

# Annual Comprehensive Financial Report



**City of Minneapolis, Minnesota**  
For the fiscal Year Ended December 31, 2022





# ANNUAL COMPREHENSIVE FINANCIAL REPORT



CITY OF  
MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2022

**FINANCE AND PROPERTY SERVICES DEPARTMENT**



# TABLE OF CONTENTS

## INTRODUCTORY SECTION

	<b>Page</b>
Transmittal Letter	iv
Organizational Chart	ix
Mayor and Council	x
Certificate of Achievement for Excellence in Financial Reporting	xi

## FINANCIAL SECTION

<b>Independent Auditor's Report</b>	<b>1</b>
<b>Management's Discussion and Analysis</b>	<b>5</b>
<b>Basic Financial Statements:</b>	
Government-Wide Financial Statements	
Statement of Net Position	29
Statement of Activities	30
Fund Financial Statements	
Governmental Funds – Balance Sheet	31
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position – Governmental Activities	32
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances	33
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities – Governmental Activities	34
Proprietary Funds – Statement of Net Position	35
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Net Position	37
Proprietary Funds – Statement of Cash Flows	38
Custodial Funds - Statement of Fiduciary Net Position	39
Custodial Funds - Statement of Changes in Fiduciary Net Position	40
Combining Statement of Net Position – Discrete Component Units	41
Combining Statement of Activities – Discrete Component Units	42
<b>Notes to the Financial Statements:</b>	
Note 1 - Summary of Significant Accounting Policies	43
Note 2 - Deposits and Investments	61
Note 3 - Receivables	67
Note 4 - Capital Assets	68
Note 5 - Long-Term Debt	72
Note 6 - Industrial, Commercial, and Housing Revenue Bonds and Notes	76
Note 7 - Deferred Inflows of Resources	76
Note 8 - Leases	77
Note 9 - Interfund Transactions	79
Note 10 - Net Position/Fund Balances	82
Note 11 - Defined Benefit Pension Plans	84
Note 12 - Defined Contribution Plan – CPED	95
Note 13 - Postemployment Benefits Plan	96
Note 14 - Vacation, Severance, Sick and Compensatory Time Pay	100
Note 15 - Self-Insured Employee Health Plans	101
Note 16 - Risk Management and Claims	101
Note 17 - Cleanup of Hazardous Materials	102
Note 18 - Tax Abatements	102
Note 19 - Other Commitments and Contingencies	102

## TABLE OF CONTENTS

<b>Required Supplemental Information Other Than Management’s Discussion and Analysis:</b>	<b>Page</b>
General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	103
Community Planning and Economic Development Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	104
Grants - Federal Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	105
HUD Consolidated Plan Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	106
Schedule of Employer Contributions PERA General Employees Retirement Plan:	
City of Minneapolis	107
Municipal Building Commission	107
Schedule of Proportionate Share of Net Pension Liability PERA General Employees Retirement Plan:	
City of Minneapolis	108
Municipal Building Commission	108
Schedule of City of Minneapolis’ Contributions PERA Public Employees Police and Fire Plan	109
Schedule of City of Minneapolis’ Proportionate Share of Net Pension Liability PERA Public Employees Police and Fire Plan	109
Schedule of City of Minneapolis’ Contributions Teachers Retirement Association (Special Funding Situation)	110
Schedule of City of Minneapolis’ Proportionate Share of Net Pension Liability Teachers Retirement Association (Special Funding Situation)	110
Schedule of Changes in Total OPEB Liability and Related Ratios:	
City of Minneapolis	111
Municipal Building Commission	111
Notes to the Required Supplemental Information	112
<b>Other Supplemental Information:</b>	
Combining and Individual Fund Statements and Schedules:	
Governmental Funds Combining Balance Sheet – Non-Major Funds	122
Governmental Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Funds	123
Special Revenue Funds Combining Balance Sheet – Non-Major Funds	124
Special Revenue Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Funds	126
Budgetary Comparison Schedules:	
Arena Reserve Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	128
Board of Estimate and Taxation Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	129
Downtown Assets Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	130
Convention Center Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	131
Self-Managed Special Service Districts Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	132
Employee Retirement Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	133
Grants – Other Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	134
Police Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	135

## TABLE OF CONTENTS

<b>Other Supplemental Information:</b>	<b>Page</b>
Combining and Individual Fund Statements and Schedules:	
Budgetary Comparison Schedules (continued)	
Neighborhood and Community Relations Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	136
Regulatory Services Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	137
Debt Service Funds Combining Balance Sheet – Non-Major Funds	138
Debt Service Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Funds	139
Internal Service Funds Combining Statement of Net Position	140
Internal Service Funds Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	141
Internal Service Funds Combining Statement of Cash Flows	142
Custodial Funds - Statement of Fiduciary Net Position	143
Custodial Funds - Statement of Changes in Fiduciary Net Position	144
Schedule of Governmental Activity Bonds and Notes	145
Schedule of Business–Type Activity Bonds and Notes	148
Schedule of Intergovernmental Revenue	150
Schedule of Expenditures of Federal Awards - All Fund Types	151
Notes to the Schedule of Expenditures of Federal Awards	154
Municipal Building Commission:	
Balance Sheet and Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide State of Net Position – Governmental Activities	156
Statement of Revenues, Expenditures, and Changes in Fund Balances and Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities – Governmental Activities	157

## STATISTICAL SECTION

<b>Statistical Section (Unaudited)</b>	
Statistical Section Index	159
Schedule 1 - Net Position by Component	160
Schedule 2 - Changes in Net Position	161
Schedule 3 - Fund Balance, Governmental Funds	163
Schedule 4 - Changes in Fund Balance, Governmental Funds	164
Schedule 5 - Assessed Value and Actual Value of Taxable Property	165
Schedule 6 - Direct and Overlapping Property Tax Rates	166
Schedule 7 - Principal Property Tax Payers	167
Schedule 8 - Property Tax Levies and Collections	168
Schedule 9 - Outstanding Debt by Type and Per Capita	169
Schedule 10 - Ratios of Net General Bonded Debt Outstanding	170
Schedule 11 - Direct and Overlapping Governmental Activities Debt	171
Schedule 12 - Legal Debt Margin Information	172
Schedule 13 - Pledged-Revenue Coverage	173
Schedule 14 - Demographic and Economic Statistics	178
Schedule 15 - Principal Employers	179
Schedule 16 - Full-time Equivalent City Government Employees by Function	180
Schedule 17 - Operating Indicators by Function/Program	181
Schedule 18 - Capital Assets Statistics by Function/Program	183

August 22, 2023

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

## **TRANSMITTAL**

We are pleased to present the Annual Comprehensive Financial Report (the report) for the City of Minneapolis (the City) for the year ended December 31, 2022. This report presents the financial position of the City and the results of its operations for the year 2022. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA) and other rule-making bodies, and audited in accordance with generally accepted auditing standards by the Office of the State Auditor (OSA).

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

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

## **INDEPENDENT AUDIT**

Minnesota law requires that the Office of the State Auditor perform the City's annual audit. The OSA's report on the City's financial statements is based on its audit in accordance with generally accepted auditing standards. The State Auditor issued an unmodified or "clean" opinion on the City's financial statements for the year ended December 31, 2022. The State Auditor's opinion is included as page one through four in the financial section of this report.

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

## **STEWARDSHIP**

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

## **INTERNAL CONTROLS**

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

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

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

## **THE REPORTING ENTITY**

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

## **THE CITY AND ITS SERVICES**

### **City Profile**

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

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

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

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

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

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

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

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

In the November 2021 election, the citizens of Minneapolis passed an amendment to the City's Charter changing the government structure from Mayor-Council to Executive Mayor-Legislative Council. This shift in responsibilities took effect officially on December 3<sup>rd</sup>, 2021. At the end of 2022, many of the plans for the new government structure have been determined. The Mayor is now the chief executive officer over departments and the City Council is the legislative body that adopts local laws, makes policy, and oversees programs.

The Mayor and 13 City Council Members from individual wards are typically elected for terms of four years, without limit on the number of terms that may be served. Current Council members were elected in 2021 and due to redistricting, they will be up for election in two years rather than the usual four-year term. The next election will be in November 2023.

#### *City Council*

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

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

#### *Mayor*

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

## *Departments*

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

## **FINANCIAL POLICES**

Each year during the budget process, the Council adopts a comprehensive set of financial policies. Of particular relevance to the City budget process is the policy to maintain a minimum unassigned fund balance in the General Fund equal to 17% of the following year's General Fund budgeted expenditures. This balance is to be used for cash flow purposes, unanticipated expenditures of a non-recurring nature, unexpected increases in service delivery costs, or unexpected revenue shortfalls. The unassigned fund balance of the General Fund at December 31, 2022, was \$172.1 million, which is \$74.3 million more than policy requires. Additional information regarding the 2022 fund balance in the General Fund is available in the MD&A.

