,428
-	-	6,446	2,822	-	-	-	9,268
-	-	-	-	-	-	-	14,497
-	-	-	-	-	-	-	4,040
-	29	-	-	-	-	13	221
-	-	-	-	-	-	-	3,250
-	-	1,317	1,200	-	-	-	8,511
<u>\$ 706</u>	<u>\$ 22,483</u>	<u>\$ 8,130</u>	<u>\$ 6,822</u>	<u>\$ 1,281</u>	<u>\$ 3,064</u>	<u>\$ 6,512</u>	<u>\$ 154,149</u>
\$ -	\$ -	\$ 81	\$ 100	\$ 16	\$ 17	\$ 73	\$ 697
513	-	1,453	717	146	10	103	6,713
-	30	-	-	-	-	-	30
-	-	4,500	-	-	-	-	4,500
-	-	-	-	-	-	-	1,897
-	-	779	3,119	23	-	-	6,146
<u>513</u>	<u>30</u>	<u>6,813</u>	<u>3,936</u>	<u>185</u>	<u>27</u>	<u>176</u>	<u>19,983</u>
-	234	-	2	-	-	1,298	16,142
-	-	1,317	1,200	-	-	-	8,511
-	-	-	1,684	1,241	-	-	2,925
193	22,219	-	-	-	3,037	5,038	106,733
-	-	-	-	(145)	-	-	(145)
<u>193</u>	<u>22,219</u>	<u>1,317</u>	<u>2,884</u>	<u>1,096</u>	<u>3,037</u>	<u>5,038</u>	<u>118,024</u>
<u>\$ 706</u>	<u>\$ 22,483</u>	<u>\$ 8,130</u>	<u>\$ 6,822</u>	<u>\$ 1,281</u>	<u>\$ 3,064</u>	<u>\$ 6,512</u>	<u>\$ 154,149</u>

SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2014

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Arena Reserve</u>	<u>Board of Estimate and Taxation</u>	<u>Convention Center</u>	<u>HUD Consolidated Plan</u>
REVENUES:				
Taxes	\$ 1,976	\$ 172	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	-	10,391
Charges for services and sales	-	-	6,048	1,004
Fines and forfeits	-	-	-	-
Special assessments	-	-	-	13
Investment earnings	34	-	560	74
Miscellaneous revenues	1,350	-	10,826	2,526
Total revenues	<u>3,360</u>	<u>172</u>	<u>17,434</u>	<u>14,008</u>
CURRENT EXPENDITURES:				
General government	-	177	-	2,050
Public safety	-	-	-	1,066
Public works	-	-	-	-
Health and welfare	-	-	-	790
Community planning & economic development	3,298	-	45,020	10,395
Intergovernmental:				
Public safety	-	-	-	-
Total expenditures	<u>3,298</u>	<u>177</u>	<u>45,020</u>	<u>14,301</u>
Excess (deficiency) of revenues over (under) expenditures	<u>62</u>	<u>(5)</u>	<u>(27,586)</u>	<u>(293)</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	3,323	4	46,593	250
Transfers to other funds	-	-	(18,680)	-
Total other financing sources (uses)	<u>3,323</u>	<u>4</u>	<u>27,913</u>	<u>250</u>
Net change in fund balances	3,385	(1)	327	(43)
Fund balances - January 1	<u>6,691</u>	<u>316</u>	<u>65,528</u>	<u>6,037</u>
Fund balances - December 31	<u><u>\$ 10,076</u></u>	<u><u>\$ 315</u></u>	<u><u>\$ 65,855</u></u>	<u><u>\$ 5,994</u></u>

**SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2014**

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

(In Thousands)

Downtown Improvement District	Employee Retirement	Grants- Federal	Grants- Other	Police	Neighborhood & Community Relations	Regulatory Services	Total
\$ -	\$ 29,829	\$ -	\$ 44	\$ 131	\$ -	\$ -	\$ 32,152
-	-	-	157	1,050	-	197	1,404
-	4,693	14,337	19,466	157	-	-	49,044
-	-	35	752	610	-	105	8,554
-	-	-	-	307	-	33	340
6,462	-	-	1	-	-	3,044	9,520
(5)	35	-	-	-	-	30	728
2	4,517	700	716	-	6	5	20,648
6,459	39,074	15,072	21,136	2,255	6	3,414	122,390
6,147	23,385	312	263	-	-	-	32,334
-	11,534	2,381	1,221	2,161	-	3,579	21,942
-	-	1,137	133	-	-	-	1,270
-	-	6,934	4,784	-	-	-	12,508
-	-	4,191	14,423	-	3,138	268	80,733
-	-	176	-	-	-	-	176
6,147	34,919	15,131	20,824	2,161	3,138	3,847	148,963
312	4,155	(59)	312	94	(3,132)	(433)	(26,573)
-	1,500	-	-	-	5,520	-	57,190
-	(17)	-	-	-	-	-	(18,697)
-	1,483	-	-	-	5,520	-	38,493
312	5,638	(59)	312	94	2,388	(433)	11,920
(119)	16,581	1,376	2,572	1,002	649	5,471	106,104
\$ 193	\$ 22,219	\$ 1,317	\$ 2,884	\$ 1,096	\$ 3,037	\$ 5,038	\$ 118,024

**ARENA RESERVE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
Entertainment tax	\$ 1,275	\$ 1,275	\$ 1,976	\$ 701
Investment earnings	-	-	34	34
Miscellaneous revenues:				
Rents and commissions	-	-	1,350	1,350
Total revenues	<u>1,275</u>	<u>1,275</u>	<u>3,360</u>	<u>2,085</u>
CURRENT EXPENDITURES:				
Community planning & economic development	<u>6,932</u>	<u>7,381</u>	<u>3,298</u>	<u>4,083</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,657)</u>	<u>(6,106)</u>	<u>62</u>	<u>6,168</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	<u>3,323</u>	<u>3,323</u>	<u>3,323</u>	<u>-</u>
Net change in fund balance	(2,334)	(2,783)	3,385	6,168
Fund balance - January 1	<u>6,691</u>	<u>6,691</u>	<u>6,691</u>	<u>-</u>
Fund balance - December 31	<u>\$ 4,357</u>	<u>\$ 3,908</u>	<u>\$ 10,076</u>	<u>\$ 6,168</u>

**BOARD OF ESTIMATE AND TAXATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amount		Actual	Variance
	Original	Final		
REVENUES:				
Taxes:				
General property tax	\$ 167	\$ 167	\$ 172	\$ 5
CURRENT EXPENDITURES:				
General government	180	180	177	3
Excess (deficiency) of revenues over (under) expenditures	(13)	(13)	(5)	8
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	4	4	4	-
Net change in fund balance	(9)	(9)	(1)	8
Fund balance - January 1	316	316	316	-
Fund balance - December 31	\$ 307	\$ 307	\$ 315	\$ 8

**CONVENTION CENTER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amount		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services and sales	\$ 5,720	\$ 5,720	\$ 6,048	\$ 328
Investment earnings	575	575	560	(15)
Miscellaneous revenues:				
Rents and commissions	6,980	6,980	7,097	117
Privileges	3,300	3,300	3,726	426
Other	-	-	3	3
Total miscellaneous revenues	<u>10,280</u>	<u>10,280</u>	<u>10,826</u>	<u>546</u>
Total revenues	<u>16,575</u>	<u>16,575</u>	<u>17,434</u>	<u>859</u>
CURRENT EXPENDITURES:				
Community planning & economic development	<u>44,559</u>	<u>49,958</u>	<u>45,020</u>	<u>4,938</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,984)</u>	<u>(33,383)</u>	<u>(27,586)</u>	<u>5,797</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	46,593	46,593	46,593	-
Transfers to other funds	<u>(18,861)</u>	<u>(18,861)</u>	<u>(18,680)</u>	<u>181</u>
Total other financing sources (uses)	<u>27,732</u>	<u>27,732</u>	<u>27,913</u>	<u>181</u>
Net change in fund balance	(252)	(5,651)	327	5,978
Fund balance - January 1	<u>65,528</u>	<u>65,528</u>	<u>65,528</u>	<u>-</u>
Fund balance - December 31	<u>\$ 65,276</u>	<u>\$ 59,877</u>	<u>\$ 65,855</u>	<u>\$ 5,978</u>

**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, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental revenues:				
Federal grantor agencies	\$ 13,000	\$ 13,037	\$ 10,391	\$ (2,646)
Charges for services and sales	-	-	1,004	1,004
Special assessments	-	-	13	13
Investment earnings	-	-	74	74
Miscellaneous revenues:				
Rents and commissions	-	-	7	7
Loan recapture	-	-	2,504	2,504
Other	2,118	2,118	15	(2,103)
Total miscellaneous revenues	2,118	2,118	2,526	408
Total revenues	15,118	15,155	14,008	(3,658)
CURRENT EXPENDITURES:				
General government	1,833	2,349	2,050	299
Public safety	834	1,290	1,066	224
Health and welfare	598	793	790	3
Community planning & economic development	11,853	11,948	10,395	1,553
Total expenditures	15,118	16,380	14,301	2,079
Excess (deficiency) of revenues over (under) expenditures	-	(1,225)	(293)	932
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	-	-	250	250
Net change in fund balance	-	(1,225)	(43)	1,182
Fund balance - January 1	6,037	6,037	6,037	-
Fund balance - December 31	\$ 6,037	\$ 4,812	\$ 5,994	\$ 1,182

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, 2014

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Special assessments	\$ 5,800	\$ 6,150	\$ 6,462	\$ 312
Investment earnings	-	-	(5)	(5)
Miscellaneous revenues:				
Other	-	-	2	2
Total revenues	<u>5,800</u>	<u>6,150</u>	<u>6,459</u>	<u>309</u>
CURRENT EXPENDITURES:				
General government	<u>5,800</u>	<u>6,150</u>	<u>6,147</u>	<u>3</u>
Net change in fund balance	-	-	312	312
Fund balance - January 1	<u>(119)</u>	<u>(119)</u>	<u>(119)</u>	<u>-</u>
Fund balance - December 31	<u>\$ (119)</u>	<u>\$ (119)</u>	<u>\$ 193</u>	<u>\$ 312</u>

**EMPLOYEE RETIREMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes:				
General property tax	\$ 29,018	\$ 29,018	\$ 25,615	\$ (3,403)
Property tax increment	-	-	355	355
Fiscal disparities	-	-	3,858	3,858
Other taxes	-	-	1	1
Total taxes	<u>29,018</u>	<u>29,018</u>	<u>29,829</u>	<u>811</u>
Intergovernmental revenues:				
State grants and shared revenues	4,000	4,000	4,693	693
Investment earnings	-	-	35	35
Miscellaneous revenues:				
Other	-	-	4,517	4,517
Total revenues	<u>33,018</u>	<u>33,018</u>	<u>39,074</u>	<u>6,056</u>
CURRENT EXPENDITURES:				
General government	24,041	23,341	23,385	(44)
Public safety	8,977	11,177	11,534	(357)
Total expenditures	<u>33,018</u>	<u>34,518</u>	<u>34,919</u>	<u>(401)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(1,500)</u>	<u>4,155</u>	<u>5,655</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	1,500	1,500	1,500	-
Transfers to other funds	-	-	(17)	(17)
Total other financing sources (uses)	<u>1,500</u>	<u>1,500</u>	<u>1,483</u>	<u>(17)</u>
Net change in fund balance	1,500	-	5,638	5,638
Fund balance - January 1	<u>16,581</u>	<u>16,581</u>	<u>16,581</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 18,081</u></u>	<u><u>\$ 16,581</u></u>	<u><u>\$ 22,219</u></u>	<u><u>\$ 5,638</u></u>

**GRANTS - FEDERAL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental revenues:				
Federal grantor agencies	\$ 10,619	\$ 23,668	\$ 14,337	\$ (9,331)
Charges for services and sales	-	-	35	35
Miscellaneous revenues:				
Loan recapture	-	-	604	604
Other	-	-	96	96
Total miscellaneous revenues	-	-	700	700
Total revenues	10,619	23,668	15,072	(8,596)
CURRENT EXPENDITURES:				
General government	355	886	312	574
Public safety	2,485	4,416	2,381	2,035
Public works	-	1,137	1,137	-
Health and welfare	5,054	10,101	6,934	3,167
Community planning & economic development	2,659	7,608	4,191	3,417
Intergovernmental				
Public safety	-	176	176	-
Total expenditures	10,553	24,324	15,131	9,193
Net change in fund balance	66	(656)	(59)	597
Fund balance - January 1	1,376	1,376	1,376	-
Fund balance - December 31	\$ 1,442	\$ 720	\$ 1,317	\$ 597

**GRANTS - OTHER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes:				
Other taxes	\$ 7	\$ 7	\$ 44	\$ 37
Licenses and permits	-	-	157	157
Intergovernmental revenues:				
State grants and shared revenues	7,138	26,722	19,466	(7,256)
Charges for services and sales	435	605	752	147
Special assessments	-	-	1	1
Miscellaneous revenues:				
Private contributions	225	665	716	51
Total revenues	<u>7,805</u>	<u>27,999</u>	<u>21,136</u>	<u>(6,863)</u>
CURRENT EXPENDITURES:				
General government	116	540	263	277
Public safety	892	1,484	1,221	263
Public works	-	134	133	1
Health and welfare	4,697	5,155	4,784	371
Community planning & economic development	2,100	21,164	14,423	6,741
Total expenditures	<u>7,805</u>	<u>28,477</u>	<u>20,824</u>	<u>7,653</u>
Net change in fund balance	<u>-</u>	<u>(478)</u>	<u>312</u>	<u>790</u>
Fund balance - January 1	<u>2,572</u>	<u>2,572</u>	<u>2,572</u>	<u>-</u>
Fund balance - December 31	<u>\$ 2,572</u>	<u>\$ 2,094</u>	<u>\$ 2,884</u>	<u>\$ 790</u>

**POLICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes:				
Lawful gambling	\$ 176	\$ 176	\$ 131	\$ (45)
Licenses and permits	1,154	1,154	1,050	(104)
Intergovernmental revenues:				
Federal grantor agencies	-	-	157	157
Charges for services and sales	451	490	610	120
Fines and forfeits	400	400	307	(93)
Total revenues	<u>2,181</u>	<u>2,220</u>	<u>2,255</u>	<u>35</u>
CURRENT EXPENDITURES:				
Public safety	<u>2,181</u>	<u>2,220</u>	<u>2,161</u>	<u>59</u>
Net change in fund balance	-	-	94	94
Fund balance - January 1	<u>1,002</u>	<u>1,002</u>	<u>1,002</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 1,002</u></u>	<u><u>\$ 1,002</u></u>	<u><u>\$ 1,096</u></u>	<u><u>\$ 94</u></u>