Separate from the unassigned General Fund reserve balance, the City also has a policy to budget an operating budget contingency in the General Fund of not less than 1% of all budgeted General Fund expenditures in each of the applicable years planned for in the City's Five-Year Financial Direction. The contingency reserve was \$5.1 million in both 2021 and 2022.

## **ECONOMIC CONDITION AND OUTLOOK**

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

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021. A Certificate of Achievement is valid for a period of one year only. The City has received this prestigious award for 48 years.

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

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

Respectfully submitted,



Dushani Dye  
Chief Financial Officer

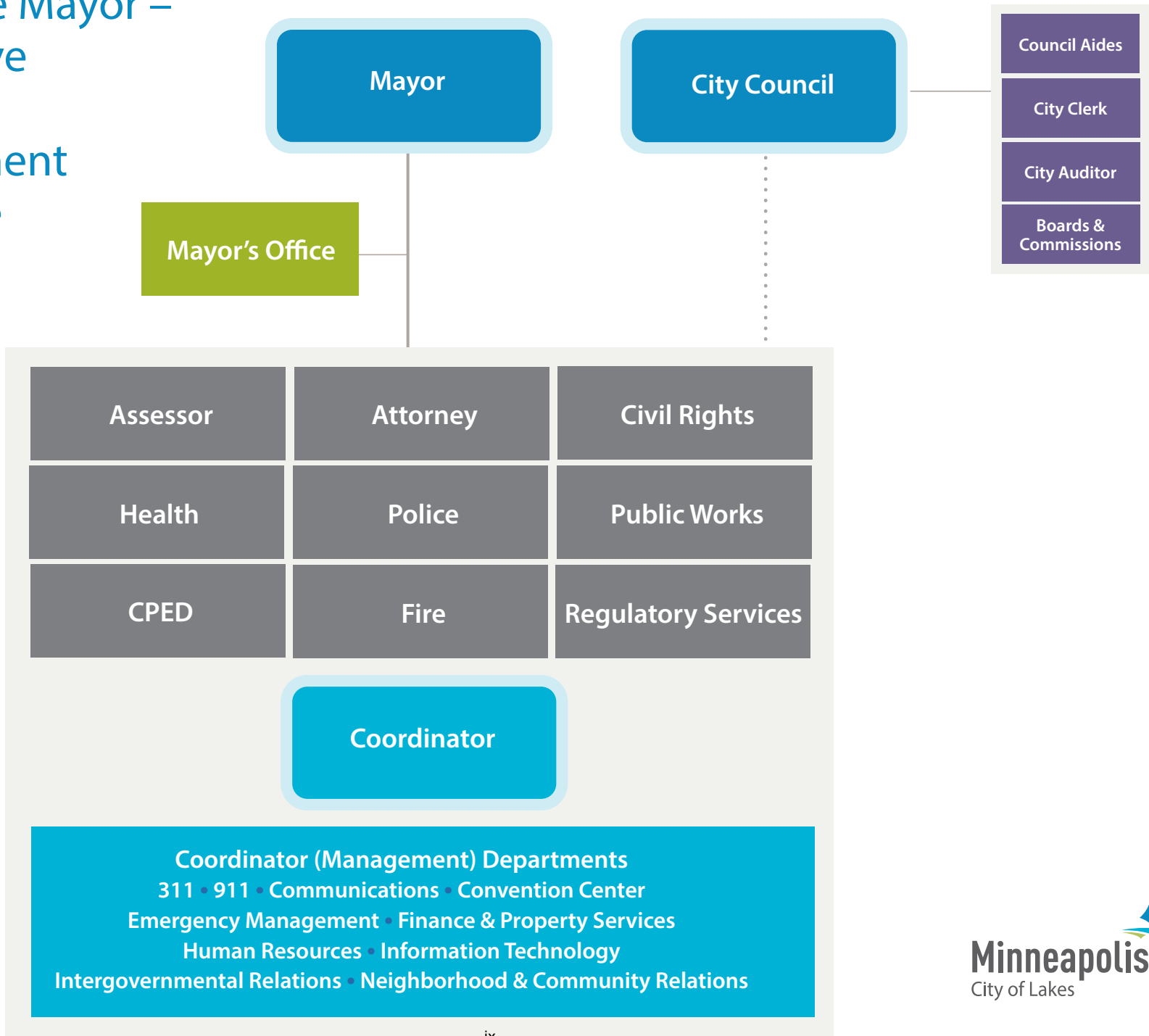


Lori Johnson  
Deputy Chief Financial Officer



Lyle Hodges  
Controller

# Executive Mayor – Legislative Council Government Structure



**MAYOR AND COUNCIL**  
**CITY OF MINNEAPOLIS, MINNESOTA**  
**2022**

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



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Minneapolis  
Minnesota**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2021

*Christopher P. Morill*

Executive Director/CEO



THIS PAGE IS INTENTIONALLY BLANK



## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Minneapolis, Minnesota, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Minneapolis as of December 31, 2022, and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Meet Minneapolis, which is a discrete component unit and 1.9 percent, 1.1 percent, and 7.0 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of December 31, 2022, and the respective changes in financial position thereof for the year then ended. Those statements, which were prepared in accordance with standards of financial reporting of nongovernmental entities, were audited by other auditors whose report has been furnished to us. We have applied procedures on the conversion adjustments to the financial statements of Meet Minneapolis, which conform the financial reporting to accounting principles generally accepted in the United States of America for state and local governments. Our opinion, insofar as it relates to the amounts included for the Meet Minneapolis component unit, prior to these conversion adjustments, is based solely on the report of the other auditors. The financial statements of the Meet Minneapolis component unit were not audited in accordance with *Government Auditing Standards*.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Meet Minneapolis component unit were not audited in accordance with *Government Auditing Standards*.

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

As discussed in Note 1.Q to the financial statements, in 2022, the City adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, and Statement No. 91, *Conduit Debt Obligations*, which represent changes in accounting principles. Our opinion is not modified with respect to these matters.

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

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

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

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

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

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

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

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

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

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

### ***Supplementary Information***

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

### ***Other Information***

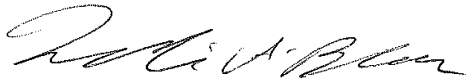
Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover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

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

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

In accordance with *Government Auditing Standards*, we have also issued our reports dated August 22, 2023, on our consideration of the City of Minneapolis' and the Municipal Building Commission component unit's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of these reports is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Minneapolis' and the Municipal Building Commission component unit's internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Minneapolis' and the Municipal Building

Commission component unit's internal control over financial reporting and compliance. The reports do not include the Meet Minneapolis component unit, which was audited by other auditors, or the Minneapolis Park and Recreation Board component unit, which was issued as a separate report. The financial statements of the Meet Minneapolis component unit were not audited in accordance with *Government Auditing Standards* and, accordingly, the reports do not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Meet Minneapolis component unit.



Julie Blaha  
State Auditor



Chad Struss, CPA  
Deputy State Auditor

August 22, 2023

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

This section of the Annual Comprehensive Financial Report (ACFR) for the City of Minneapolis presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2022. 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 2022 calendar year, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$2,768,922 (net position). Of this amount, \$2,453,531 is the City's net investment in capital assets and \$330,425 is restricted for specific purposes (restricted net position) leaving a deficit of \$(15,034) in unrestricted net position. The deficit balance is not an indication that the City lacks the resources to satisfy its financial obligations in the near future. Rather, the deficit is the result of long-term, actuarially determined liabilities associated with pensions which are managed by the respective retirement systems and the State Legislature, as well as legal obligations arising from lawsuits and workers' compensation claims.
- The City's total net position increased by \$179,924 in 2022. Governmental activities increased the City's net position by \$137,564 and business-type activities increased the net position by \$42,360.
- As of December 31, 2022, total fund balance in the General Fund was \$173,717, of which all but \$1,500 was unassigned.
- The City's total long-term bond and note liability decreased by \$8,664 from the prior year. Total bonds and notes issued in 2022 was \$125,034. Total debt retirement was \$116,370. The primary debt issuance in 2022 included notes of \$121,545 for a variety of special assessment improvements, general infrastructure, sanitary and storm sewer, water, and parking and solid waste projects.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

The government-wide financial statements can be found on pages 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 funds in the City can be divided into three categories – governmental funds, proprietary funds, and fiduciary funds.

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

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

The City of Minneapolis maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Community Planning and Economic Development Special Revenue Fund, the Grants Federal Special Revenue Fund, the HUD Consolidated Plan Special Revenue Fund, the Permanent Improvement Capital Projects Fund, and the Special Assessment Debt Service Fund, all of which are considered to be major funds. Data from the other 13 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the Other Supplemental Information section of this report beginning on page 120.

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 and economic development (CPED) activities. The City uses internal service funds to account for its property management services, fleet services, information technology services, central and traffic stores inventories, engineering lab testing and asphalt and cement services, workers' compensation, unemployment benefits, self-insurance related services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

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

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

The custodial fund financial statements can be found on page 39-40 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 43-102 of this report.

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

The required supplemental information can be found on pages 103-118 of this report.

The combining statements referred to earlier, in connection with non-major governmental funds and internal service funds, are presented immediately following the required supplemental information beginning on page 120.

**This Section Left Blank Intentionally**

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Statement of Net Position**—The following table presents the primary government’s net position as of December 31, 2022 with a comparison to 2021.

### Statement of Net Position December 31, 2022, and 2021

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 1,351,343	\$ 1,220,966	\$ 157,991	\$ 169,524	\$ 1,509,334	\$ 1,390,490
Capital assets	1,870,130	1,815,222	1,340,769	1,297,061	3,210,899	3,112,283
Total assets	<u>\$ 3,221,473</u>	<u>\$ 3,036,188</u>	<u>\$ 1,498,760</u>	<u>\$ 1,466,585</u>	<u>\$ 4,720,233</u>	<u>\$ 4,502,773</u>
Deferred outflows of resources	<u>\$ 395,296</u>	<u>\$ 251,043</u>	<u>\$ 14,973</u>	<u>\$ 20,546</u>	<u>\$ 410,269</u>	<u>\$ 271,589</u>
Current and other liabilities	\$ 390,811	\$ 350,045	\$ 64,909	\$ 69,729	\$ 455,720	\$ 419,774
Long-term liabilities	1,486,822	1,026,726	359,031	343,697	1,845,853	1,370,423
Total liabilities	<u>\$ 1,877,633</u>	<u>\$ 1,376,771</u>	<u>\$ 423,940</u>	<u>\$ 413,426</u>	<u>\$ 2,301,573</u>	<u>\$ 1,790,197</u>
Deferred inflows of resources	<u>\$ 58,096</u>	<u>\$ 366,984</u>	<u>\$ 1,911</u>	<u>\$ 28,183</u>	<u>\$ 60,007</u>	<u>\$ 395,167</u>
Net position						
Net investment in capital assets	\$ 1,421,756	\$ 1,375,177	\$ 1,031,775	\$ 997,445	\$ 2,453,531	\$ 2,372,622
Restricted net position	305,614	332,308	24,811	25,069	330,425	357,377
Unrestricted net position	<u>(46,330)</u>	<u>(164,009)</u>	<u>31,296</u>	<u>23,008</u>	<u>(15,034)</u>	<u>(141,001)</u>
Total net position	<u>\$ 1,681,040</u>	<u>\$ 1,543,476</u>	<u>\$ 1,087,882</u>	<u>\$ 1,045,522</u>	<u>\$ 2,768,922</u>	<u>\$ 2,588,998</u>

The largest portion of the City’s net position reflects its \$2,453,531 investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. As a result, these assets are not available for future spending. Although the City’s investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position decreased \$26,952 to \$330,425 in 2022 in part due to the \$18,334 decrease in community and economic development restrictions in governmental funds as the net position of those funds decreased due to a reduction in transfers in from other funds to support projects. Debt service restrictions in the governmental funds also fell as debt balances decreased in those areas. Net position is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation (City ordinances).

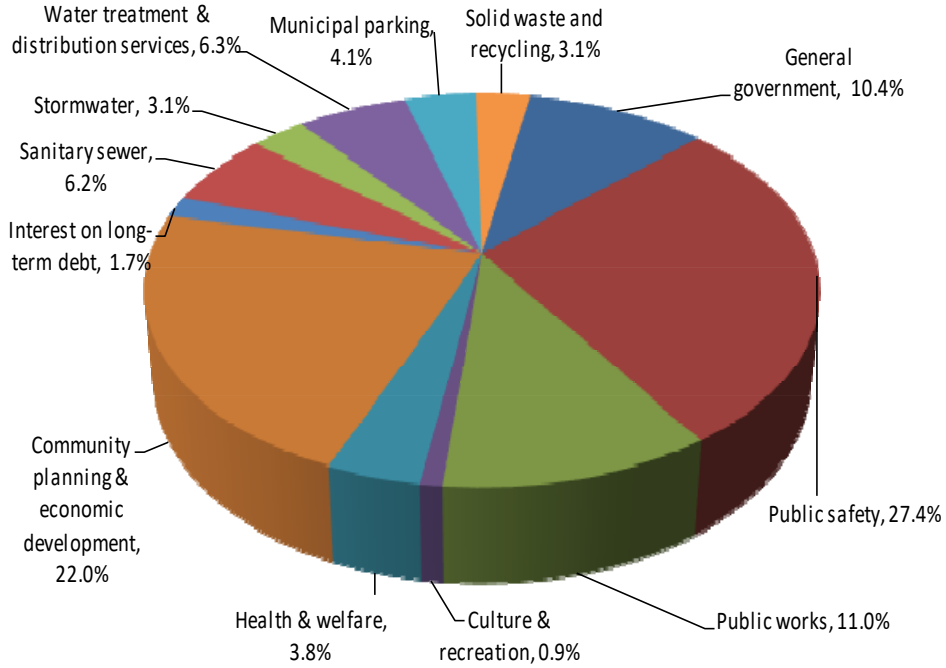
The remaining deficit of \$(15,034) represents the unrestricted portion of the City’s net position. This is an increase of \$125,967 from the 2021 unrestricted net position. The increase in unrestricted net position is the result of a multitude of factors, including additional restrictions to net position as noted above. As noted in the following section, overall net position of the City increased by \$179,924 in 2022.

**Statement of Activities**—The following table presents the changes in net position for governmental and business-type activities. The governmental activities net position increased by \$137,564 while the business-type activities net position increased by \$42,360.

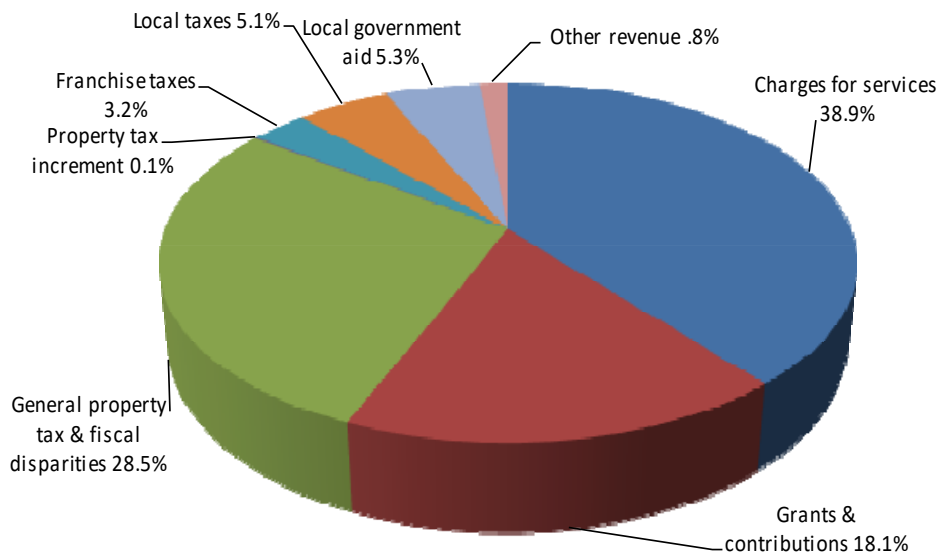
<b>Statement of Activities</b>						
<b>For the Years Ended December 31, 2022, and 2021</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Revenues</b>						
<b>Program revenues:</b>						
Charges for services	\$ 160,919	\$ 122,168	\$ 342,937	\$ 304,567	\$ 503,856	\$ 426,735
Operating grants and contributions	256,696	139,521	4,323	3,561	261,019	143,082
Capital grants and contributions	812	5,526	-	-	812	5,526
<b>General revenues:</b>						
General property tax and fiscal disparities	369,767	329,021	-	-	369,767	329,021
Property tax increment	1,108	27,435	-	-	1,108	27,435
Franchise taxes	40,758	33,635	339	-	41,097	33,635
Local taxes	66,666	33,133	-	-	66,666	33,133
Other taxes	-	10	-	-	-	10
Local government aid - unrestricted	68,845	68,815	-	-	68,845	68,815
Grants and contributions not restricted to programs	10,322	5,087	326	108	10,648	5,195
Unrestricted interest and investment earnings	(27,083)	846	(348)	(88)	(27,431)	758
Other	-	-	158	238	158	238
Gain on sale of capital assets	-	758	-	-	-	758
<b>Total revenues</b>	<b>948,810</b>	<b>765,955</b>	<b>347,735</b>	<b>308,386</b>	<b>1,296,545</b>	<b>1,074,341</b>
<b>Expenses</b>						
General government	117,462	83,589	-	-	117,462	83,589
Public safety	305,773	258,226	-	-	305,773	258,226
Public works	122,374	139,454	-	-	122,374	139,454
Culture and recreation	9,487	6,027	-	-	9,487	6,027
Health and welfare	43,037	35,518	-	-	43,037	35,518
Community planning and economic development	228,526	196,234	16,988	2,906	245,514	199,140
Interest on long-term debt	19,042	17,497	-	-	19,042	17,497
Sanitary sewer	-	-	68,932	62,993	68,932	62,993
Stormwater	-	-	34,453	31,249	34,453	31,249
Water treatment and distribution services	-	-	70,112	68,657	70,112	68,657
Municipal parking	-	-	46,072	38,056	46,072	38,056
Solid waste and recycling	-	-	34,363	36,206	34,363	36,206
<b>Total expenses</b>	<b>845,701</b>	<b>736,545</b>	<b>270,920</b>	<b>240,067</b>	<b>1,116,621</b>	<b>976,612</b>
Excess (deficiency) before transfers	103,109	29,410	76,815	68,319	179,924	97,729
Transfers	34,455	40,479	(34,455)	(40,479)	-	-
<b>Change in net position</b>	<b>137,564</b>	<b>69,889</b>	<b>42,360</b>	<b>27,840</b>	<b>179,924</b>	<b>97,729</b>
<b>Net position - Beginning</b>	<b>1,543,476</b>	<b>1,473,587</b>	<b>1,045,522</b>	<b>1,017,682</b>	<b>2,588,998</b>	<b>2,491,269</b>
<b>Net position - Ending</b>	<b>\$ 1,681,040</b>	<b>\$ 1,543,476</b>	<b>\$ 1,087,882</b>	<b>\$ 1,045,522</b>	<b>\$ 2,768,922</b>	<b>\$ 2,588,998</b>