NEIGHBORHOOD & COMMUNITY RELATIONS 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, 2014 **(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Miscellaneous revenues:				
Other	\$ -	\$ -	\$ 6	\$ 6
CURRENT EXPENDITURES:				
Community planning & economic development	5,149	5,149	3,138	2,011
Excess (deficiency) of revenues over (under) expenditures	(5,149)	(5,149)	(3,132)	2,017
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	5,149	5,149	5,520	371
Net change in fund balance	-	-	2,388	2,388
Fund balance - January 1	649	649	649	-
Fund balance - December 31	<u>\$ 649</u>	<u>\$ 649</u>	<u>\$ 3,037</u>	<u>\$ 2,388</u>

**REGULATORY SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Licenses and permits	\$ 241	\$ 241	\$ 197	\$ (44)
Charges for services and sales	106	106	105	(1)
Fines and forfeits	191	191	33	(158)
Special assessments	3,697	3,697	3,044	(653)
Investment earnings	-	-	30	30
Miscellaneous revenues:				
Other	-	-	5	5
Total revenues	<u>4,235</u>	<u>4,235</u>	<u>3,414</u>	<u>(821)</u>
CURRENT EXPENDITURES:				
Public safety	4,604	4,604	3,579	1,025
Community planning & economic development	<u>500</u>	<u>500</u>	<u>268</u>	<u>232</u>
Total expenditures	<u>5,104</u>	<u>5,104</u>	<u>3,847</u>	<u>1,257</u>
Net change in fund balance	<u>(869)</u>	<u>(869)</u>	<u>(433)</u>	<u>436</u>
Fund balance - January 1	<u>5,471</u>	<u>5,471</u>	<u>5,471</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 4,602</u></u>	<u><u>\$ 4,602</u></u>	<u><u>\$ 5,038</u></u>	<u><u>\$ 436</u></u>

DEBT SERVICE FUNDS
 COMBINING BALANCE SHEET - NON-MAJOR FUNDS
 DECEMBER 31, 2014

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Community Development Agency</u>	<u>Development</u>	<u>General Debt Service</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 205	\$ 9	\$ 17,121	\$ 17,335
Investments with trustees	3,351	-	-	3,351
Receivables:				
Taxes:				
Current	-	-	248	248
Delinquent	-	-	565	565
Accrued interest	1	-	71	72
Total assets	<u>\$ 3,557</u>	<u>\$ 9</u>	<u>\$ 18,005</u>	<u>\$ 21,571</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 6</u>
Deferred Inflows of Resources:				
Unavailable revenue	<u>1</u>	<u>-</u>	<u>500</u>	<u>501</u>
Fund balances:				
Restricted	<u>3,556</u>	<u>9</u>	<u>17,499</u>	<u>21,064</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,557</u>	<u>\$ 9</u>	<u>\$ 18,005</u>	<u>\$ 21,571</u>

**DEBT SERVICE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - NON-MAJOR FUNDS
 For the Fiscal Year Ended December 31, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Community Development Agency	Development	General Debt Service	Total
REVENUES:				
Taxes:				
General property tax	\$ -	\$ -	\$ 35,287	\$ 35,287
Fiscal disparities	-	-	3,810	3,810
Total taxes	-	-	39,097	39,097
Intergovernmental revenues	-	-	36	36
Investment earnings	3	-	209	212
Miscellaneous revenues:				
Rents and commissions	-	181	-	181
Other	-	-	971	971
Total miscellaneous revenues	-	181	971	1,152
Total revenues	3	181	40,313	40,497
EXPENDITURES:				
Principal retirement	885	27,955	37,960	66,800
Interest and fiscal charges	1,678	10,384	3,365	15,427
Total expenditures	2,563	38,339	41,325	82,227
Excess (deficiency) of revenues over (under) expenditures	(2,560)	(38,158)	(1,012)	(41,730)
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	3,365	38,155	836	42,356
Transfers to other funds	(647)	-	(1,706)	(2,353)
Total other financing sources (uses)	2,718	38,155	(870)	40,003
Net change in fund balances	158	(3)	(1,882)	(1,727)
Fund balances - January 1	3,398	12	19,381	22,791
Fund balances - December 31	\$ 3,556	\$ 9	\$ 17,499	\$ 21,064

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	Total
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 1,936	\$ 49,888	\$ 3,758	\$ 23,187	\$ 1	\$ 70,583	\$ 149,353
Receivables:							
Accounts - net	2	-	-	19	-	71	92
Intergovernmental	-	-	1	-	-	-	1
Due from other funds	-	-	-	-	-	202	202
Inventories	-	-	19	1,238	5,243	-	6,500
Properties held for resale	-	-	-	-	-	433	433
Prepaid items	-	773	-	-	-	-	773
Total current assets	1,938	50,661	3,778	24,444	5,244	71,289	157,354
Long-term assets:							
Capital assets:							
Non-depreciable:							
Land and easements	-	-	20,821	2,186	-	-	23,007
Construction in progress	-	19,793	17	718	-	-	20,528
Depreciable:							
Buildings and structures	-	-	25,588	30,062	-	-	55,650
Less accumulated depreciation	-	-	(21,352)	(9,088)	-	-	(30,440)
Public improvements	-	-	7,937	1,704	-	-	9,641
Less accumulated depreciation	-	-	(3,192)	(375)	-	-	(3,567)
Machinery and equipment	287	2,632	12,661	80,353	107	-	96,040
Less accumulated depreciation	(287)	(1,700)	(8,904)	(51,588)	(107)	-	(62,586)
Computer equipment	61	70,619	162	-	7	-	70,849
Less accumulated depreciation	(61)	(65,834)	(162)	-	(7)	-	(66,064)
Software	-	55,238	8	-	9	-	55,255
Less accumulated depreciation	-	(49,008)	(8)	-	(9)	-	(49,025)
Other capital outlay	15	-	21	-	15	-	51
Less accumulated depreciation	(15)	-	(21)	-	(15)	-	(51)
Total long-term assets	-	31,740	33,576	53,972	-	-	119,288
Total assets	\$ 1,938	\$ 82,401	\$ 37,354	\$ 78,416	\$ 5,244	\$ 71,289	\$ 276,642
LIABILITIES							
Current liabilities:							
Salaries payable	\$ 28	\$ 211	\$ 150	\$ 177	\$ 19	\$ 207	\$ 792
Accounts payable	22	3,769	364	1,484	296	2,149	8,084
Due to other funds	-	-	-	-	202	-	202
Interest payable	-	4	8	38	-	-	50
Unearned revenue	-	9,630	-	-	-	-	9,630
Bonds payable-current portion	-	2,705	820	2,100	-	-	5,625
Compensated absences payable- current portion	19	123	105	116	14	134	511
Unpaid claims payable - current portion	-	-	-	-	-	5,432	5,432
Total current liabilities	69	16,442	1,447	3,915	531	7,922	30,326
Long-term liabilities:							
Bonds payable	-	57	2,601	13,970	-	-	16,628
Advances from other funds	-	3,250	-	-	-	-	3,250
Compensated absences payable	44	286	246	270	32	313	1,191
Other postemployment benefits	43	282	258	439	43	326	1,391
Unpaid claims payable	-	-	-	-	-	44,419	44,419
Total long-term liabilities	87	3,875	3,105	14,679	75	45,058	66,879
Total liabilities	156	20,317	4,552	18,594	606	52,980	97,205
NET POSITION							
Net investment in capital assets	-	30,858	30,157	37,902	-	-	98,917
Unrestricted	1,782	31,226	2,645	21,920	4,638	18,309	80,520
Total net position	1,782	62,084	32,802	59,822	4,638	18,309	179,437
Total liabilities and net position	\$ 1,938	\$ 82,401	\$ 37,354	\$ 78,416	\$ 5,244	\$ 71,289	\$ 276,642

CITY OF MINNEAPOLIS, MINNESOTA

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION**

For the Fiscal Year Ended December 31, 2014

(In Thousands)

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	Total
Operating revenues:							
Charges for services and sales	\$ 1,297	\$ 40,208	\$ 4,739	\$ 13,232	\$ 1,381	\$ 29,532	\$ 90,389
Fines and forfeits	-	-	-	-	-	18	18
Rents and commissions	-	-	13,878	20,012	-	-	33,890
Total operating revenues	1,297	40,208	18,617	33,244	1,381	29,550	124,297
Operating expenses:							
Personnel costs	1,052	5,477	5,767	6,385	759	13,263	32,703
Contractual services	370	21,479	11,322	3,544	271	9,667	46,653
Materials, supplies, services and other	55	3,156	1,376	7,673	26	433	12,719
Rent	13	219	-	925	35	253	1,445
Depreciation	-	6,812	1,341	6,159	-	-	14,312
Total operating expenses	1,490	37,143	19,806	24,686	1,091	23,616	107,832
Operating income (loss)	(193)	3,065	(1,189)	8,558	290	5,934	16,465
Non-operating revenues (expenses):							
Interest expense	-	-	(83)	(345)	-	-	(428)
Gain (loss) on disposal of capital assets	-	-	-	214	-	-	214
Other revenues	-	42	3	44	259	5,736	6,084
Total non-operating revenues (expenses)	-	42	(80)	(87)	259	5,736	5,870
Income (loss) before contributions and transfers	(193)	3,107	(1,269)	8,471	549	11,670	22,335
Capital contribution	-	50	366	-	-	-	416
Transfers in (out):							
Transfers from other funds	-	22,046	646	1,289	-	3,086	27,067
Transfers to other funds	-	(523)	-	-	-	(1,000)	(1,523)
Total contributions and transfers	-	21,573	1,012	1,289	-	2,086	25,960
Change in net position	(193)	24,680	(257)	9,760	549	13,756	48,295
Net position - January 1	1,975	37,404	33,059	50,062	4,089	4,553	131,142
Net position - December 31	\$ 1,782	\$ 62,084	\$ 32,802	\$ 59,822	\$ 4,638	\$ 18,309	\$ 179,437

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended December 31, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	Total
Cash flows from operating activities:							
Cash received from customers and users	\$ 1,310	\$ 37,068	\$ 18,638	\$ 33,263	\$ 1,381	\$ 29,483	\$ 121,143
Payments to suppliers and users	(433)	(24,161)	(12,964)	(13,203)	(884)	(14,399)	(66,044)
Payments to employees	(1,066)	(5,537)	(5,927)	(7,230)	(778)	(13,540)	(34,078)
Other non-operating revenues	-	42	3	44	259	5,736	6,084
Net cash provided (used) by operating activities	(189)	7,412	(250)	12,874	(22)	7,280	27,105
Cash flows from non-capital financing activities:							
Transfers from other funds	-	22,046	646	1,289	-	3,086	27,067
Repayment of advances from other funds	-	(1,500)	-	-	-	-	(1,500)
Transfers to other funds	-	(523)	-	-	-	(1,000)	(1,523)
Repayment from (payment to) other fund for cash deficit	-	-	-	-	21	(21)	-
Net cash provided (used) by non-capital financing activities	-	20,023	646	1,289	21	2,065	24,044
Cash flows from capital and related financing activities:							
Bonds issued	-	2,252	-	-	-	-	2,252
Principal paid on bonds	-	(1,645)	(765)	(1,990)	-	-	(4,400)
Interest paid on bonds	-	(61)	(121)	(517)	-	-	(699)
Acquisition and construction of capital assets	-	(13,354)	-	(7,703)	-	-	(21,057)
Bond issuance costs	-	(2)	-	-	-	-	(2)
Proceeds from sale of capital assets	-	-	-	340	-	-	340
Net cash provided (used) by capital and related financing activities	-	(12,810)	(886)	(9,870)	-	-	(23,566)
Net increase (decrease) in cash and cash equivalents	(189)	14,625	(490)	4,293	(1)	9,345	27,583
Cash and cash equivalents, beginning of year	2,125	35,263	4,248	18,894	2	61,238	121,770
Cash and cash equivalents, end of year	\$ 1,936	\$ 49,888	\$ 3,758	\$ 23,187	\$ 1	\$ 70,583	\$ 149,353
Reconciliation of operating income to net cash provided (used) by operating activities							
Operating income (loss)	\$ (193)	\$ 3,065	\$ (1,189)	\$ 8,558	\$ 290	\$ 5,934	\$ 16,465
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:							
Depreciation	-	6,812	1,341	6,159	-	-	14,312
Accounts receivable (net)	13	-	22	19	-	(67)	(13)
Notes receivable	-	150	-	-	-	-	150
Inventories	-	-	1	(160)	(661)	-	(820)
Prepaid items	-	(53)	-	-	-	167	114
Salaries payable	2	41	21	3	(4)	(15)	48
Accounts payable	4	749	(267)	(899)	111	604	302
Intergovernmental payable	-	(3)	(1)	(1)	-	-	(5)
Unearned revenue	-	(3,289)	-	-	-	-	(3,289)
Compensated absences payable	5	24	31	(345)	1	(45)	(329)
Other postemployment benefits	(20)	(126)	(212)	(504)	(18)	(216)	(1,096)
Unpaid claims payable	-	-	-	-	-	(4,818)	(4,818)
Other non-operating revenue	-	42	3	44	259	5,736	6,084
Net cash provided (used) by operating activities	\$ (189)	\$ 7,412	\$ (250)	\$ 12,874	\$ (22)	\$ 7,280	\$ 27,105
Non-cash investing, capital and financing activities:							
Capital contribution	\$ -	\$ 50	\$ 366	\$ -	\$ -	\$ -	\$ 416

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 December 31, 2014

CITY OF MINNEAPOLIS, MINNESOTA
 (In Thousands)

	Minneapolis Agency	Youth		Joint Board	Total
		Skyway Debt Service	Coordinating Board		
ASSETS					
Cash and cash equivalents	\$ 4,500	\$ 122	\$ 1,279	\$ 32	\$ 5,933
Receivables:					
Accounts-net	11	-	126	68	205
Total assets	<u>\$ 4,511</u>	<u>\$ 122</u>	<u>\$ 1,405</u>	<u>\$ 100</u>	<u>\$ 6,138</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 1,405	\$ 100	\$ 1,505
Intergovernmental payable	4,511	-	-	-	4,511
Deposits held for others	-	122	-	-	122
Total liabilities	<u>\$ 4,511</u>	<u>\$ 122</u>	<u>\$ 1,405</u>	<u>\$ 100</u>	<u>\$ 6,138</u>

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

CITY OF MINNEAPOLIS, MINNESOTA

For the fiscal year ended December 31, 2014

(In Thousands)

	Balance January 1, 2014	Additions	Deductions	Balance December 31, 2014
MINNEAPOLIS AGENCY				
Assets:				
Cash and cash equivalents	\$ 2,528	\$ 103,393	\$ 101,421	\$ 4,500
Receivables:				
Accounts-net	208	5	202	11
Total assets	<u>2,736</u>	<u>103,398</u>	<u>101,623</u>	<u>4,511</u>
Liabilities:				
Intergovernmental payable	<u>2,736</u>	<u>201,911</u>	<u>200,136</u>	<u>4,511</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	1,671	3,614	4,006	1,279
Receivables:				
Accounts-net	3	126	3	126
Total assets	<u>1,674</u>	<u>3,740</u>	<u>4,009</u>	<u>1,405</u>
Liabilities:				
Accounts payable	<u>1,674</u>	<u>3,740</u>	<u>4,009</u>	<u>1,405</u>
MINNEAPOLIS PUBLIC HOUSING AUTHORITY				
Assets:				
Cash and cash equivalents	<u>45</u>	<u>21,507</u>	<u>21,552</u>	<u>-</u>
Liabilities:				
Intergovernmental payable	<u>45</u>	<u>21,507</u>	<u>21,552</u>	<u>-</u>
JOINT BOARD				
Assets:				
Cash and cash equivalents	34	-	2	32
Receivables:				
Accounts-net	68	-	-	68
Total assets	<u>102</u>	<u>-</u>	<u>2</u>	<u>100</u>
Liabilities:				
Accounts payable	<u>102</u>	<u>-</u>	<u>2</u>	<u>100</u>
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	4,400	128,514	126,981	5,933
Receivables:				
Accounts-net	279	131	205	205
Total assets	<u>4,679</u>	<u>128,645</u>	<u>127,186</u>	<u>6,138</u>
Liabilities:				
Accounts payable	1,776	3,740	4,011	1,505
Intergovernmental payable	2,781	223,418	221,688	4,511
Deposits held for others	122	-	-	122
Total liabilities	<u>\$ 4,679</u>	<u>\$ 227,158</u>	<u>\$ 225,699</u>	<u>\$ 6,138</u>

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2014

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2015	Interest Due in 2015
<u>Property Tax Supported General Obligation Bonds</u>								
General Infrastructure Bonds								
Bridges	0.50%	12/03/13	12/01/14	3,357	3,357	-	-	-
	1.00%	12/02/14	12/01/16	2,890	-	2,890	890	29
Park Improvements	0.50%	12/03/13	12/01/14	3,725	3,725	-	-	-
	1.00%	12/02/14	12/01/15	3,100	-	3,100	3,100	31
Public Buildings	2.00% to 4.00%	05/21/09	12/01/14	9,493	9,493	-	-	-
	0.50%	12/03/13	12/01/14	2,285	2,285	-	-	-
	1.00%	12/02/14	12/01/16	5,167	-	5,167	3,167	52
Municipal Buildings	0.50%	12/03/13	12/01/14	681	681	-	-	-
	1.00%	12/02/14	12/01/15	365	-	365	365	4
Street Improvements	2.00% to 4.00%	05/21/09	12/01/14	9,633	9,633	-	-	-
	2.00% to 5.00%	06/03/10	12/01/15	7,915	7,550	365	365	18
	1.00% to 2.00%	10/30/12	12/01/15	13,615	9,615	4,000	4,000	80
	0.50%	12/03/13	12/01/17	13,795	5,545	8,250	4,750	165
	0.50%	12/03/13	12/01/14	367	367	-	-	-
	1.00%	12/02/14	12/01/16	15,500	-	15,500	6,580	155
1.00%	12/02/14	12/01/15	2,053	-	2,053	2,053	20	
Public Safety Capital Initiative	3.00%	06/24/10	12/01/15	12,965	6,530	6,435	6,435	193
Sub-total General Infrastructure Bonds				106,906	58,781	48,125	31,705	747
Library Referendum Bonds	2.00%	11/22/11	12/01/19	42,200	6,600	35,600	2,500	712
	2.00% to 2.38%	10/30/12	12/01/25	28,860	3,100	25,760	1,500	539
	1.00% to 2.00%	12/03/13	12/01/18	17,930	1,885	16,045	1,160	309
	3.00% to 3.50%	05/29/08	12/01/16	11,605	8,605	3,000	1,500	105
Sub-total Library Referendum Bonds				100,595	20,190	80,405	6,660	1,665
Total Property Tax Supported General Obligation Bonds				207,501	78,971	128,530	38,365	2,412

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2014

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2015	Interest Due in 2015
<u>Self-Supporting General Obligation Bonds</u>								
Convention Center	4.00%	11/19/09	12/01/15	9,250	-	9,250	9,250	370
	4.00%	11/19/09	12/01/15	10,000	-	10,000	10,000	400
	2.00%	11/22/11	12/01/19	39,300	-	39,300	-	786
	3.00%	04/05/11	12/01/17	33,800	29,300	4,500	-	135
	3.25% to 3.80%	04/05/11	12/01/20	71,250	-	71,250	-	2,521
	1.00% to 2.00%	10/30/12	12/01/17	4,200	2,200	2,000	1,000	40
Park Acquisition	3.00%	06/24/10	12/01/20	5,795	2,355	3,440	520	103
Park Board Energy Efficiency Project	2.00% to 5.00%	06/03/10	12/01/17	450	100	350	25	18
Parade Ice & Other Facility Energy Improvements	0.50% to 2.00%	12/03/13	12/01/20	2,800	-	2,800	-	56
Parade Ice & Other Facility Energy Improvements-Taxable	2.00% to 3.80%	12/03/13	12/01/26	7,000	25	6,975	200	224
Downtown East	0.95% to 4.63%	03/04/14	03/01/44	61,905	-	61,905	-	2,665
Total Self-Supporting General Obligation Bonds				245,750	33,980	211,770	20,995	7,318
<u>Special Assessment General Obligation Bonds</u>								
Improvements	3.50% to 4.50%	11/17/05	12/01/16	815	615	200	100	9
	3.50% to 4.50%	11/17/05	12/01/17	960	690	270	90	12
	3.00%	06/24/10	12/01/18	1,970	1,055	915	140	27
	3.00%	06/24/10	12/01/18	3,380	1,100	2,280	250	68
	3.00%	06/24/10	12/01/18	3,375	1,495	1,880	160	56
	1.00% to 2.00%	10/30/12	12/01/24	4,600	1,175	3,425	425	69
	4.00% to 4.50%	11/16/06	12/01/26	3,780	3,780	-	-	-
	4.00% to 4.50%	11/28/07	12/01/27	5,400	2,525	2,875	350	119
	3.25% to 4.75%	11/26/08	12/01/28	7,725	4,245	3,480	370	144
	2.00% to 4.00%	11/19/09	12/01/29	9,800	4,400	5,400	480	216
	2.00% to 4.00%	11/22/10	12/01/25	5,950	3,895	2,055	960	67
	2.00% to 3.50%	11/22/11	12/01/31	8,495	4,295	4,200	1,415	99
	2.00% to 2.63%	12/04/12	12/01/32	5,535	1,705	3,830	835	80
	1.00% to 2.00%	12/03/13	12/01/33	13,035	2,080	10,955	1,980	262
	2.00% to 3.50%	12/02/14	12/01/34	5,930	-	5,930	1,480	122
Housing Improvement Area Bonds	3.00% to 4.30%	12/03/13	12/01/32	1,260	45	1,215	45	47

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2014

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2015	Interest Due in 2015
<u>Special Assessment General Obligation Bonds (continued).</u>								
Northhop Lane Improvement (Refunding)	4.00% to 5.00%	11/17/05	12/01/18	35	12	23	6	1
Park Diseased Trees	2.00% to 4.00%	05/21/09	12/01/14	300	300	-	-	-
	2.00% to 5.00%	06/03/10	12/01/15	400	320	80	80	4
	3.00%	05/26/11	12/01/15	400	300	100	100	3
	1.00% to 2.00%	12/02/14	12/01/19	100	-	100	20	1
Total Special Assessment General Obligation Bonds				83,245	34,032	49,213	9,286	1,406
<u>Tax Increment General Obligation Bonds and Notes</u>								
Laurel Village Tax Increment (Refunding)	2.00% to 2.50%	06/24/10	03/01/15	4,360	3,345	1,015	1,015	13
Laurel Village Tax Increment - Taxable	4.00% to 4.85%	03/11/08	03/01/18	12,360	10,210	2,150	1,000	78
Tax Redevelopment - Arena Acquisition	2.50% to 4.90%	12/30/09	03/01/25	57,480	9,210	48,270	2,425	2,067
West Side Milling District Tax Increment	2.00% to 4.40%	06/24/10	03/01/23	14,900	3,200	11,700	900	435
Block E Development (Refunding)	Variable - Note	01/03/12	12/01/22	5,170	1,110	4,060	410	203
Block E Development - Taxable	4.60% to 5.30%	10/20/05	03/01/27	14,000	6,325	7,675	775	380
Milwaukee Depot Development (Refunding)	2.00% to 3.50%	10/01/09	03/01/28	5,400	930	4,470	220	139
Humboldt Greenway	2.00% to 4.00%	06/24/10	03/01/30	4,170	360	3,810	80	124
Heritage Park (Refunding)	2.00% to 3.00%	10/30/12	03/01/26	3,000	310	2,690	185	59
Midtown Exchange	4.00% to 5.00%	03/11/08	03/01/32	2,770	370	2,400	75	113
Total Tax Increment General Obligation Bonds and Notes				123,610	35,370	88,240	7,085	3,611
<u>Tax Increment Revenue Bonds</u>								
2004 Village at St. Anthony Falls-Tax Exempt	2.35% to 5.75%	03/01/04	03/01/27	7,470	1,760	5,710	250	316
2005 Village at St. Anthony Falls-Tax Exempt	4.00% to 5.65%	12/13/05	02/01/27	4,430	900	3,530	160	190
2005 Ivy Tower	5.10% to 5.70%	12/20/05	02/01/29	4,935	585	4,350	150	240
2006 Grant Park Tax Increment Revenue Refunding	5.00% to 5.35%	09/26/06	02/01/30	10,545	2,045	8,500	340	440
2007 East River Unocal Site	4.50% to 5.40%	07/12/07	02/01/31	1,750	340	1,410	50	73
Total Tax Increment Revenue Bonds				29,130	5,630	23,500	950	1,259

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2014

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2015	Interest Due in 2015
<u>Tax Increment Revenue Notes</u>								
College of St. Thomas District	6.93%	04/01/91	02/01/16	9,200	-	9,200	-	-
Section 108 - Midtown Exchange	Variable	12/01/04	08/01/24	6,500	1,645	4,855	360	241
Total Tax Increment Revenue Notes				15,700	1,645	14,055	360	241
Total General Government Bonds and Notes				704,936	189,628	515,308	77,041	16,247
<u>Internal Service Funds General Obligation Bonds</u>								
<u>Equipment Services Fund General Obligation Bonds</u>								
Currie Facility	3.00%	06/24/10	12/01/18	16,640	3,585	13,055	1,370	391
Equipment Purchases 2003 (Refunding)	3.00%	06/24/10	12/01/18	4,470	2,780	1,690	430	51
Equipment Purchases 2004 (Refunding)	1.00% to 2.00%	10/30/12	12/01/17	1,500	600	900	300	18
Sub-total Equipment Services Fund General Obligation Bonds				22,610	6,965	15,645	2,100	460
<u>Property Services Fund General Obligation Bonds</u>								
	3.00%	06/24/10	12/01/18	4,290	2,005	2,285	445	69
	3.00%	06/24/10	12/01/17	2,535	1,540	995	375	30
Sub-total Property Services Fund General Obligation Bonds				6,825	3,545	3,280	820	99
<u>Intergovernmental Services Fund General Obligation Bonds</u>								
	2.00% to 4.00%	05/21/09	12/01/14	1,115	1,115	-	-	-
	2.00% to 5.00%	06/03/10	12/01/15	2,407	1,927	480	480	24
	0.50%	12/03/13	12/01/14	965	965	-	-	-
	1.00%	12/02/14	12/01/15	2,225	-	2,225	2,225	22
Sub-total Intergovernmental Services Fund General Obligation Bonds				6,712	4,007	2,705	2,705	46
Total Internal Service Funds General Obligation Bonds				36,147	14,517	21,630	5,625	605
Total Governmental Activity Bonds and Notes				741,083	204,145	536,938	82,666	16,852

SCHEDULE OF BUSINESS-TYPE ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2014

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2015	Interest Due in 2015
<u>Stormwater Fund General Obligation Bonds</u>								
	4.70% to 5.75%	06/01/93	12/01/15	3,856	3,620	236	236	609
	2.00% to 4.00%	05/21/09	12/01/16	6,910	2,910	4,000	1,500	160
	4.00% to 5.00%	05/29/08	12/01/15	3,635	3,135	500	500	25
	2.00% to 4.00%	05/21/09	12/01/14	2,500	2,500	-	-	-
	1.00% to 2.00%	10/30/12	12/01/14	5,400	5,400	-	-	-
Total Stormwater Fund General Obligation Bonds				22,301	17,565	4,736	2,236	794
<u>Sanitary Sewer Fund General Obligation Bonds</u>								
	4.00% to 5.00%	05/29/08	12/01/14	5,500	5,500	-	-	-
	2.00% to 4.00%	05/21/09	12/01/16	5,800	3,800	2,000	1,000	80
	2.00% to 5.00%	06/03/10	12/01/15	3,650	2,650	1,000	1,000	50
	3.00%	05/26/11	12/01/15	4,000	3,500	500	500	15
	1.00% to 2.00%	10/30/12	12/01/14	1,750	1,750	-	-	-
	0.50% to 2.00%	12/03/13	12/01/19	7,050	1,250	5,800	1,000	116
Total Sanitary Sewer Fund General Obligation Bonds				27,750	18,450	9,300	3,500	261
<u>Water Treatment and Distribution Services Fund General Obligation Bonds and Notes</u>								
	4.70% to 5.75%	06/01/93	12/01/15	6,715	6,671	44	44	114
	2.00% to 4.00%	05/21/09	12/01/25	12,615	-	12,615	115	505
	4.00% to 5.00%	05/29/08	12/01/15	10,250	8,750	1,500	1,500	75
	2.00% to 4.00%	05/21/09	12/01/17	4,000	915	3,085	1,085	123
	2.00% to 5.00%	06/03/10	12/01/17	3,366	841	2,525	550	126
	1.00% to 2.00%	12/02/14	12/01/19	6,000	-	6,000	1,000	84
Sub-total Water Treatment and Distribution Services Fund General Obligation Bonds				42,946	17,177	25,769	4,294	1,027