Below are graphs showing the breakdown of government-wide expenses and revenues by category for 2022:

### Government-wide Expenses



### Government-wide Revenues

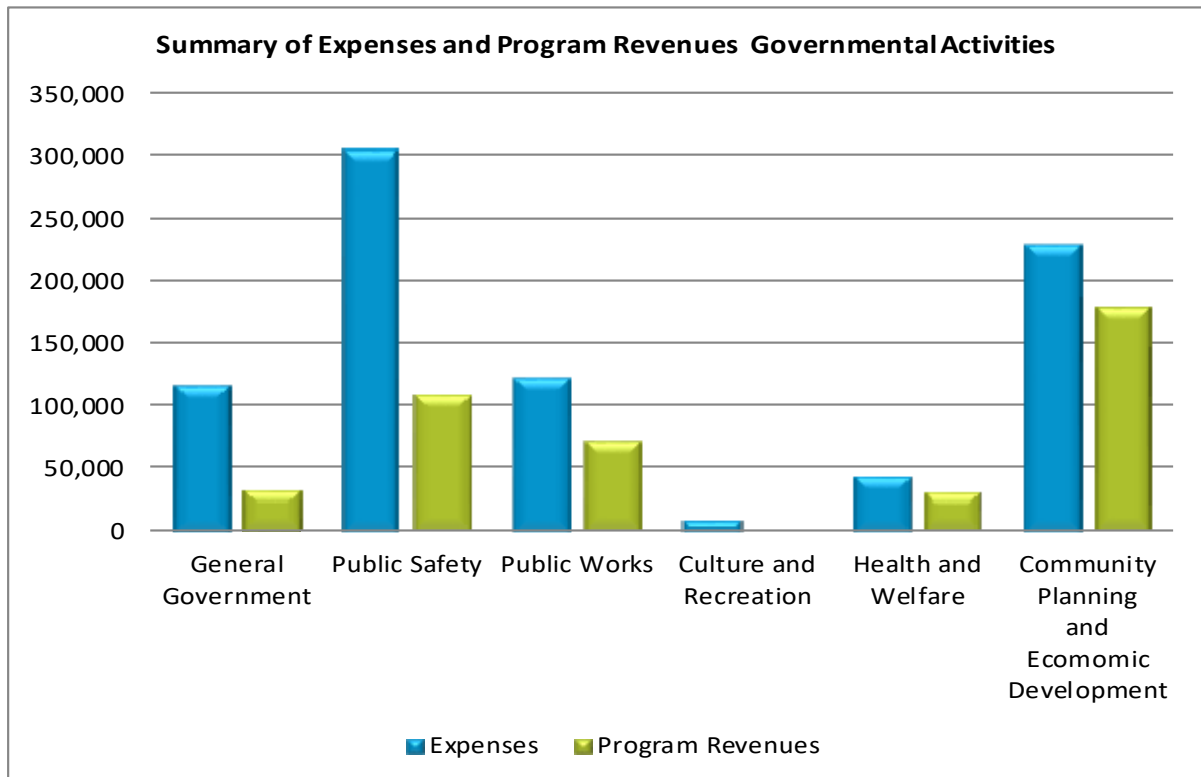


**Governmental Activities**—Governmental activities increased the City’s net position by \$137,564 compared to an increase of \$69,889 in 2021. Total governmental revenue increased by 23.9% between 2021 to 2022 from \$765,955 to \$948,810. Total expenses increased by 14.8% over that same period from \$736,545 in 2021 to \$845,701 in 2022. The increase in expenses is attributable mainly to increases in general government, public safety, and community planning and economic development. General government expenses increased due to more spending on personnel and projects as the City’s operations continue to return to pre-pandemic levels. In addition, public safety costs increased as more staff were added in the police department and overtime costs increased in the fire department. Community planning and economic development saw increased spending related to development and housing initiatives. Public works expenses were down due to decreased capital outlays for large projects. A significant expense in the statement of activities, compared to fund statements, is depreciation and amortization. Current year depreciation and amortization for governmental activities is \$78,681.

Program revenue increased in two of the three categories, led by an increase in operating grants and contributions. The city continues to respond to the COVID-19 pandemic leading to variability in revenues from various sources. Charges for services increased by \$38,751 or 31.7% during 2022 after increasing by 1.4% in 2021. Operating grants increased \$117,175 or 84.0% as the city recognized additional revenue related to several American Rescue Plan Act funding sources. General revenues cover any net expense after program specific revenues are applied. General revenues increased \$31,643 in total. Increased property tax revenues were coupled by a 101.2% increase in local taxes as activity in the City’s downtown core returned at a greater pace in 2022. Local taxes are collected on liquor, lodging, food, and sales in the downtown core of Minneapolis. A portion of local taxes goes to the State of Minnesota related to the agreed upon funding structure for the construction of US Bank Stadium completed in 2016.

**Summary of expenses and program revenues - Governmental Activities  
For the Year ended December 31, 2022**

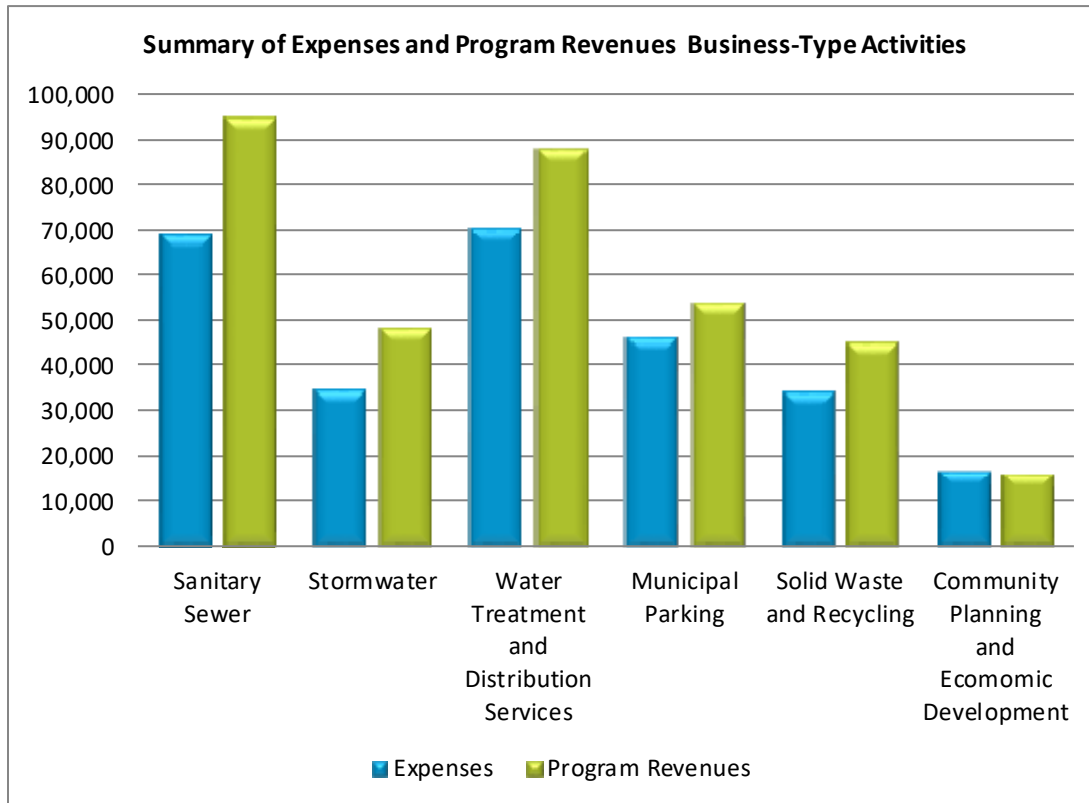
<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>	<b>Net (Expense) Revenue by Program</b>
General government	\$ 117,462	\$ 31,055	\$ (86,407)
Public safety	305,773	107,588	(198,185)
Public works	122,374	71,444	(50,930)
Culture and recreation	9,487	-	(9,487)
Health and welfare	43,037	29,116	(13,921)
Community planning and economic development	228,526	179,224	(49,302)
Interest on long-term debt	19,042	-	(19,042)
	<u>\$ 845,701</u>	<u>\$ 418,427</u>	<u>\$ (427,274)</u>
General revenues and transfers supporting governmental activities			<u>564,838</u>
Change in net position			137,564
Net position - January 1, 2022			<u>1,543,476</u>
Net position - December 31, 2022			<u>\$ 1,681,040</u>