SCHEDULE OF BUSINESS-TYPE ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2014

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2015	Interest Due in 2015
<u>Water Treatment and Distribution Services Fund General Obligation Bonds and Notes (continued)</u>								
Drinking Water Program - Notes Payable	2.83%	12/17/02	08/20/22	27,400	8,900	18,500	1,500	522
	2.80%	02/21/04	08/20/23	25,000	4,300	20,700	750	580
	2.53%	03/23/05	08/20/19	12,500	5,575	6,925	775	175
	2.60%	08/23/06	08/20/26	13,500	3,285	10,215	620	266
	2.69%	12/09/09	08/20/27	19,558	1,013	18,545	10	498
	1.00%	03/02/10	08/20/21	6,230	885	5,345	705	53
Sub-total Water Treatment and Distribution Services Fund General Obligation Notes				104,188	23,958	80,230	4,360	2,094
Total Water Treatment and Distribution Services Fund General Obligation Bonds and Notes				147,134	41,135	105,999	8,654	3,121
<u>Municipal Parking Fund General Obligation Bonds and Notes</u>								
	4.70% to 5.75%	06/01/93	12/01/15	4,530	4,210	320	321	827
	4.00% to 5.00%	11/17/05	12/01/18	685	228	457	114	19
	2.00% to 4.00%	05/21/09	12/01/24	19,200	650	18,550	-	742
	3.50% to 5.00%	11/17/05	12/01/17	5,340	2,435	2,905	910	131
	3.00% to 4.00%	06/24/10	12/01/26	10,325	1,400	8,925	375	290
	2.00% to 2.50%	10/30/12	12/01/26	22,060	1,290	20,770	810	443
	Variable - Note	01/03/12	12/01/20	6,810	-	6,810	-	341
	Variable - Note	01/03/12	12/01/33	27,980	-	27,980	-	1,399
	2.00% to 4.00%	11/19/09	12/01/14	11,245	11,245	-	-	-
	3.50% to 4.00%	07/12/07	12/01/14	1,700	1,700	-	-	-
	4.00% to 5.00%	05/21/09	12/01/14	1,400	1,400	-	-	-
	2.00% to 4.00%	05/21/09	12/01/14	2,000	2,000	-	-	-
	3.00%	05/26/11	12/01/15	1,500	1,100	400	400	12
	1.00% to 2.00%	10/30/12	12/01/18	1,900	300	1,600	400	32
	0.50% to 2.00%	12/03/13	12/01/15	505	5	500	500	10
	0.50% to 2.00%	12/03/13	12/01/14	2,150	2,150	-	-	-
	2.50% to 4.25%	11/23/09	12/01/24	6,125	2,025	4,100	-	168
	3.50% to 5.00%	11/17/05	12/01/21	7,100	760	6,340	700	290
	3.00%	06/24/10	12/01/15	2,700	2,200	500	500	15
	2.00% to 3.25%	10/01/09	03/01/26	13,675	9,300	4,375	-	135
	3.50% to 5.00%	11/17/05	12/01/21	15,355	12,275	3,080	305	141
	Variable-Note	01/03/12	12/01/32	3,860	-	3,860	105	193
Total Municipal Parking Fund General Obligation Bonds and Notes				168,145	56,673	111,472	5,440	5,188

SCHEDULE OF BUSINESS-TYPE ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2014

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2015	Interest Due in 2015
Total Business-Type Activity General Obligation Bonds and Notes				365,330	133,823	231,507	19,830	9,364
<u>Community Planning and Economic Development Fund - General Agency Reserve Fund System (GARFS) Bonds</u>								
Halper Box	5.10% to 6.15%	04/01/97	06/01/17	2,400	1,890	510	175	26
Baker Bearing	5.10% to 6.20%	05/01/97	12/01/16	2,900	2,900	-	-	-
Laurel Village Alden Limited Partnership II	4.30% to 5.75%	10/01/97	06/01/27	2,515	890	1,625	85	92
Cord Sets	4.10% to 5.50%	07/01/98	06/01/18	1,500	1,095	405	100	20
Discount Steel - A	5.00% to 5.25%	12/01/99	06/01/19	1,900	890	1,010	190	48
Kristol Properties	2.45% to 5.12%	11/20/03	12/01/23	3,300	2,060	1,240	110	64
Infinite Graphics	2.25% to 5.50%	07/14/04	12/01/24	2,475	1,235	1,240	95	68
Theatres Bonds, Series 2005-1	5.23% to 6.30%	12/20/05	12/01/35	21,055	3,070	17,985	440	1,121
Ambassador Press Refunding	4.27% to 6.50%	06/26/06	12/01/26	8,400	3,715	4,685	630	265
Quality Resource Group	5.28% to 5.84%	03/04/07	12/01/27	3,100	735	2,365	130	135
New French Acquisition Holdco, Inc	4.62% to 5.70%	07/26/07	06/01/28	8,990	1,040	7,950	405	400
Open Systems International, Inc	2.29% to 6.60%	06/01/10	06/01/40	18,000	850	17,150	300	1,066
Open Access Technology Intl, Inc (Tax Exempt)	3.25% to 6.25%	12/29/10	12/01/40	23,070	1,730	21,340	980	1,170
LifeSource Project	3.00% to 4.00%	10/17/13	06/01/39	12,595	-	12,595	130	538
Total Community Planning and Economic Development Fund - GARFS Bonds				112,200	22,100	90,100	3,770	5,013
<u>Community Planning and Economic Development Fund - Revenue Note</u>								
Federal Home Loan Note		04/01/99	04/01/14	1,200	1,200	-	-	-
Total Business-Type Activity Bonds and Notes				478,730	157,123	321,607	23,600	14,377

SCHEDULE OF INTERGOVERNMENTAL REVENUE
December 31, 2014

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	General Fund	Community Panning and Economic Development	Permanent Improvement	Nonmajor Governmental	Total Governmental Funds	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Total Enterprise Funds	Total Intergovernmental Revenue
Shared revenue												
State												
Local government aid	\$ 66,860	\$ -	\$ -	\$ -	\$ 66,860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,860
Police state aid	6,401	-	-	1,501	7,902	-	-	-	-	-	-	7,902
Fire state aid	1,788	-	-	3,153	4,941	-	-	-	-	-	-	4,941
PERA rate increase aid	540	1	-	-	541	-	-	-	-	-	-	541
Market value homestead credit	-	-	-	3	3	-	-	-	-	-	-	3
Municipal state aid	3,951	-	3,209	-	7,160	-	1,003	-	-	19	1,022	8,182
Total shared revenue	79,540	1	3,209	4,657	87,407	-	1,003	-	-	19	1,022	88,429
Payments												
Local												
Local contributions	-	-	-	230	230	-	-	-	-	-	-	230
County state aid	623	-	-	-	623	-	312	-	-	-	312	935
Other county grants	-	-	-	1,668	1,668	-	-	-	-	872	872	2,540
Other local governments	-	-	-	-	-	-	29	-	-	-	29	29
Metropolitan council	-	-	-	5,043	5,043	254	-	-	-	-	254	5,297
Minnesota historical society	-	-	-	280	280	-	-	-	-	-	-	280
Minneapolis public schools	-	-	-	269	269	-	-	-	-	-	-	269
Other local payments	-	-	-	2	2	-	426	-	-	-	426	428
Payments in lieu of tax	251	-	1	72	324	-	-	-	-	-	-	324
Total local	874	-	1	7,564	8,439	254	767	-	-	872	1,893	10,332
Grants												
State												
129 Department of employment and economic development	-	-	-	6,471	6,471	-	-	-	-	-	-	6,471
Department of health	-	-	-	3,732	3,732	-	-	-	-	-	-	3,732
Department of public safety	250	-	-	815	1,065	-	17	-	-	-	17	1,082
Department of transportation	611	-	-	13	624	-	165	-	-	-	165	789
Minnesota public facilities authority	2	-	-	-	2	-	-	-	-	-	-	2
Department of commerce	-	-	14	175	189	-	-	-	-	-	-	189
Minnesota bridge bonds	-	-	102	-	102	-	-	-	-	-	-	102
Minnesota housing finance agency	-	-	-	654	654	-	-	-	-	-	-	654
Minnesota pollution control agency	-	-	-	19	19	-	-	-	-	-	-	19
Minnesota judicial branch	-	-	-	83	83	-	-	-	-	-	-	83
Minnesota board of firefighter training and education	-	-	-	86	86	-	-	-	-	-	-	86
Total state grants	863	-	116	12,048	13,027	-	182	-	-	-	182	13,209
Federal												
Department of housing and urban development	-	-	-	13,296	13,296	-	-	-	-	-	-	13,296
Department of the interior	-	-	-	6	6	-	-	-	-	-	-	6
Department of justice	-	-	-	1,382	1,382	-	-	-	-	-	-	1,382
Department of labor	-	-	-	2,309	2,309	-	-	-	-	-	-	2,309
Department of transportation	-	-	2,748	1,219	3,967	-	8	144	37	-	189	4,156
Department of treasury	-	-	-	41	41	-	-	-	-	-	-	41
National endowment for the arts	-	-	-	92	92	-	-	-	-	-	-	92
Environmental protection agency	-	-	-	1	1	-	-	-	-	-	-	1
Department of energy	-	-	-	75	75	-	-	-	-	-	-	75
Department of health and human services	-	-	-	4,840	4,840	-	-	-	-	-	-	4,840
Department of homeland security	-	-	-	1,520	1,520	1	50	-	-	-	51	1,571
Equal employment opportunity commission	-	-	-	30	30	-	-	-	-	-	-	30
Total federal grants	-	-	2,748	24,811	27,559	1	58	144	37	-	240	27,799
Total state and federal grants	863	-	2,864	36,859	40,586	1	240	144	37	-	422	41,008
Total intergovernmental revenue	\$ 81,277	\$ 1	\$ 6,074	\$ 49,080	\$ 136,432	\$ 255	\$ 2,010	\$ 144	\$ 37	\$ 891	\$ 3,337	\$ 139,769

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF MINNEAPOLIS, MINNESOTA

ALL FUND TYPES

For the Fiscal Year Ended December 31, 2014

(In Thousands)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Direct		
Community Development Block Grants/Entitlement Grants	14.218	\$ 9,837
Emergency Solutions Grant Program	14.231	1,035
HOME Investment Partnerships Program	14.239	2,519
Housing Opportunities for Persons with AIDS	14.241	853
Neighborhood Stabilization Program - ARRA	14.256	1,162
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	1,139
Healthy Homes Demonstration Grants	14.901	1
Healthy Homes Production Program	14.913	979
Passed Through Minnesota Department of Health		
Asthma Interventions in Public and Assisted Multifamily Housing	14.914	4
Passed Through Minnesota Housing Finance Agency		
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	322
Passed Through Hennepin County		
Lead Hazard Reduction Demonstration Grant Program	14.905	<u>27</u>
Total U.S. Department of Housing and Urban Development		\$ <u>17,878</u>
U.S. Department of the Interior		
Passed Through Minnesota Historical Society		
Historic Preservation Fund Grants-In-Aid	15.904	<u>\$ 6</u>
U.S. Department of Justice		
Direct		
Joint Law Enforcement Operations (JLEO)	16.111	\$ 48
Grants to Encourage Arrest Polices and Enforcement of Protection Orders Program	16.590	250
Public Safety Partnership and Community Policing Grants	16.710	139
National Forum on Youth Violence Prevention	16.819	51
Equitable Sharing Program	16.922	116
Passed Through Minnesota Department of Public Safety		
Juvenile Accountability Block Grants	16.523	30
Violence Against Women Formula Grants	16.588	49
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	13
Passed Through Hennepin County		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	<u>296</u>
Total U.S. Department of Justice		\$ <u>992</u>
U.S. Department of Labor		
Passed Through Minnesota Department of Employment and Economic Development		
Incentive Grants - WIA Section 503	17.267	\$ 17
Workforce Investment Act (WIA) Cluster		
WIA Adult Program	17.258	552
WIA Youth Activities	17.259	962
WIA Dislocated Worker Formula Grants	17.278	<u>778</u>
Total U.S. Department of Labor		\$ <u>2,309</u>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF MINNEAPOLIS, MINNESOTA

ALL FUND TYPES

For the Fiscal Year Ended December 31, 2014

(In Thousands)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Transportation		
Passed Through Metropolitan Council		
Federal Transit Cluster		
Federal Transit Capital Investment Grants	20.500	\$ 149
Federal Transit Formula Grants	20.507	171
Alternatives Analysis	20.522	359
Passed Through Minnesota Department of Transportation		
Highway Planning and Construction	20.205	2,352
Clean Fuels	20.519	37
Passed Through Minnesota Department of Public Safety		
State and Community Highway Safety	20.600	24
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	89
National Priority Safety Programs	20.616	41
Total U.S. Department of Transportation		\$ 3,222
U.S. Department of Treasury		
Direct		
National Foreclosure Mitigation Counseling	21.000	\$ 41
National Endowment for the Arts		
Direct		
Promotion of the Arts - Grants to Organizations and Individuals	45.024	\$ 92
U.S. Environmental Protection Agency		
Direct		
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	\$ 1
U.S. Department of Energy		
Direct		
Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA	81.128	\$ 75
U.S. Department of Health and Human Services		
Direct		
Maternal and Child Health Federal Consolidated Programs	93.110	\$ 104
Healthy Start Initiative	93.926	670
Passed Through Hennepin County		
Teenage Pregnancy Prevention Program	93.297	285
PPHF: Community Transformation Grants and National Dissemination and Support for		
Community Transformation Grants - financed solely by Prevention and Public Health Funds	93.531	332
Temporary Assistance for Needy Families	93.558	179
(Total Temporary Assistance for Needy Families CFDA 93.558 - \$1,214)		
Passed Through Minnesota Department of Employment and Economic Development		
Temporary Assistance for Needy Families	93.558	25
(Total Temporary Assistance for Needy Families CFDA 93.558 - \$1,214)		
Passed Through Minnesota Department of Health		
Public Health Emergency Preparedness	93.069	314
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	997
Temporary Assistance for Needy Families	93.558	1,010
(Total Temporary Assistance for Needy Families CFDA 93.558 - \$1,214)		
Maternal and Child Health Services Block Grant to the States	93.994	817
Total U.S. Department of Health and Human Services		\$ 4,733

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF MINNEAPOLIS, MINNESOTA

ALL FUND TYPES

For the Fiscal Year Ended December 31, 2014

(In Thousands)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Homeland Security		
Direct		
Assistance to Firefighters Grant	97.044	\$ 382
Passed Through Minnesota Department of Public Safety		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	221
Emergency Management Performance Grants	97.042	30
Port Security Grant Program	97.056	238
Homeland Security Grant Program	97.067	636
Total U.S. Department of Homeland Security		\$ 1,507
Total Federal Awards		\$ 30,856

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

For the Fiscal Year Ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the City of Minneapolis. The City’s reporting entity is defined in Note 1 to the basic financial statements. This schedule does not include \$1,320 in federal awards expended by the Minneapolis Park and Recreation Board component unit, which had a separate single audit.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Minneapolis under programs of the federal government for the year ended December 31, 2014. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City of Minneapolis, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Minneapolis.

3. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the basis of accounting used by the individual funds of the City of Minneapolis. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through grant numbers were not assigned by the pass-through agencies.

4. Clusters

Clusters of programs are groupings of closely related programs that share common compliance requirements. Total expenditures by cluster are:

Workforce Investment Act (WIA) Cluster	\$ 2,292
Federal Transit Cluster	320

**NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

5. Subrecipients

Of the expenditures presented in the schedule, the City of Minneapolis provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
14.218	Community Development Block Grants/Entitlement Grants	\$ 2,034
14.231	Emergency Solutions Grant Program	525
14.241	Housing Opportunities for Persons with AIDS	822
14.914	Asthma Interventions in Public and Assisted Multifamily Housing	2
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	95
16.819	National Forum on Youth Violence Prevention	20
16.588	Violence Against Women Formula Grants	12
17.258	Workforce Investment Act (WIA) Adult Program	331
17.259	Workforce Investment Act (WIA) Youth Activities	829
17.278	Workforce Investment Act (WIA) Dislocated Worker Formula Grants	527
20.507	Federal Transit Formula Grants	171
20.205	Highway Planning and Construction	48
93.110	Maternal and Child Health Federal Consolidated Programs	38
93.926	Healthy Start Initiative	331
93.531	PPHF: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by Prevention and Public Health Funds	158
93.558	Temporary Assistance for Needy Families	1,163
93.069	Public Health Emergency Preparedness	66
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	997
93.994	Maternal and Child Health Services Block Grant to the States	376
	Total	<u>\$ 8,545</u>

**NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2014

(Dollar Amounts Expressed in Thousands)

6. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$	27,799
Federal Fixed Price Contracts		
Equal Employment Opportunity Commission		(31)
Metro Medical Response System		(13)
Minnesota Family Investment Program		(94)
Criminal Investigations Division Sex Task Force		(4)
Drug Enforcement Administration Task Force		(53)
Minnesota Cyber Crime Task Force		(20)
Safe Streets Violent Crime Task Force		(207)
U.S. Marshalls OT - Predatory Offenders Unit		(13)
U.S. Marshalls OT May - Dec 2014		(11)
Joint Terrorism Task Force		(10)
Violent Crimes Investigation - ATF		(36)
Violent Crimes Investigation - HIS		(10)
Violent Crimes Investigation - ICE		(25)
Healthy Housing Solutions		(7)
Toward Zero Deaths Partners		(176)
Timing Differences Between Expenditures and Related Reimbursements		(26)
Expenditures occurring prior to 2014 but reimbursed in 2014		(809)
Federal Program Income		
Neighborhood Stabilization Program - ARRA		632
Healthy Homes Demonstration Grants		7
Lead-Based Paint Hazard Control		96
Neighborhood Stabilization Program		13
Community Development Block Grants/Entitlement Grants		3,105
HOME Investment Partnerships Program		749
Expenditures Per Schedule of Expenditures of Federal Awards	\$	<u>30,856</u>

7. American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act of 2009 (ARRA) requires recipients to clearly distinguish ARRA funds from non-ARRA funding. In the schedule, ARRA funds are denoted by the addition of ARRA to the program name.

**MUNICIPAL BUILDING COMMISSION
BALANCE SHEET
December 31, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,856	\$ 223	\$ 2,079
Receivables:			
Intergovernmental	555	52	607
Total assets	<u>\$ 2,411</u>	<u>\$ 275</u>	<u>\$ 2,686</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Salaries payable	\$ 112	\$ -	\$ 112
Accounts payable	672	83	755
Total liabilities	<u>784</u>	<u>83</u>	<u>867</u>
Fund balances:			
Assigned	1,627	192	1,819
Total liabilities and fund balances	<u>\$ 2,411</u>	<u>\$ 275</u>	<u>\$ 2,686</u>

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

Fund balances - total governmental funds	\$ 1,819
Amounts reported for governmental activities in the statement	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Non-depreciable	10,596
Depreciable	75,107
Accumulated depreciation	<u>(60,131)</u>
	<u>25,572</u>
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Other postemployment benefits payable	(348)
Compensated absences	<u>(195)</u>
	<u>(543)</u>
Net position of governmental activities	<u>\$ 26,848</u>

**MUNICIPAL BUILDING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the fiscal year ended December 31, 2014**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	General Fund	Capital Projects Fund	Total
REVENUES:			
Intergovernmental revenues	\$ 229	\$ 632	\$ 861
Charges for services and sales	7,914	-	7,914
Miscellaneous revenues	79	-	79
	<u>8,222</u>	<u>632</u>	<u>8,854</u>
Total revenues			
EXPENDITURES:			
Current:			
General government	7,801	-	7,801
Capital outlay	30	666	696
	<u>7,831</u>	<u>666</u>	<u>8,497</u>
Total expenditures			
Net change in fund balances	<u>391</u>	<u>(34)</u>	<u>357</u>
Fund balances - January 1	<u>1,236</u>	<u>226</u>	<u>1,462</u>
Fund balances - December 31	<u><u>\$ 1,627</u></u>	<u><u>\$ 192</u></u>	<u><u>\$ 1,819</u></u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Governmental Activities

Net increase (decrease) in fund balances - total governmental funds \$ 357

Amounts reported for governmental activities in the statement of activities are different because:

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:	696	
Less current year depreciation	<u>(3,334)</u>	<u>(2,638)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in other postemployment benefits payable	(75)	
Change in compensated absences	<u>(10)</u>	<u>(85)</u>

Increase (decrease) in net position of governmental activities \$ (2,366)



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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.	140-143
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	144-147
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.	148-155
Demographic and Economic Information: These table 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.	156-157
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.	158-161

City of Minneapolis
 Net Position by Component (In Thousands)
 Last 10 Fiscal Years
 December 31, 2014

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net investment in capital assets	\$ 319,954	\$ 471,115	\$ 492,007	\$ 536,126	\$ 526,551	\$ 631,808	\$ 691,926	\$ 798,704	\$ 845,638	\$ 890,622
Restricted	42,667	47,526	54,226	59,629	112,895	60,814	192,829	193,107	198,251	195,322
Unrestricted	(107,885)	(224,659)	(113,865)	(33,767)	58,216	87,443	91,652	139,303	190,018	192,384
Total governmental activities net position	<u>\$ 254,736</u>	<u>\$ 293,982</u>	<u>\$ 432,368</u>	<u>\$ 561,988</u>	<u>\$ 697,662</u>	<u>\$ 780,065</u>	<u>\$ 976,407</u>	<u>\$ 1,131,114</u>	<u>\$ 1,233,907</u>	<u>\$ 1,278,328</u>
Business-type Activities										
Net investment in capital assets	\$ 523,073	\$ 541,670	\$ 529,140	\$ 591,964	\$ 615,455	\$ 634,686	\$ 666,986	\$ 694,243	\$ 731,372	\$ 760,038
Restricted	37,030	33,222	33,015	34,456	34,464	34,674	34,967	33,616	33,529	34,457
Unrestricted	320	14,460	83,340	46,266	57,157	69,905	77,751	88,330	89,137	101,258
Total business-type activities net position	<u>\$ 560,423</u>	<u>\$ 589,352</u>	<u>\$ 645,495</u>	<u>\$ 672,686</u>	<u>\$ 707,076</u>	<u>\$ 739,265</u>	<u>\$ 779,704</u>	<u>\$ 816,189</u>	<u>\$ 854,038</u>	<u>\$ 895,753</u>
Primary government										
Net investment in capital assets	\$ 843,027	\$ 1,012,785	\$ 1,021,147	\$ 1,128,090	\$ 1,142,006	\$ 1,266,494	\$ 1,358,912	\$ 1,492,947	\$ 1,577,010	\$ 1,650,660
Restricted	79,697	80,748	87,241	94,085	147,359	95,488	227,796	226,723	231,780	229,779
Unrestricted	(107,565)	(210,199)	(30,525)	12,499	115,373	157,348	169,403	227,633	279,155	293,642
Total primary government net position	<u>\$ 815,159</u>	<u>\$ 883,334</u>	<u>\$ 1,077,863</u>	<u>\$ 1,234,674</u>	<u>\$ 1,404,738</u>	<u>\$ 1,519,330</u>	<u>\$ 1,756,111</u>	<u>\$ 1,947,303</u>	<u>\$ 2,087,945</u>	<u>\$ 2,174,081</u>

(UNAUDITED)

Schedule 2
City of Minneapolis
Changes in Net Position (In Thousands)
Last 10 Fiscal Years
December 31, 2014