**Business-Type Activities**—Business-type activities increased the City’s net position by \$42,360 compared with an increase of \$27,840 in 2021. Detailed analysis of the changes in expense and revenue for business-type activities can be found in the individual fund analysis in the following pages.

**Summary of expenses and program revenues - Business-Type Activities  
For the Year ended December 31, 2022**

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue by Program
Sanitary sewer	\$ 68,932	\$ 95,014	\$ 26,082
Stormwater	34,453	48,305	13,852
Water treatment and distribution services	70,112	88,399	18,287
Municipal parking	46,072	53,963	7,891
Solid waste and recycling	34,363	45,126	10,763
Community planning and economic development	16,988	16,453	(535)
	<u>\$ 270,920</u>	<u>\$ 347,260</u>	\$ 76,340
General revenues and transfers supporting business-type activities			<u>(33,980)</u>
Change in net position			42,360
Net position - January 1, 2022			<u>1,045,522</u>
Net position - December 31, 2022			<u>\$ 1,087,882</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 2022, six governmental funds, including the General Fund, are presented as major funds. These funds include the Community Planning and Economic Development Fund, Grants Federal Fund, HUD Consolidated Plan, the Permanent Improvement Capital Project Fund, and the Special Assessment Debt Service Fund. At December 31, 2022, the City's governmental funds reported a combined ending fund balance of \$674,313, an increase of \$32,394 compared with the prior year. Approximately 25.5% of this total amount, or \$172,217, constitutes unassigned fund balance, which is available for spending at the City's discretion.

The remainder of the fund balance is classified as follows: \$305,614 is restricted for debt service, community planning and economic development, capital improvements, grants, and law enforcement legal requirements; and \$196,451 is assigned for specific purposes not meeting a more restricted criteria for general government, community planning and economic development programs, neighborhood and community relations, public safety programs, pension obligations, and capital improvements. Additional details on fund balance can be found in Note 10.

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

**Revenues by Source  
Governmental Funds**

<b>Revenues by Source</b>	<b>2022</b>		<b>2021</b>		<b>Increase/ (Decrease)</b>
	<b>Amount</b>	<b>Percent of Total</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Amount</b>
Taxes	\$ 477,737	49.64 %	\$ 423,217	51.79 %	\$ 54,520
Licenses and permits	54,885	5.70	41,353	5.06	13,532
Intergovernmental revenues	306,192	31.81	198,872	24.33	107,320
Charges for services and sales	78,309	8.14	80,135	9.80	(1,826)
Fines and forfeits	5,096	0.53	5,055	0.62	41
Special assessments	31,784	3.30	30,004	3.67	1,780
Investment earnings	(28,637)	-2.98	1,192	0.15	(29,829)
Miscellaneous revenue	37,112	3.86	37,460	4.58	(348)
<b>Total revenues</b>	<b>\$ 962,478</b>	<b>100.00 %</b>	<b>\$ 817,288</b>	<b>100.00 %</b>	<b>\$ 145,190</b>

<b>Expenditures by Function</b>	<b>2022</b>		<b>2021</b>		<b>(Decrease)</b>
	<b>Amount</b>	<b>Percent of Total</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Amount</b>
<b>Current:</b>					
General government	\$ 132,220	13.41 %	\$ 109,505	12.19 %	\$ 22,715
Public safety	306,856	31.13	290,387	32.29	16,469
Public works	64,052	6.50	62,086	6.90	1,966
Health and welfare	41,979	4.26	34,238	3.81	7,741
Community planning and economic development	219,076	22.22	179,694	19.98	39,382
Capital outlay	115,395	11.71	146,964	16.34	(31,569)
<b>Intergovernmental:</b>					
General government	1,069	0.11	4,093	0.46	(3,024)
Public safety	-	-	26	-	(26)
Community planning and economic development	-	-	2,051	0.23	(2,051)
Culture and recreation	9,487	0.96	6,027	0.67	3,460
<b>Debt service:</b>					
Principal retirement	76,491	7.76	46,515	5.17	29,976
Interest and fiscal charges	19,140	1.94	17,639	1.96	1,501
<b>Total expenditures</b>	<b>\$ 985,765</b>	<b>100.00 %</b>	<b>\$ 899,225</b>	<b>100.00 %</b>	<b>\$ 86,540</b>

**General Fund**—The General Fund is the general operating fund of the City. As of December 31, 2022, the assigned fund balance totaled \$1,500, while unassigned totaled \$172,217. Total fund balance increased by \$30,889 during 2022.

The following table provides changes in revenues by source from 2021 to 2022.

Revenues by Source	General Fund Revenues By Source				Increase/ (Decrease) Amount
	2022		2021		
	Amount	Percent of Total	Amount	Percent of Total	
Taxes	\$ 308,313	51.93 %	\$ 282,911	56.08 %	\$ 25,402
Licenses and permits	54,637	9.20	40,982	8.12	13,655
Intergovernmental revenues	89,486	15.07	90,851	18.01	(1,365)
Charges for services and sales	59,359	10.00	56,475	11.19	2,884
Fines and forfeits	4,852	0.82	4,934	0.98	(82)
Special assessments	4,874	0.82	4,709	0.93	165
Investment earnings	(14,564)	-2.45	(1,147)	-0.23	(13,417)
Miscellaneous revenues	3,083	0.52	5,125	1.02	(2,042)
Total revenues	\$ 510,040	85.91	\$ 484,840	96.10	\$ 25,200
Transfers in	81,453	13.72	19,668	3.90	61,785
Leases Issued	2,167	0.37	-	0.00	2,167
Total revenues and other financing sources	<u>\$ 593,660</u>	<u>100.00 %</u>	<u>\$ 504,508</u>	<u>100.00 %</u>	<u>\$ 89,152</u>

In 2022, General Fund revenues and transfers increased by 17.7% from the previous year. Some highlights include:

- Tax collections were higher in 2022 than 2021 due to an increase in the property tax levy amount in the General Fund.
- Licenses and permits increased 33.3% over 2021 as the City allowed businesses to use American Rescue Plan Act funding to offset license fees. In addition, the City saw continued development and permitting fees associated with that activity were up significantly.
- Transfers in increased by \$61,785 as the City used \$68,792 of American Rescue plan act funds to replace lost revenue in the General Fund.
- The City recorded a year-end adjustment for unrealized loss on investments, decreasing investment earnings decreased by \$13,417 over the 2021 amount. This unrealized loss is related to investments the City plans to hold to maturity at which point they will regain their value.

**This Section Left Blank Intentionally**

The following table provides the changes in expenditures by function from 2021 to 2022:

Expenditures by Function	General Fund Expenditures by Function				Increase/ (Decrease) Amount
	2022		2021		
	Amount	Percent of Total	Amount	Percent of Total	
Current and Intergovernmental:					
General government	\$ 99,603	17.70 %	\$ 80,199	15.15 %	\$ 19,404
Public safety	291,987	51.88	275,937	52.13	16,050
Public works	63,091	11.21	61,104	11.54	1,987
Health and welfare	18,432	3.28	18,596	3.51	(164)
Community planning and economic development	36,366	6.46	31,691	5.99	4,675
Culture and recreation	-	-	2,051	0.39	(2,051)
Debt Service:					
Principal retirement	256	0.05	-	-	256
Interest and fiscal charges	13	0.00	-	-	13
Total expenditures	509,748	90.58	469,578	88.71	40,170
Transfers out	53,023	9.42	59,756	11.29	(6,733)
Total expenditures and other financing uses	<u>\$ 562,771</u>	<u>100.00 %</u>	<u>\$ 529,334</u>	<u>100.00 %</u>	<u>\$ 33,437</u>

Overall, General Fund expenditures and transfers out increased by 6.3% from the previous year. The recovery from 2021 continued into 2022 with ongoing responses to the COVID-19 pandemic. Revenue replacement funds from American Rescue Plan Act funding allowed the General Fund to restore service levels to higher levels than recent years. General government spending increased due to a variety of factors. The largest single increase was from the City Attorney’s Office shifting the operations of its Civil Division out of the Self-Insurance Fund and into the General Fund in 2022, resulting in an increase of \$8,817 in spending. Public safety spending increased as departments saw increased staffing, although still significantly below pre-pandemic levels. Community planning and economic development saw an increase in project spending on various efforts related to affordable housing and economic recovery.