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental Activities:										
General government	\$ 68,095	\$ 67,780	\$ 57,519	\$ 79,609	\$ 72,276	\$ 120,378	\$ 82,897	\$ 98,546	\$ 83,726	\$ 109,005
Public safety	215,366	221,160	226,050	232,210	244,134	263,806	269,036	248,333	225,332	244,482
Public works	28,909	52,267	80,315	50,523	94,752	73,848	5,210	71,736	86,795	126,689
Culture and recreation	48,744	15,851	5,279	29,607	13,483	13,861	7,287	5,528	11,993	8,836
Health and welfare	13,502	14,572	14,325	13,028	14,164	14,240	16,260	13,709	18,442	20,098
Community planning & economic development	133,037	116,369	118,066	122,936	110,344	146,439	138,537	139,190	153,877	140,604
Interest on long-term debt	34,383	89,147	40,691	36,405	28,753	26,152	21,916	16,503	16,549	17,581
Total governmental activities expenses	\$ 542,036	\$ 577,146	\$ 542,245	\$ 564,318	\$ 577,906	\$ 658,724	\$ 541,143	\$ 593,545	\$ 596,714	\$ 667,295
Business-type Activities:										
Sanitary sewer	\$ 26,880	\$ 36,710	\$ 37,696	\$ 38,057	\$ 32,892	\$ 35,233	\$ 33,659	\$ 51,564	\$ 44,868	\$ 47,710
Stormwater	25,898	23,815	24,459	24,027	24,856	26,273	24,502	25,998	27,816	27,305
Solid waste and recycling	24,500	26,554	26,570	26,514	23,641	27,804	29,784	31,158	34,446	30,013
Water treatment and distribution services	46,292	53,209	52,983	56,310	51,751	55,980	52,891	59,940	57,961	57,899
Community planning & economic development	24,517	9,035	6,446	6,367	6,860	6,472	8,266	7,875	7,862	7,759
Municipal parking	56,676	60,097	58,714	50,833	51,929	49,920	46,106	49,706	45,868	43,418
Total business-type activities expenses	\$ 204,763	\$ 209,420	\$ 206,868	\$ 202,108	\$ 191,929	\$ 201,682	\$ 195,208	\$ 226,241	\$ 218,821	\$ 214,104
Total primary government expenses	\$ 746,799	\$ 786,566	\$ 749,113	\$ 766,426	\$ 769,835	\$ 860,406	\$ 736,351	\$ 819,786	\$ 815,535	\$ 881,399
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 19,805	\$ 28,320	\$ 30,490	\$ 45,882	\$ 6,060	\$ 69,827	\$ 23,537	\$ 40,636	\$ 28,943	\$ 20,831
Public safety	38,002	43,889	34,486	37,525	42,511	41,805	49,673	46,992	14,382	17,604
Public works	5,169	8,461	10,239	11,670	22,112	22,567	5,998	15,507	16,298	14,522
Culture and recreation	-	-	2,252	-	-	-	-	-	-	-
Health and welfare	536	528	500	524	452	14	-	-	2,432	2,436
Community planning & economic development	44,447	35,595	30,169	30,470	29,416	27,601	36,233	35,523	63,606	72,896
Operating grants and contributions	85,301	68,894	84,926	100,095	92,775	118,118	115,622	128,205	115,838	103,219
Capital grants and contributions	13,858	18,717	19,174	13,136	26,928	28,198	20,630	25,230	15,466	3,885
Total governmental activities program revenues	\$ 207,118	\$ 204,404	\$ 212,236	\$ 239,302	\$ 220,254	\$ 308,130	\$ 251,693	\$ 292,093	\$ 256,965	\$ 235,393
Business-type Activities:										
Charges for services:										
Sanitary sewer	\$ 33,756	\$ 37,968	\$ 40,369	\$ 40,787	\$ 43,949	\$ 49,358	\$ 48,456	\$ 61,849	\$ 45,742	\$ 59,310
Stormwater	31,336	30,209	32,205	35,109	39,418	39,903	41,063	38,383	38,254	39,983
Solid waste and recycling	29,443	28,546	7,917	29,626	30,411	31,152	31,957	31,001	30,208	30,473
Water treatment and distribution services	60,118	59,541	29,193	61,088	67,539	67,408	69,301	74,412	73,506	71,881
Community planning & economic development	12,125	7,483	60,152	7,698	31,820	6,426	7,872	2,239	2,350	1,842
Municipal parking	55,300	57,884	60,625	52,564	52,507	58,316	52,687	54,015	57,928	57,749
Operating grants and contributions	-	13,553	1,737	2,641	-	-	-	4,552	3,435	4,696
Capital grants and contributions	-	-	-	-	1,826	1,215	2,146	1,808	2,972	157
Total business-type activities program revenues	\$ 222,078	\$ 235,184	\$ 232,198	\$ 229,513	\$ 267,470	\$ 253,778	\$ 253,482	\$ 268,259	\$ 254,395	\$ 266,091
Total primary government program revenues	\$ 429,196	\$ 439,588	\$ 444,434	\$ 468,815	\$ 487,724	\$ 561,908	\$ 505,175	\$ 560,352	\$ 511,360	\$ 501,484
Net (Expenses) Revenue										
Governmental Activities	\$ (334,918)	\$ (372,742)	\$ (330,009)	\$ (325,016)	\$ (357,652)	\$ (350,594)	\$ (289,450)	\$ (301,452)	\$ (339,749)	\$ (431,902)
Business-type Activities	17,315	25,764	25,330	27,405	75,541	52,096	58,274	42,018	35,574	51,987
Total primary government net expense	\$ (317,603)	\$ (346,978)	\$ (304,679)	\$ (297,611)	\$ (282,111)	\$ (298,498)	\$ (231,176)	\$ (259,434)	\$ (304,175)	\$ (379,915)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
General property tax and fiscal disparities	\$ 131,261	\$ 145,073	\$ 159,878	\$ 184,985	\$ 263,776	\$ 217,519	\$ 218,756	\$ 230,719	\$ 232,979	\$ 228,620
Property tax increment	64,044	71,556	77,979	82,686	13,440	42,117	61,003	52,679	41,159	48,568
Franchise fees	27,702	29,026	29,548	31,705	28,053	27,855	29,128	26,120	29,620	33,531
Local taxes	55,064	56,725	60,065	60,480	54,868	61,307	65,850	56,349	70,634	76,292
Other taxes	228	188	215	183	202	42	218	13,079	165	180
Local government aid - unrestricted	65,921	81,626	70,712	60,702	70,540	56,578	56,378	56,404	56,379	66,860
Grants and contributions not restricted to programs	-	9	8	7	-	-	-	-	-	-
Unrestricted interest and investment earnings	13,510	14,407	17,574	13,121	6,843	5,961	5,088	4,248	(593)	4,213
Other	1,144	2,862	2,715	1,287	10,239	1,440	31,078	4,548	8,793	1,141
Gain on sale of capital assets	-	-	-	-	-	-	-	-	340	214
Transfers	19,291	416	5,023	4,250	45,365	20,178	18,293	10,889	3,066	16,704
Total governmental activities	\$ 378,165	\$ 401,888	\$ 423,717	\$ 439,406	\$ 493,326	\$ 432,997	\$ 485,792	\$ 455,035	\$ 442,542	\$ 476,323
Business-type Activities:										
Unrestricted interest and investment earnings	\$ 1,359	\$ 1,542	\$ 1,924	\$ 1,487	\$ 4,126	\$ 271	\$ 438	\$ 5,286	\$ 5,072	\$ 6,064
Other	1,580	2,039	3,187	1,479	88	-	-	56	244	119
Gain on sale of capital assets	2	-	30,725	565	-	-	20	54	25	249
Transfers	(19,291)	(416)	(5,023)	(4,250)	(45,365)	(20,178)	(18,293)	(10,889)	(3,066)	(16,704)
Total business-type activities	\$ (16,350)	\$ 3,165	\$ 30,813	\$ (719)	\$ (41,151)	\$ (19,907)	\$ (17,835)	\$ (5,493)	\$ 2,275	\$ (10,272)
Total primary government	\$ 361,815	\$ 405,053	\$ 454,530	\$ 438,687	\$ 452,175	\$ 413,090	\$ 467,957	\$ 449,542	\$ 444,817	\$ 466,051
Changes in Net Position										
Governmental Activities	\$ 43,247	\$ 29,146	\$ 93,708	\$ 114,390	\$ 135,674	\$ 82,403	\$ 196,342	\$ 153,583	\$ 102,793	\$ 44,421
Business-type Activities	965	28,929	56,143	26,686	34,390	32,189	40,439	36,525	37,849	41,715
Total primary government	\$ 44,212	\$ 58,075	\$ 149,851	\$ 141,076	\$ 170,064	\$ 114,592	\$ 236,781	\$ 190,108	\$ 140,642	\$ 86,136

(UNAUDITED)

Schedule 3
City of Minneapolis
Fund Balance, Governmental Funds (In Thousands)
Last 10 Fiscal Years
December 31, 2014

	Fiscal Year					
	2005	2006	2007	2008	2009	2010
General Fund						
Reserved	\$ 2,724	\$ 2,471	\$ 1,394	\$ 1,073	\$ 927	\$ 1,270
Unreserved	50,838	52,641	53,851	48,615	67,340	60,092
Total general fund	<u>\$ 53,562</u>	<u>\$ 55,112</u>	<u>\$ 55,245</u>	<u>\$ 49,688</u>	<u>\$ 68,267</u>	<u>\$ 61,362</u>
All Other Government Funds						
Reserved	\$ 201,202	\$ 206,285	\$ 210,056	\$ 213,450	\$ 205,490	\$ 227,174
Unreserved						
Special revenue funds	96,828	77,561	79,230	84,491	106,681	65,760
Debt Service funds	42,667	47,526	54,226	58,989	112,895	60,814
Capital project funds	21,283	5,445	1,192	20,994	17,364	20,024
Total all other governmental funds	<u>\$ 361,980</u>	<u>\$ 336,817</u>	<u>\$ 344,704</u>	<u>\$ 377,924</u>	<u>\$ 442,430</u>	<u>\$ 373,772</u>
	2011	2012	2013	2014		
General Fund						
Nonspendable	\$ 36	\$ 6	\$ -	\$ -		
Assigned	2,444	941	-	-		
Unassigned	69,891	85,357	96,970	102,439		
Total general fund	<u>\$ 72,371</u>	<u>\$ 86,304</u>	<u>\$ 96,970</u>	<u>\$ 102,439</u>		
All Other Government Funds						
Nonspendable	\$ 55,604	\$ 54,176	\$ 45,871	\$ 45,706		
Restricted	192,829	193,107	198,251	195,322		
Committed	7,058	2,347	125	-		
Assigned	103,307	107,495	128,085	143,134		
Unassigned	-	(46)	(169)	(145)		
Total all other governmental funds	<u>\$ 358,798</u>	<u>\$ 357,079</u>	<u>\$ 372,163</u>	<u>\$ 384,017</u>		

Note: The City implemented GASB 54 starting in 2011.

(UNAUDITED)

Schedule 4
City of Minneapolis
Changes in Fund Balance, Governmental Funds (In Thousands)
Last 10 Fiscal Years
December 31, 2014

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 277,411	\$ 300,893	\$ 326,187	\$ 362,553	\$ 359,500	\$ 343,956	\$ 374,123	\$ 379,519	\$ 375,006	\$ 387,322
Licenses and permits	25,835	25,838	26,407	27,118	29,348	29,301	32,851	37,663	40,735	50,996
Intergovernmental revenues	169,558	175,981	160,384	151,308	179,880	189,510	167,316	186,550	155,756	136,432
Charges for services and sales	52,590	55,112	53,778	62,186	59,340	56,776	58,722	68,158	63,028	62,863
Fines and forfeits	10,680	9,249	9,397	9,700	9,621	9,934	10,620	8,603	8,014	7,519
Special assessments	11,503	12,363	13,555	18,018	20,897	23,849	22,678	23,834	24,379	25,529
Investment earnings	13,292	14,517	19,075	13,660	7,037	6,269	5,050	4,603	(645)	4,067
Miscellaneous revenues	34,696	34,001	29,626	29,420	35,542	35,366	26,831	34,733	44,466	35,923
Total Revenues	595,565	627,954	638,409	673,963	701,165	694,961	698,191	743,663	710,739	710,651
Expenditures										
General government	58,880	66,803	55,581	59,567	65,357	72,746	72,546	95,970	97,469	99,330
Public safety	209,453	220,346	222,823	237,692	242,061	258,507	260,307	244,297	232,311	245,341
Public works	39,204	39,171	41,892	43,893	43,495	50,165	49,918	49,759	54,915	56,173
Culture and recreation	48,744	15,851	5,279	29,607	13,424	13,808	7,287	5,528	4,106	3,238
Health and welfare	13,258	14,613	14,193	13,309	13,953	13,822	16,014	13,179	17,993	20,029
Community planning & economic development	128,464	112,103	116,348	117,396	115,384	146,082	128,338	136,076	148,082	142,326
Capital outlay	46,141	45,447	43,846	39,160	83,656	60,659	44,633	77,864	63,414	102,422
Intergovernmental:										
General government	-	-	-	-	-	-	-	-	898	297
Public safety	-	-	-	-	-	-	-	-	169	176
Culture and recreation	-	-	-	-	-	-	-	-	7,887	5,598
Debt Service:										
Principal retirement	90,825	72,768	66,744	68,617	102,518	179,242	96,947	108,042	58,386	77,391
Interest and fiscal charges	62,456	63,490	62,424	60,191	56,924	30,505	26,247	22,152	16,712	17,065
Total expenditures	697,425	650,592	629,130	669,432	736,772	825,536	702,237	752,867	702,342	769,386
Excess (deficiency) of revenues over (under) expenditures	(101,860)	(22,638)	9,279	4,531	(35,607)	(130,575)	(4,046)	(9,204)	8,397	(58,735)
Other Financing Sources (Uses)										
Transfers from other funds	159,664	157,161	129,321	133,635	151,259	115,103	105,800	117,868	60,967	105,459
Transfers to other funds	(179,836)	(185,576)	(151,672)	(152,056)	(154,190)	(139,658)	(129,803)	(124,335)	(92,941)	(126,862)
Bonds issued	59,356	26,835	20,344	39,965	35,280	24,687	20,377	26,610	47,805	97,010
Premium (discount)	4,293	49	478	1,490	4,213	3,165	3,707	1,481	1,522	451
Refunding bonds issued	71,385	10,545	1,750	12,360	82,130	51,715	186,550	36,460	18,430	-
Loans and notes issued	-	-	-	-	-	-	-	5,170	-	-
Payments to escrow agents	(74,820)	(9,989)	(1,480)	(12,262)	-	-	(186,550)	(41,630)	(18,430)	-
Total other financing sources (uses)	40,042	(975)	(1,259)	23,132	118,692	55,012	81	21,624	17,353	76,058
Net change in fund balance	\$ (61,818)	\$ (23,613)	\$ 8,020	\$ 27,663	\$ 83,085	\$ (75,563)	\$ (3,965)	\$ 12,420	\$ 25,750	\$ 17,323
Debt service as a percentage of noncapital expenditures	24.0%	22.4%	21.1%	20.6%	24.1%	27.4%	20.6%	19.3%	11.9%	13.6%

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(UNAUDITED)

Schedule 5
City of Minneapolis
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2014

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
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	3,448,334	26,571,451	1,341,775	415,390	9,549,066	38,646,131	7.52	43,857,249	88%
2009	7,295,669	3,499,200	25,461,784	1,459,942	401,699	9,025,112	38,118,294	7.68	43,473,340	88%
2010	7,020,347	3,556,811	24,611,900	1,474,662	393,785	8,777,609	37,057,504	7.81	39,746,514	93%
2011	6,304,914	3,287,604	23,533,625	1,426,447	529,962	10,550,339	35,082,552	9.23	41,079,647	85%
2012	5,987,868	3,266,162	22,638,806	1,301,688	404,729	10,340,495	33,599,253	10.33	39,412,937	85%
2013	5,982,739	3,363,752	21,512,948	1,281,968	426,840	9,927,053	32,568,247	9.56	34,459,013	95%
2014	6,166,615	3,690,983	21,634,886	1,313,800	430,582	10,482,230	33,236,865	8.82	45,164,553	74%

Source: Finance and Property Services 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, 2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
City Direct Rates										
<i>Tax Capacity Based Rates</i>										
General	4.40	4.27	4.24	4.80	4.86	5.04	5.73	6.09	5.36	4.76
Estimate and Taxation	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Building Commission	0.16	0.14	0.13	0.13	0.13	0.13	0.14	0.15	0.16	0.14
Permanent Improvement	0.08	0.07	0.05	0.05	0.05	0.05	0.06	0.03	0.03	0.03
Bond Redemption	0.97	0.74	0.63	0.57	0.69	0.47	0.61	0.65	1.00	1.11
Firefighter's Relief Association	-	0.05	0.10	0.11	0.06	0.04	0.16	0.01	0.09	0.08
Police Relief Association	-	0.08	0.12	0.11	0.09	0.35	0.51	0.79	0.22	0.20
Minneapolis Employees Retirement Fund	0.13	0.11	0.08	0.09	0.07	0.07	0.09	0.60	0.62	0.56
Parks	1.55	1.42	1.34	1.29	1.35	1.33	1.56	1.63	1.69	1.56
Libraries	0.52	0.48	0.45	-	-	-	-	-	-	-
Public Housing	0.05	0.04	0.04	0.04	0.04	-	-	-	-	-
Teacher's Retirement Association	0.09	0.08	0.07	0.07	0.07	0.07	0.08	0.09	0.08	0.07
<i>Market Value Based Rates</i>										
Library Referendum	0.24	0.27	0.27	0.25	0.25	0.25	0.27	0.29	0.29	0.30
Total City Direct Rates	8.20	7.76	7.53	7.52	7.67	7.81	9.22	10.34	9.55	8.82
Overlapping Rates										
<i>Tax Capacity Based Rates</i>										
Watershed Districts	0.16	0.13	0.14	0.18	0.19	0.21	0.21	0.23	0.23	0.22
Hennepin County	4.94	4.59	4.40	4.38	5.09	5.38	5.76	6.24	6.33	5.92
Minneapolis Public Schools	3.39	3.23	3.06	2.78	3.15	2.57	2.95	3.47	3.29	2.85
Other Special Taxing Districts	0.59	0.52	0.54	0.54	0.49	0.52	0.59	0.70	0.73	0.71
<i>Market Value Based Rates</i>										
Minneapolis Public Schools Referendum	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.02	0.01	0.02
Total Overlapping Rates	9.09	8.48	8.15	7.89	8.94	8.70	9.53	10.66	10.59	9.72
Grand Total	17.29	16.24	15.68	15.41	16.61	16.51	18.75	21.00	20.14	18.54

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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.

Source: Finance and Property Services Department

(UNAUDITED)

Schedule 7
City of Minneapolis
Principal Property Tax Payers
Current Year and Nine Years Ago
(in thousands of dollars)
December 31, 2014

Taxpayer	2014			2005		
	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 Co.	\$ 342,359	1	1.83%	\$ 303,472	1	2.35%
Target Corporation	223,933	2	1.20%	179,932	3	1.40%
BRI 1855 IDS Center LLC	193,000	3	1.03%	-	-	-
NWC Limited Partnership	178,900	4	0.96%	131,100	4	1.02%
Minneapolis 225 Holdings LLC	176,700	5	0.94%	-	-	-
SRI Ten City Center LLC	166,100	6	0.89%	-	-	-
Wells Operating Partnership LP	145,600	7	0.78%	108,200	7	0.84%
First Minneapolis-Hines Co.	138,100	8	0.74%	97,200	9	0.76%
CSDV MN LLP	131,734	9	0.70%	-	-	-
Diamondrock Minneapolis LLC	126,500	10	0.68%	-	-	-
City Center Associates	-	-	-	96,000	8	0.75%
American Express Financial Corp.	-	-	-	193,350	2	1.52%
Ryan Companies US, Inc.	-	-	-	109,960	6	0.85%
80 South Eighth LLC	-	-	-	109,000	5	0.85%
601 Second Avenue Ltd. Partnership	-	-	-	87,000	10	0.68%
Total	\$ 1,822,926		9.75%	\$ 1,415,214		11.02%

Source: Bond Issue Report 11/24/14 and 10/14/05

(UNAUDITED)

Schedule 8
City of Minneapolis
Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2014

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
2005	\$ 190,375	\$ 178,844	93.94%	\$ 2,293	\$ 181,137	95.15%
2006	205,830	194,134	94.32%	3,269	197,403	95.91%
2007	222,523	210,960	94.80%	4,190	215,150	96.69%
2008	240,553	228,176	94.85%	4,529	232,705	96.74%
2009	245,003	232,655	94.96%	3,940	236,595	96.57%
2010	264,805	251,967	95.15%	898	252,865	95.49%
2011	277,357	264,605	95.40%	2,228	266,833	96.21%
2012	279,607	274,883	98.31%	1,898	276,781	98.99%
2013	284,409	280,888	98.76%	1,356	282,244	99.24%
2014	281,874	278,320	98.74%	-	278,320	98.74%

Source: Minneapolis Finance and Property Services Department

* Includes special levies

(UNAUDITED)

Schedule 9
City of Minneapolis
Outstanding Debt by Type and Per Capita
Last Ten Fiscal Years
(in thousands of dollars, except per capita)
December 31, 2014

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Per Capita (1)
	General Obligation Bonds & Notes	Revenue Bonds	Notes Payable	General Obligation Bonds & Notes	Revenue Bonds	Notes Payable		
2005	\$ 865,011	\$ 67,085	\$ 41,252	\$ 410,263	\$ 61,631	\$ 1,056	\$ 1,446,298	\$ 3,730
2006	817,771	65,756	26,709	396,019	57,985	950	1,365,190	3,521
2007	777,385	56,306	22,735	368,335	63,695	837	1,289,293	3,323
2008	755,946	45,647	22,291	338,188	60,730	718	1,223,520	3,153
2009	772,936	35,980	19,040	310,607	57,365	591	1,196,519	3,067
2010	673,926	26,700	15,585	308,383	95,925	455	1,120,974	2,930
2011	586,500	25,990	15,276	296,857	91,985	311	1,016,919	2,658
2012	495,545	25,210	14,695	272,790	85,255	157	893,652	2,304
2013	491,517	24,385	14,385	254,971	94,100	41	879,399	2,243
2014	508,015	23,500	14,055	234,613	90,100	-	870,283	2,171

Notes:
Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(1) See Schedule 14 for population data.

Source: Minneapolis Finance and Property Services 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, 2014

Fiscal Year	Net General Bonded Debt Outstanding				Total	Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
	Governmental General Obligation Bonds & Notes	Business-type General Obligation Bonds & Notes	Less Resources Restricted to Pay Debt Service				
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%	2,701	
2009	772,936	310,607	108,567	974,976	2.56%	2,569	
2010	673,926	308,383	57,397	924,912	2.50%	2,418	
2011	586,500	296,857	30,839	852,518	2.43%	2,228	
2012	495,545	272,790	28,681	739,654	2.20%	1,907	
2013	491,517	254,971	29,302	717,186	2.20%	1,830	
2014	508,015	234,613	27,753	714,875	2.15%	1,783	

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 and Property Services Department - Capital and Debt Management

(UNAUDITED)

Schedule 11
City of Minneapolis
Direct and Overlapping Governmental Activities Debt
(in thousands of dollars)
December 31, 2014

Governmental Unit	General Obligation Governmental Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
City of Minneapolis - Direct Debt	\$ 247,032 (3)	100.00%	\$ 247,032
<u>Overlapping Debt:</u>			
Special School District No. 1	270,415	100.00%	270,415
Hennepin County	753,267 (4)	26.63%	200,595
Hennepin County Regional Railroad Authority	35,200	26.63%	9,374
Metropolitan Council	129,162	13.67%	17,656
Subtotal, Overlapping Debt			\$ 498,040
Total Direct and Overlapping Debt			\$ 745,072

Notes:

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

(1) This table represents the governmental debt of the City of Minneapolis and the net debt share of the overlapping jurisdictions. 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) City of Minneapolis - Direct Debt is the total long-term debt, including premium, of the governmental activities reduced by debt that is not financed primarily by a property tax levy (\$211,770 of self supporting debt, \$49,213 of special assessment debt, and \$37,555 of revenue bonds and notes are not intended to be paid by property tax).

(4) Excludes suburban library bonds for which Minneapolis taxpayers are not obligated.

Sources:

Minneapolis Finance and Property Services Department - Capital and Debt Management
Minneapolis Public School District 1
Hennepin County
MET 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, 2014

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$ 1,182,794	\$ 1,159,728	\$ 1,253,051	\$ 1,306,194	\$ 1,282,797	\$ 1,254,206	\$ 1,173,628	\$ 1,131,060	\$ 1,102,298	\$ 1,117,046
Total net debt applicable to limit	<u>369,842</u>	<u>339,712</u>	<u>313,129</u>	<u>302,772</u>	<u>270,629</u>	<u>246,979</u>	<u>213,714</u>	<u>154,317</u>	<u>155,494</u>	<u>146,506</u>
Legal debt margin	<u>\$ 812,952</u>	<u>\$ 820,016</u>	<u>\$ 939,922</u>	<u>\$ 1,003,422</u>	<u>\$ 1,012,168</u>	<u>\$ 1,007,227</u>	<u>\$ 959,914</u>	<u>\$ 976,743</u>	<u>\$ 946,804</u>	<u>\$ 970,540</u>
Total net debt applicable to limit as a percentage of debt limit	31.27%	29.29%	24.99%	23.18%	21.10%	19.69%	18.21%	13.64%	14.11%	13.12%

Legal Debt Margin Calculation for Fiscal Year 2014

Real Property (2014 Assessed Market Value)	\$32,825,057
Personal Property (2014 Assessed Market Value)	411,808
Adjustment for Exempt Personal Property (1966 Market Value)	298,030
Adjustment for Net Fiscal Disparities (Contribution)/Distribution	<u>(23,502)</u>
Total 2014 Assessed Market Value	33,511,393
Debt Limit (3-1/3% of Market Value Applicable to Debt Limit)	1,117,046
Debt applicable to limit:	
General Obligation Bonds Subject to Debt Limit	164,005
Less: Amount set aside to pay general obligation debt	<u>(17,499)</u>
Total Net Debt Applicable to Limit	<u>146,506</u>
Legal Debt Margin	<u>\$ 970,540</u>

Source: Minneapolis Finance and Property Services Department - Capital and Debt Management

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2014

WATER TREATMENT AND DISTRIBUTION SERVICES BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	% Coverage
2005	\$ 61,946	\$ 44,116	\$ 17,830	\$ 10,819	\$ 4,078	\$ 14,897	1.20
2006	64,786	46,704	18,082	8,659	4,371	13,030	1.39
2007	66,439	44,838	21,601	8,419	4,481	12,900	1.67
2008	64,130	47,208	16,922	6,930	3,406	10,336	1.64
2009	67,575	47,195	20,380	6,076	3,656	9,732	2.09
2010	67,129	47,507	19,622	5,646	3,872	9,518	2.06
2011	69,934	45,520	24,414	5,906	4,133	10,039	2.43
2012	76,502	47,421	29,081	5,796	4,476	10,272	2.83
2013	75,793	50,474	25,319	5,982	4,401	10,383	2.44
2014	73,097	50,428	22,669	6,146	4,314	10,460	2.17

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 and Property Services Department - Capital and Debt Management

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2014

(Continued)

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	% Coverage
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
2010	58,155	43,101	14,777	29,831	14,740	6,232	20,972	1.42
2011	52,687	36,450	15,196	31,433	14,820	5,730	20,550	1.53
2012	54,082	39,861	13,799	28,020	16,770	5,299	22,069	1.27
2013	58,185	37,745	11,622	32,062	14,629	4,142	18,771	1.71
2014	57,866	37,652	373	20,587	10,884	3,628	14,512	1.42

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 was paid using sales tax revenues transferred from the Convention Center Special Revenue Fund through 2013. The remaining debt was paid in full during 2014.
- (4) Tax Increment Transfers In were used to subsidize certain parking ramps through 2013 with a small remaining subsidy from 2014 on.

Source: Minneapolis Finance and Property Services Department - Capital and Debt Management

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2014

(Continued)

SANITARY SEWER BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	% Coverage
2005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2006 (3)	39,342	38,542	800	72	9	81	9.88
2007	41,915	39,954	1,961	767	137	904	2.17
2008	41,615	38,216	3,399	1,200	378	1,578	2.15
2009	43,963	38,388	5,575	2,436	500	2,936	1.90
2010	49,292	40,584	8,708	2,850	701	3,551	2.45
2011	49,482	42,607	6,875	4,100	714	4,814	1.43
2012	62,327	51,920	10,407	4,600	617	5,217	1.99
2013	61,852	52,115	9,737	4,150	350	4,500	2.16
2014	60,057	53,372	6,685	5,150	414	5,564	1.20

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 and Property Services Department - Capital and Debt Management

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2014

(Continued)

STORMWATER BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	% Coverage
2005 (3)	\$ 31,435	\$ 20,080	\$ 11,355	\$ 9,609	\$ 2,352	\$ 11,961	0.95
2006	30,575	18,250	12,325	8,360	2,483	10,843	1.14
2007	33,008	19,348	13,660	7,797	2,563	10,360	1.32
2008	35,824	19,738	16,086	8,620	1,564	10,184	1.58
2009	39,381	19,279	20,102	9,959	1,753	11,712	1.72
2010	39,542	21,310	18,232	5,345	1,405	6,750	2.70
2011	41,704	19,930	21,774	11,773	1,341	13,114	1.66
2012	41,805	21,590	20,215	6,555	1,136	7,691	2.63
2013	39,906	23,508	16,398	6,913	975	7,888	2.08
2014	42,313	23,079	19,234	3,235	850	4,085	4.71

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 and Property Services Department - Capital and Debt Management

(UNAUDITED)

Schedule 14
City of Minneapolis
Demographic and Economic Statistics
Last 10 Fiscal Years
December 31, 2014

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Year	Population (1)	Per Capita Income (2)	Personal Income	Median Age (3)	Households (4)	Jobs (5)	Annual average Unemployment Rate (6)	Median Household Income (7)	School Enrollment (8)
2005	387,711	\$ 26,886	\$ 10,423,997,946	32.1	166,595	287,552	4.2%	\$ 41,829	38,755
2006	387,970	\$ 27,487	\$ 10,664,131,390	33.6	167,317	294,370	3.9%	\$ 43,369	36,428
2007	388,020	\$ 30,343	\$ 11,773,690,860	35.3	167,367	292,833	4.3%	\$ 44,423	34,570
2008	390,131	\$ 30,825	\$ 12,025,788,075	34.1	168,669	291,019	5.0%	\$ 48,724	33,958
2009	386,691	\$ 28,131	\$ 10,878,004,521	31.6	169,798	280,899	7.5%	\$ 45,538	33,424
2010	382,578	\$ 29,558	\$ 11,308,240,524	31.4	163,540	281,577	7.1%	\$ 46,508	33,418
2011	387,873	\$ 30,256	\$ 11,735,485,488	32.3	166,110	287,846	6.3%	\$ 46,682	33,476
2012	392,008	\$ 27,319	\$ 10,709,266,552	31.4	166,513	297,012	5.5%	\$ 47,604	34,423
2013	400,938	\$ 32,791	\$ 13,147,157,958	32.1	170,195	303,087	4.9%	\$ 50,563	35,356
2014	NA	NA	NA	NA	NA	NA	4.1%	NA	35,400

Sources:

- (1) Population 2004-2009 & 2011-13 - Metropolitan Council. 2010 figure from US Census
- (2) Per Capita Income - US Census Bureau - American Community Survey Table DP03- 2013 1 year estimate
- (3) Median age - US Census Bureau - American Community Survey Table S0101- 2013 1 year estimate
- (4) Households 2004-2009 & 2011-13 - Metropolitan Council. 2010 figure from US Census
- (5) Jobs data from MN DEED/QCEW tables
- (6) Annual average unemployment rate - from MN DEED/LAUS tables
- (7) Median HH Income - American Community Survey Table DP03 2013 1 year estimate
- (8) School enrollment - Minneapolis Public Schools/Student Accounting Office

NA - Data is not available presently

Notes: a) The Metropolitan Council uses the 2010 population and household figures from the decennial Census
(UNAUDITED)

Schedule 15
City of Minneapolis
Principal Employers
Current Year and Eight Years Ago
December 31, 2014