**General Fund Budgetary Highlights**—The final budget for the City’s General Fund represents the original budget plus any previously appropriated funds set aside for the purpose of honoring legally incurred obligations (prior year encumbrances and commitments), and any additional supplemental appropriations that may occur during the fiscal year. In 2022, the following were significant budget actions:

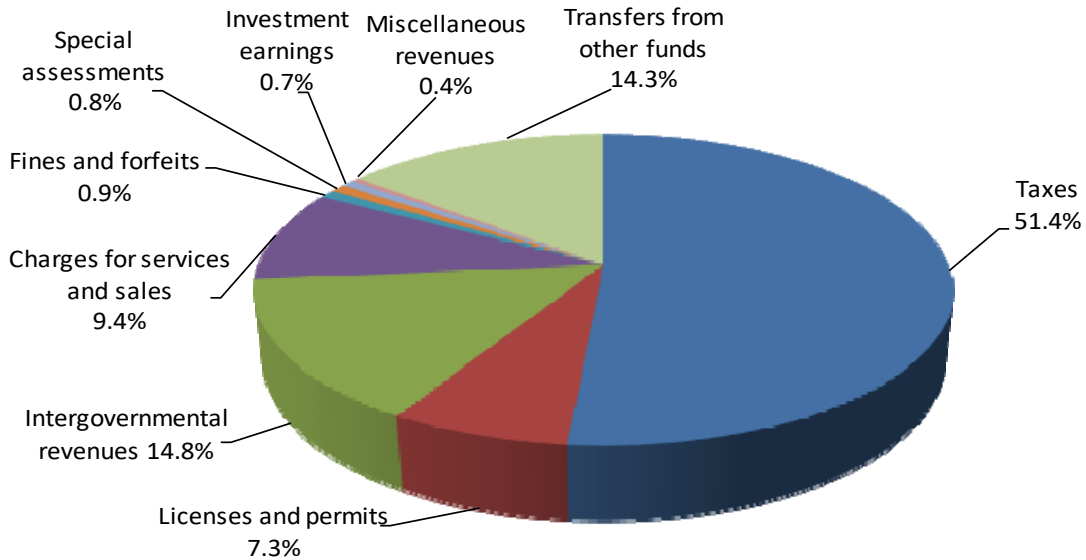
- The original General Fund appropriation for fiscal year 2022 was \$582,769, which included projected transfers out of \$52,019. The final appropriation was \$607,059 including transfers of \$52,023. General revenues and other resources were originally estimated at \$565,761, which included projected transfers in of \$62,310. The final revenue estimate was \$587,491 including transfers of \$84,038.
- Budgetary variances between the final amended budget and the actual results include:
  - 1) Overall, Public Works finished the year \$5,524 over budget primarily due to transportation maintenance and repair spending over budget on snow removal costs as well additional costs incurred through project work for other areas. The work for others expense was offset by increased revenues.
  - 2) The City Coordinator departments in total ended the year \$3,652 under budget due mainly to salary savings related to personnel vacancies and delayed spending on initiatives and projects

- 3) The Police department was under budget by \$11,118 while the Fire department was over budget by \$4,714. Both variances were due to personnel costs. Police was significantly understaffed which led to vacancy savings. Fire was also understaffed but were able to use overtime to fill shifts which led to overtime costs far exceeding budget.
- 4) Transfers of \$53,023 were made to support CPED special revenue fund projects, costs of capital projects, and the neighborhood parks funding plan. In addition, there was a transfer from the General Fund to the Self Insurance Funds to help support ongoing costs for legal settlements and workers' compensation claims.
- 5) Community Planning and Economic Development (CPED) has several projects that are expected to require ongoing funding resulting in current year budget savings of \$20,046.
- 6) Unspent contingency funding of \$13,224 and the underspending identified above offset any overspending, resulting in an overall underspending in the General Fund of \$45,288.

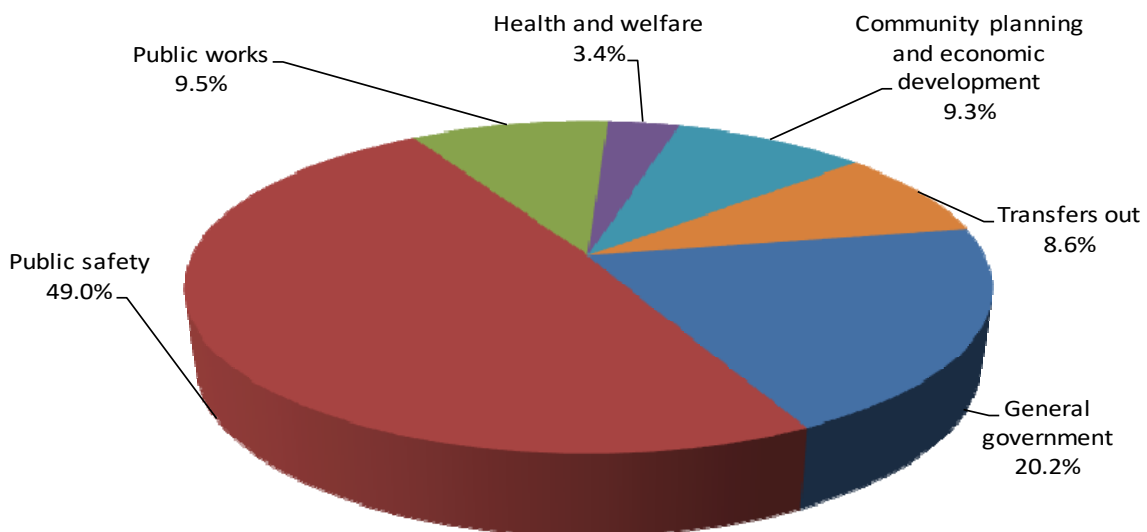
**This Section Left Blank Intentionally**

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

**General Fund Revenue Budget by Source**



**General Fund Expenditure Budget by Function**



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

The total revenues of the CPED Special Revenue fund in 2022 were \$29,474, 18.3% less than the prior year. A majority, approximately 72.1%, of the fund’s revenue was derived from property tax increment, and 23.4% 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 2022 were \$45,481. The fund’s expenditures are primarily for contractual services for the housing and economic programs operated within the fund and for the staff costs to monitor and deliver these programs. The level of current fund expenditures decreased in 2022 due to continuing residual impact of the pandemic and civil unrest. The expenditures in this fund will vary depending on the project activity in any given year.

The fund’s transfers to other funds of \$11,777 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 \$14,977 from 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 \$229,590. This included \$174,859 restricted for specific programs by State law; and the remaining \$54,731 assigned to provide for community planning and economic development activities.

**Grants – Federal Special Revenue Fund** – Total revenue in 2022 was \$131,541, an increase of \$102,284 or 349.6% over the 2021 revenue of \$29,257. This increase is due to the ARPA funding and ARPA loans. Total expenditures in 2022 totaled \$62,738, an increase of \$33,353 or 113.5% over the 2021 expense of \$29,385. The increase is also due to ARPA funding, similar to the revenues. Total fund balance at year end 2022 was \$548, a decrease of \$64 from the 2021 year end fund balance of \$612.

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

Total revenue in 2022 was \$33,474, an increase of \$7,285 or 27.8% over the 2021 revenue of \$26,189. This increase is primarily due to Corona Virus (COVID), CDBG, HOME funding and increased programmatic activity in community planning and economic development (CPED) which includes multi-family and affordable housing. Expenditures in 2022 totaled \$33,412, an increase of \$6,155 or 22.6% over the 2021 expenditures of \$27,257.

Again, COVID funding increased expenditure in CPED programs. Total fund balance at year end 2022 was \$5,289, an increase of \$62 over the 2021-year end fund balance of \$5,227.