<u>Employer</u>	<u>2014 (City only) (a)</u>			<u>2006 (metro-wide) (b)</u>		
	<u>Approximate Number of Employees (b)</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Approximate Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total Metro Employment</u>
University of Minnesota	14,100	1	4.5%	30,200	1	1.9%
Target Corporation	12,300	2	3.9%	24,300	2	1.5%
Wells Fargo Bank	11,000	3	3.5%	19,100	4	1.2%
Fairview Health Services	9,900	4	3.2%	18,500	5	1.1%
Allina Health	8,700	5	2.8%	22,500	3	1.4%
Mpls Public Schools	7,000	6	2.2%	(c)	(c)	(c)
Hennepin Healthcare Systems Inc. (HCMC)	6,300	7	2.0%	(d)	(d)	(d)
Hennepin County	6,100	8	2.0%	12,500	6	0.8%
Ameriprise Financial Services	4,900	9	1.6%	6,500	8	0.4%
City of Minneapolis	4,900	9	1.6%	5,600	9	0.3%
U.S. Bancorp	4,100	10	1.3%	9,400	7	0.6%
Xcel Energy Inc.	2,800	-	0.9%	5,400	10	0.3%
Total	<u>92,100</u>		<u>29.5%</u>	<u>154,000</u>		<u>9.5%</u>

Notes:

- a) Figures reflect 2014 estimates of Minneapolis-based employees, both full- and part-time; numbers rounded to nearest 100
Sources for City jobs: Reference USA, Minneapolis Downtown Council, direct communications with companies
- b) 2006 totals not available for City only, so metro totals were used; source was MN DEED <http://www.mnpro.com> as previously published in 2006 City CAFR
- c) Employer not part of top ten metro -wide employers in 2006 City CAFR
- d) Hennepin Healthcare was part of Hennepin County in 2006

(UNAUDITED)

Schedule 16
City of Minneapolis
Full-time Equivalent City Government Employees by Function
Last 10 Fiscal Years
December 31, 2014

Function Program	Full-time Equivalent Employees as of December 31, 2014									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Assessor	34.50	34.50	37.00	37.00	36.50	36.50	34.50	35.00	35.00	36.00
Attorney	101.00	106.50	108.00	108.00	105.50	102.00	105.00	101.00	102.00	107.00
City Clerk/Council	65.50	66.50	66.00	67.00	65.50	65.50	64.75	65.02	66.00	66.00
City Coordinator	929.08	911.03	917.00	941.00	919.10	949.80	546.60	691.40	677.40	696.40
Civil Rights	27.00	26.00	26.00	26.00	21.00	19.00	19.00	19.00	21.00	22.00
Community Planning and Economic Development	139.00	142.00	141.00	139.00	141.00	135.00	128.00	116.79	224.80	230.00
Fire	444.50	444.50	447.00	449.00	444.00	438.00	406.00	392.00	413.00	413.00
Minneapolis Health Department	69.00	66.30	66.00	66.00	67.00	60.00	61.70	50.25	91.00	92.30
Internal Audit	-	-	-	-	-	2.00	3.00	2.50	2.00	3.00
Mayor	11.00	11.00	12.00	12.00	12.00	10.00	11.00	11.00	11.00	11.00
Police	942.00	1,058.00	1,088.00	1,093.00	1,092.00	999.20	992.00	967.80	980.50	985.50
Public Works	1,206.39	1,206.59	1,197.00	1,203.00	1,189.20	1,024.50	1,000.35	917.67	907.08	897.88
Regulatory Services**	-	-	-	-	-	-	379.00	286.30	141.00	146.50
	<u>3,968.97</u>	<u>4,072.92</u>	<u>4,105.00</u>	<u>4,141.00</u>	<u>4,092.80</u>	<u>3,841.50</u>	<u>3,750.90</u>	<u>3,655.73</u>	<u>3,671.78</u>	<u>3,706.58</u>
Independent Boards										
Board of Estimate & Taxation	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00
Library	246.50	261.90	273.00	-	-	-	-	-	-	-
Library Park	907.91	909.55	902.00	886.00	859.00	827.00	811.18	802.40	814.72	819.24
Building Commission	61.00	61.00	62.00	62.00	62.00	62.00	60.00	54.00	55.00	55.00
Youth Coordinating Board	4.50	4.50	5.00	5.00	5.00	5.00	5.80	5.80	5.80	9.00
NRP	11.00	10.00	10.00	9.00	9.00	7.00	5.00	-	-	-
	<u>1,232.91</u>	<u>1,248.95</u>	<u>1,254.00</u>	<u>964.00</u>	<u>937.00</u>	<u>902.00</u>	<u>882.98</u>	<u>863.20</u>	<u>876.52</u>	<u>884.24</u>
Total	<u>5,201.88</u>	<u>5,321.87</u>	<u>5,359.00</u>	<u>5,105.00</u>	<u>5,029.80</u>	<u>4,743.50</u>	<u>4,633.88</u>	<u>4,518.93</u>	<u>4,548.30</u>	<u>4,590.82</u>

** In 2011, Regulatory Services became a Charter department and is no longer included in City Coordinator FTE total

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, 2014

Function/Description	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Assessor										
Sales ratio, all classes aggregated	88%	89%	93%	94%	97%	98%	98%	99%	95%	95%
Number of parcels' valuations petitioned in tax court	822	900	1,431	2,235	2,304	1,822	1,346	1,047	591	NAP
Attorney - City litigation										
Liability payouts, millions \$	3	2	9	1	3	2	8	1	5	2
Civil litigation caseload	1,142	999	1,226	1,107	1,028	1,036	1,193	972	811	978
City Clerk - Elections										
Number of registered voters	235,172	226,585	220,740	240,022	231,078	227,024	223,696	214,003	233,351	227,660
Number of votes cast in election	70,987	149,318	no election	209,000	45,968	140,363	9,065	215,804	80,099	137,362
Voter turnout, percentage of registered voters	30.19%	65.90%	no election	87.08%	19.89%	55.59%	10.07%	80.84%	33.00%	56.00%
Type of election, highest level of government	municipal	state	no election	federal	municipal	state	3 state specials	federal	municipal	state
Number of new voters registered at the polls	5,579	28,907	no election	50,505	2,950	25,471	422	52,952	6,634	19,622
Number of spoiled ballots	755	2,284	no election	NA	1,888	NA	NA	NA	NA	NA
Number of absentee ballots	2,506	7,410	no election	17,100	1,619	6,405	355	15,143	4,954	12,279
Coordinator - Finance										
Bond rating - Fitch	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Bond rating - Moody's	Aa1	Aa1	Aa1	Aa1	Aa1	Aaa	Aaa	Aaa	Aa1	Aa1
Bond rating - Standard & Poor's	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Collections effectiveness indicator, utility revenues	68%	70%	74%	78%	NA	NA	NA	NA	NA	NA
Civil Rights										
Number of new civil rights complaints	121	250	232	294	254	158	117	153	77	39
Number of new complaints of police misconduct	85	89	75	68	114	89	97	157	396	398
Community Planning and Economic Development										
Number of jobs added by City assisted businesses (projected)	659	2,115	318	NAP	NA	434	1,106	693	602	414
Multifamily housing investment: City funds, millions \$	33	12	10	6	9	16	18	23	6	18
Multifamily housing investment: Other public funds, millions \$	19	14	12	4	8	34	47	12	19	22
Multifamily housing investment: Private funds, millions \$	225	165	57	14	46	21	267	164	195	205
Business finance loans: City funds, millions \$	3	4	2	3	3	4	3	2	3	2
Number of foreclosure sales	863	1,610	2,895	3,077	2,233	2,308	1,719	1,448	879	640
Convention Center										
Occupancy rate	66%	62%	61%	61%	57%	51%	57%	56%	54%	60%
Total attendance	799,175	841,196	697,867	755,497	643,753	661,461	749,691	767,803	777,446	963,364
Health & Family Support										
Number of three-year old screenings conducted by the schools	740	837	828	989	1,082	1,118	1,096	1,251	1,758	NAP
Number of homicide deaths in Minneapolis, ages 0-24	11	22	10	14	5	17	20	11	12	NAP
Percent of one and two year olds tested for lead	65%	69%	71%	74%	66%	71%	56%	61%	66%	NAP
Number of children under age 6 with elevated lead levels	374	351	282	217	170	161	76	120	50	NAP
Public Safety										
Coordinator - 311 - 911										
911 answer time, seconds	6.40	7.53	7.90	7.10	6.23	5.98	6.15	7.33	10.43	6.76
911 pending time to dispatch, high priority calls, minutes	2.85	2.97	3.17	1.82	1.24	1.14	1.16	1.34	0.07	2.05
Percent of 311 calls answered in 20 seconds or less	NAP	90%	74%	80%	82%	71%	66%	72%	63%	64%
Percent of 311 calls resolved at first call	NAP	70%	76%	80%	83%	83%	83%	82%	82%	83%
Attorney - Criminal Prosecution										
Number of chronic offenders convicted	81	129	130	145	136	134	127	133	139	130
Domestic violence conviction rate	48%	58%	54%	61%	66%	70%	70%	72%	64%	69%
Prosecution caseload	21,688	27,195	27,377	32,076	30,467	28,352	24,509	25,731	24,092	20,391
Fire										
Number of emergency responses	22,423	22,199	34,019	34,146	32,165	33,561	35,204	37,011	38,137	40,662
Number of fires extinguished (all non EMS runs prior to 2002)	1,775	1,808	1,859	1,489	1,401	1,373	1,348	1,347	1,210	1,154
Number of hazmat, false alarms, and other non EMS/ fire runs	9,672	9,638	9,961	10,165	9,403	10,410	9,818	10,071	11,108	27,619
Number of inspections	7,802	8,271	4,821	7,337	10,447	10,298	7,763	2,992	3,083	921
Percent of time response is five minutes or less	85.8%	84.8%	83.0%	86.5%	86.1%	84.0%	81.8%	81.0%	82.8%	92.0%
Lives lost due to fires	5	2	2	6	2	13	5	3	2	10
Civilian injuries due to fire	31	29	21	21	15	29	33	33	27	33

Schedule 17
City of Minneapolis
Operating Indicators by Function/Program - Last 10 Fiscal Years
December 31, 2014

Continued

Function/Description	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety -Continued										
Police										
Number of major crimes	28,324	29,474	28,498	25,898	22,469	22,646	23,114	23,532	23,726	23,496
Number of livability crimes	36,676	40,323	38,213	35,206	33,325	32,219	29,343	28,771	30,808	28,587
Number of violent crimes (subset of major crimes)	5,572	6,483	5,661	4,884	4,318	4,093	3,668	3,950	4,094	4,142
Number of guns seized	1,032	1,458	1,087	1,002	929	867	637	792	666	692
Community Planning and Economic Development - Building permits										
Permits issued	45,163	34,587	10,787	11,022	12,200	13,249	17,178	12,864	12,100	11,796
Estimated value, in millions \$	777	840	761	773	778	548	753	1,118	1,212	2,001
Public Works										
Refuse Collection										
Refuse collected, tons	139,953	135,714	130,583	125,423	122,453	121,589	120,246	114,797	115,293	114,964
Compostable material collected, tons	18,521	17,089	15,696	19,523	19,076	15,875	16,116	16,967	18,635	17,577
Non-recyclable construction material collected, tons	8,483	8,363	7,462	6,125	6,661	6,154	5,961	5,493	4,479	5,213
Recyclables, tons	26,226	25,267	24,010	22,848	21,759	20,592	19,683	19,927	26,585	28,583
Percent of solid waste stream recycled, by weight	18.7%	18.6%	18.4%	18.2%	17.8%	16.9%	16.4%	17.4%	23.3%	25.0%
Water										
Average daily production, thousands of gallons	60,071	60,904	61,049	58,677	58,630	54,227	54,611	54,986	54,186	53,881
Sewer										
Number of sanitary sewer backups	23	23	22	10	16	15	24	12	8	11
Streets										
Safety and ride-ability pavement condition index (PCI), average of all city streets	74	74	73	73	73	70	71	72	71	69
Number of traffic crashes	6,443	5,712	6,170	5,640	5,923	6,177	6,127	5,894	6,144	6,425
Number of injuries in traffic crashes	2,844	2,535	2,383	2,171	2,103	1,886	2,027	1,935	2,351	2,389

Notes:

NA = Not Available, NAP= measure is Not Applicable to that year; new service or process; will update when information is available.
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/personnel

(UNAUDITED)

Schedule 18
City of Minneapolis
Capital Assets Statistics by Function/Program
Last 10 Fiscal Years
December 31, 2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>Primary Government</u>										
Public Safety:										
Police stations	5	5	5	5	5	5	5	5	5	5
Patrol units	220	206	222	215	203	192	189	177	189	176
Unmarked, trucks, trailers, scooters, motorcycles	279	299	299	299	286	225	219	255	261	244
Fire Stations	19	19	19	19	19	19	19	19	19	19
Fire Trucks/Pumpers/Ladders/Engines/Cars	115	114	116	123	129	115	110	109	118	114
Regulatory Services Fleet	137	117	130	150	127	165	175	159	96	97
Public Works:										
Refuse collection trucks, heavy equipment, dumpsters	134	138	135	135	144	144	144	144	144	124
Streets (miles)	1,070	896	896	896	896	896	896	896	896	896
Alleys (miles)	379	380	380	380	380	380	380	380	380	380
Sidewalks (miles)	1,900	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Streetlights	17,750	18,000	18,500	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Traffic signals	916	916	916	916	916	916	916	916	916	916
Buildings/Plants/Garages	31	31	31	31	31	31	32	32	33	33
Equipment, cars, trucks, tractors, vans	1,440	1,443	1,448	1,436	1,471	1,141	1,155	1,028	1,046	1,137
Community and Economic Development										
Convention Center	1	1	1	1	1	1	1	1	1	1
<u>Business-type Activities</u>										
Water Treatment and Distribution Services										
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	14	14	13	13	13	13	13	13	13	14
Water basins	3	3	3	3	3	3	3	3	3	3
Sanitary Sewer										
Sanitary sewers (miles)	838	838	830	830	830	830	830	830	830	830
Sanitary Lift Stations	9	9	9	9	9	9	9	9	9	9
Stormwater										
Storm sewers (miles)	581	571	522	522	522	522	581	581	581	581
Stormwater Pump Stations	26	26	26	26	25	25	25	25	25	23
Holding Ponds	3	3	3	3	3	3	18	18	18	27
Number of parking ramps	22	24	15	14	14	14	14	14	14	14

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Source: Minneapolis Finance and Property Services Department and Department of Public Works

(UNAUDITED)



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