**Permanent Improvement Capital Project Fund**— Funding for the Permanent Improvement Capital Project Fund is primarily from four sources: bonds that are sold by the City for capital projects; the State of Minnesota; Federal and local funds. State and Federal revenues are primarily used for capital assets including bridges, streets, street lighting, and traffic signals. The Permanent Improvement Capital Project Fund is used to build infrastructure for the City including bridges, streets, traffic signals, streetlights, and buildings and to fund other capital projects. During 2022, \$115,395 of capital outlay occurred which is a decrease of 21.5% from outlay of \$146,964 in 2021.

The key assets constructed with these funds include:

- Bridges - \$8,095
- Streets - \$43,597
- Traffic Signals and Street Lighting - \$24,272
- Bike Trails - \$6,393
- Property Service - \$7,450
- Consolidated Office Building - \$9,672

The fund balance increased from \$80,361 in 2021 to \$85,852 in 2022. The increase is mostly due to bond proceeds remaining on hand. Other than bond sales and transfers, revenues for the fund decreased from \$51,525 in 2021 to \$41,517 in 2022 due mainly to a decrease from State and Federal sources for a variety of capital projects as well as lower interest earnings.

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

At the end of 2022 the City had \$72,195 of debt outstanding for special assessment improvements. During 2022, the City received debt related assessment collections and interest earnings of \$14,620 and paid total principal of \$10,275 on special assessment bonds and notes. Both amounts were as expected and related to assessment debt activities as planned.

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

The enterprise funds had a positive net position of \$1,128,094 on December 31, 2022, an increase of \$44,274 over the 2021 balance of \$1,083,820.

The following table summarizes the cash balances, total assets, deferred outflows of resources, total liabilities, deferred inflows of resources, operating income (loss), changes in net position, and net positions for each of the enterprise funds, for 2021 and 2022:

**Enterprise Funds**  
**Key Balance Sheet Account Balances and Operating Activities**  
**December 31, 2022 and 2021**

	Sanitary		Water	Municipal	Solid	Community	Total	
	Sewer	Stormwater	Treatment and Distribution Services		Waste and Recycling	Planning and Economic Development	2022	2021
Cash and investments	\$ 17,902	\$ 43,002	\$ 46,478	\$ 54	\$ 23,722	\$ 22,912	\$ 154,070	\$ 143,461
Assets	226,935	432,767	513,996	261,434	81,368	26,972	1,543,472	1,510,383
Deferred outflows of resources	1,617	3,149	5,558	1,535	3,114	-	14,973	20,546
Liabilities	66,996	55,468	182,233	83,760	39,015	968	428,440	418,926
Deferred inflows of resources	206	399	714	197	395	-	1,911	28,183
Operating income (loss)	15,861	13,226	16,899	4,051	262	(535)	49,764	43,271
Change in net position	13,798	12,233	16,026	(2,468)	5,568	(883)	44,274	32,416
Net position	161,350	380,049	336,607	179,012	45,072	26,004	1,128,094	1,083,820

**Sanitary Sewer Fund**— The Sanitary Sewer Fund pays 95% of the contractual payments to Metropolitan Council Environmental Services (MCES) for wastewater collection and treatment services. This fund also accounts for sanitary sewer maintenance and design work and the related capital programs and debt service payments. Net position as of December 31, 2022 was \$161,350 compared to \$147,552 for 2021, an increase of \$13,798. The operating revenues of \$95,855 for 2022 compared to \$86,709 for 2021 reflect an increase of \$9,146. The sanitary utility sales and service revenues account for \$4,613 of the increase due to both an increase in rates and volume. SAC revenues also increased by \$3,919. Increases in SAC revenue are offset by equivalent increase in SAC expenses.

The operating expenses totaled \$79,994 compared to \$76,597 in 2022 resulting in an increase of \$3,397. The increase in operating expenses mainly reflects the corresponding increase in SAC charges noted above with this partially being offset by a 2.9% decrease in Met Council rates for MCES in 2022. These MCES rates are set by the Metropolitan Council on a yearly basis and are based on an allocation of overall costs incurred by MCES for waste processing for customer communities.

**Stormwater Fund**— The Stormwater Fund pays 5% of the contractual payments to Metropolitan Council Environmental Services (MCES) for wastewater collection and treatment services. This fund also accounts for the combined sewer overflow (CSO) program, street cleaning, storm design, storm water maintenance, and the related capital programs and debt service payments. Net position as of December 31, 2022 was \$380,049 which was an increase of \$12,233 from the beginning balance of \$367,816.

The 2022 operating revenues of \$47,004 compared to \$44,132 for 2021 reflected an increase of \$2,872. The increase is due mainly to an increase in Utility service revenues of \$1,492 due to both a rate increase and more volume.

The operating expenses totaled \$33,778 compared to \$31,118 reported for 2021. This was an increase of \$2,660 and reflects in large part a \$1,355 increase in pension expense as compared to 2021 amount.

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

Net position increased by \$16,026 for the year, resulting in a net position on December 31, 2022, of \$336,607. This planned increase allowed for net increases to long-term assets in the amount of \$13,832 for improvements to the City's water distribution system and the Fridley Filter Plant rehabilitation and other water treatment infrastructure improvements.

Operating revenue increased by \$2,301, when compared to 2021, due in large part to increased water sales due to higher demand and rates from both retail and wholesale customers. Operating expenses increased by \$2,906, when compared to 2021. This increase is made up of increases in personnel costs and gas, electrical and chemicals for water treatment all increasing from 2021.

**Municipal Parking Fund**— The Municipal Parking Fund accounts for the operation and maintenance of parking ramps, lots, on-street parking meters, the municipal impound lot, and the traffic/parking control system. Net position on December 31, 2022, was \$179,012 which is a decrease of \$2,468 from the beginning balance.

Operating parking revenues were up \$11,017 from 2021. This was significant increase over both 2021 and 2020 where revenue amounts were down significantly due to the COVID-19 pandemic severely restricting both business and employment activity downtown. These revenue increases were partially offset by \$8,630 more in operating expenses from the 2021 amount due to variable expenses increasing with higher volumes such as credit card fees and personnel costs.

**Solid Waste and Recycling Fund**— The Solid Waste and Recycling Fund accounts for the City's solid waste and recycling collection and disposal, and a solid waste transfer station that serves over 107,800 dwelling units. Pick-up services for trash, yard waste, and recyclables are provided on a weekly and a biweekly basis. City crews provide approximately one-half of the solid waste collection services and the other half are provided through a consortium of companies specializing in waste collections. Also accounted for in this fund are various initiatives such as clean city neighborhood clean sweeps; city-wide litter and graffiti abatement and removal; and an organics program.

Net position through December 31, 2022, totaled \$45,072, an increase of \$5,568 compared to the beginning balance of \$39,504. Operating revenues totaled \$43,630, an increase of \$1,210 over 2021. This increase is due to \$1,800 more in utility services revenue due to more dwelling units and higher rates.

Operating expenses decreased to \$43,368 compared to \$43,670 for 2021. This decrease of \$302 reflects increases in personnel costs but decreases in contractual services and materials and supplies.

**Community Planning and Economic Development Enterprise Fund (CPED)**— The CPED Enterprise Fund operates a series of business-type activities designed to enhance housing options and economic development within the City. Within this fund there are programs that provide low interest home mortgages financed through the sale of bonds. There is also a program in which revenue bonds are issued to finance economic development. The program obtains lease or loan agreements from developers to meet the debt service requirements of the financing. This fund

also operates a river terminal facility. Substantially all operating revenues are derived from fees charged to the users of the services provided. The river terminal accounts for the investment in capital assets of the fund.

Net position decreased by \$883 during the year. Operating income was down from 2021 operating income of \$2,230 to a loss of (\$535). The overall decrease in net position was due primarily to the loss in investment earnings.

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

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

	Engineering Materials and Testing	Intergovern- mental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	Total	
							2022	2021
Cash	\$ 2,102	\$ 7,390	\$ 9,836	\$ 21,952	\$ 820	\$ 135,503	\$ 177,603	\$ 166,787
Assets	2,316	30,332	49,709	95,144	9,137	135,506	322,144	310,174
Deferred outflows of resources	352	3,432	1,942	1,978	297	221	8,222	12,928
Liabilities	1,916	22,794	10,721	11,237	2,239	197,558	246,465	247,421
Deferred inflows of resources	46	445	248	253	38	29	1,059	17,960
Operating income (loss)	93	(1,636)	(474)	(10,104)	329	8,239	(3,553)	(33,820)
Change in net position	101	(1,146)	677	(12,981)	363	38,107	25,121	(3,297)
Net position	706	10,525	40,682	85,632	7,157	(61,860)	82,842	57,721

**Engineering Materials and Testing Fund**— The Engineering, Materials and Testing Fund records transactions related to City purchases of hot-mix asphalt and ready-mix concrete. This fund also accounts for the transactions associated with the quality control activities for the placement of these materials and assures compliance with State and Federal standards and specifications. The Engineering Laboratory, a component of this fund, provides these quality control activities. In addition, the Engineering Laboratory is responsible for construction inspection and testing services, performing geotechnical evaluations, and coordinating related environmental field services. At year-end 2022, the net position is \$706 representing an increase of \$101 from the 2021 ending net position of \$605. The increase in net position is primarily due to increase in construction projects resulting in more demand for testing services and materials. The fund maintains a positive cash balance of \$2,102 at year-end 2022 which is a slight increase to the 2021 ending balance of \$2,027.

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

Building Commission, and the Minneapolis Youth Coordinating Board. In 2016, the fund insured the services provided by the IT helpdesk and desk side support that were previously outsourced.

The fund's 2022 ending net position is \$10,525, representing a decrease of \$1,146 from the year-end 2021 net position of \$11,671. This decrease to net position is partly due to depreciation, short-life software projects, and increased labor costs. These efforts are to recover from losses due to the Covid pandemic.

The cash balance at year-end 2022 is \$7,390, representing a decrease of \$1,773 from the 2021 year-end cash balance of \$9,163.

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

Several of the City's properties are recorded as assets of this fund resulting in an annual depreciation expense. The Property Services Fund does not have rental and maintenance rates sufficient to fully recover depreciation related to City buildings recorded in this fund. This can sometimes result in an operating loss and a decrease to net position. However, in 2022, the fund experienced an increase of \$677 to net position resulting in an ending balance of \$40,682 compared to the 2021 ending net position of \$40,005 million. The increase to net position in 2022 is primarily due to the timing of asset preservation projects budgeted for 2022 that will be completed in 2023 or future years. The cash balance increased from \$8,926 at year-end 2021 to \$9,836 at year-end 2022.

**Equipment Services Fund**— The Equipment Services Fund manages the acquisition, maintenance, and disposal of over 1,700 units of equipment, primarily the City's fleet of vehicles. The fund also provides technicians to maintain the equipment. In addition, the fund manages the field coordination of City-owned and contractual equipment and operators as well as the procurement and sale of fuel for these vehicles. The Equipment Services Fund uses an activity-based cost recovery model to calculate equipment and labor rates charged to customers based on actual expenses related to the vehicle and the replacement cost of the vehicle. At year-end 2022, the fund reported a decrease to net position of \$12,981, decreasing the net position from a 2021 ending balance of \$98,613 to a 2022 ending balance of \$85,632. The 2022 ending cash balance is \$21,952, a decrease of \$12,749 from the ending balance of \$34,701 in 2021. The decrease to cash balance and net position is a result of not collecting revenue on vehicle rentals. Because of the overall health of the fund, the City chose to suspend collecting rent for one year on certain vehicle types in order to rebuild fund balances and cash balances in certain funds.

**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 2022, the fund reported an increase to net position by \$363, increasing the net position from a 2021 ending balance of \$6,794 to a 2022 ending balance of \$7,157. The fund's ending cash balance is \$820 for 2022, a decrease of \$399 from the 2021 ending cash balance of \$1,219. The decrease in cash balance is primarily due to a decrease in operating margin.

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

The net position at year-end 2022 was negative \$61,860, an increase of \$38,107 from the 2021 ending net position of negative \$99,967. The cash balance increased by \$24,752, from \$110,751 in 2021 to \$135,503 at year-end 2022.

The increase in cash is primarily the result of an increase in medical insurance premiums compared to the medical claims payout of \$1,214 and an increase of cash of \$3,971 received from a recalculated share of 2022 workers' compensation. In addition, the fund received a transfer of \$24,000 from the General Fund to support operations and payouts. As noted, an actuarial study determines the expected payouts for claims in this fund and the current year revenue is charged based on this information. In any given year, payouts may be more or less than actuarially determined, resulting in an increase or decrease in cash and net position.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets**—As of December 31, 2022, the City's investment in capital assets for its governmental and business-type activities was \$3,210,899 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, systems, improvements, machinery and equipment, roads, highways, and bridges. The increase in the City's investment in capital assets for the current fiscal year included a 3.0% increase in governmental activities and a 3.4% increase in business-type activities.

The following table summarizes capital assets for governmental and business-type activities for 2022 and 2021:

### Capital and Leased Assets (Net of depreciation/amortization)

	Governmental		Business-type		Total	
	2022	2021	2022	2021	2022	2021
Land and easements	\$ 114,788	\$ 114,788	\$ 130,321	\$ 130,321	\$ 245,109	\$ 245,109
Construction in progress	568,142	526,019	137,546	134,368	705,688	660,387
Infrastructure	562,669	600,482	-	-	562,669	600,482
Buildings and structures	467,471	481,996	296,321	293,574	763,792	775,570
Public improvements	81,430	19,898	695,105	658,386	776,535	678,284
Machinery and equipment	65,410	61,203	76,364	77,372	141,774	138,575
Computer equipment	-	2,507	-	2,597	-	5,104
Software	6,372	8,329	5	9	6,377	8,338
Other capital outlay	-	-	-	434	-	434
Leased assets:						
Land improvements	7	-	5,107	-	5,114	-
Buildings	2,311	-	-	-	2,311	-
Equipment	1,530	-	-	-	1,530	-
<b>Total</b>	<b>\$ 1,870,130</b>	<b>\$ 1,815,222</b>	<b>\$ 1,340,769</b>	<b>\$ 1,297,061</b>	<b>\$ 3,210,899</b>	<b>\$ 3,112,283</b>

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

- Completion of major projects related to lighting and traffic signals, paving of City streets, and bridges, combined to increase governmental assets by \$51,060 net of depreciation. Some of these projects are associated with the City's 20-year Parks and Streets infrastructure plan which will total approximately \$400,000 in investments over the life of the plan.
- Several projects around the Convention Center, Target Center, and Peavey Plaza were completed in 2022.
- Storm and floodwater improvements, water distribution assets including pipes, mains, and hydrant infrastructure, and various other capital improvements, increased the asset value, net of depreciation by \$38,601 in the business-type funds.

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

**Long-term debt**— As of December 31, 2022, the City had total long-term bonds and notes outstanding of \$826,517 compared to \$817,853 in the prior year. Of this amount, \$517,775 is related to governmental activities and \$308,742 is related to business-type activities. The City had \$26,625 or approximately 3.2% of the long-term debt in variable rate mode at year-end. Long-term notes of \$96,552 are included in the above total, of which \$1,225 is for governmental activities and \$95,327 is for business-type activities.

The following table shows various classifications of the City’s long-term debt at December 31, 2022, and the amount of principal due in 2023.

<u>Summary of Outstanding Bonds and Notes</u>	<u>Balance 1/1/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/2022</u>	<u>Due in 2023</u>
General Obligation (GO) Bonds and Notes:					
Property Tax Supported GO Bonds	\$ 280,275	\$ 61,740	\$ (58,370)	\$ 283,645	\$ 23,685
Self-Supporting GO Bonds	153,240	-	(5,410)	147,830	5,635
Special Assessment GO Bonds	74,105	8,365	(10,275)	72,195	9,320
Enterprise Fund Related GO Bonds	191,525	51,440	(29,550)	213,415	28,900
Enterprise Fund Related GO Notes	<u>102,423</u>	<u>3,489</u>	<u>(10,585)</u>	<u>95,327</u>	<u>10,740</u>
Total General Obligation Bonds and Notes	801,568	125,034	(114,190)	812,412	78,280
Revenue Bonds and Notes:					
Economic Development Revenue Bonds	14,500	-	(1,620)	12,880	1,690
Revenue Notes	<u>1,785</u>	<u>-</u>	<u>(560)</u>	<u>1,225</u>	<u>595</u>
Total Revenue Bonds and Notes	16,285	-	(2,180)	14,105	2,285
Total Outstanding Bonds and Notes	<u>\$ 817,853</u>	<u>\$ 125,034</u>	<u>\$ (116,370)</u>	<u>\$ 826,517</u>	<u>\$ 80,565</u>

The City maintained an “AAA” rating from Standard & Poor’s and an “AA+” from Fitch Ratings for its general obligation debt in 2022. Additional information on the City’s Long-term debt can be found in Note 5 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 impacts:

- During the 1990s, due to other external demands, the revenue to support the internal services did not keep pace with the growth in expenses. Significant negative cash balances resulted because annual expenses exceeded revenues. The cumulative net position of the internal service funds at the end of 2022 is \$82.8 million which is a significant improvement over the position of the funds since 2000 when the net position deficit was \$(61.7) million.
- The City continues to manage internal service fund revenue and expenditures to ensure full funding to meet financial policy targets for net position and cash balance wherever possible. Factors outside the City’s direct control have resulted in large liabilities in the self-insurance internal service fund which the City continues to monitor and plan for.
- Similar to other jurisdictions, employee wages and benefits make up over 63.5% of the City’s General Fund 2022 expenditure budget, increases to which are driven by growth in wages, cost of living, and overtime costs.
- The City of Minneapolis receives an allocation from the State of Minnesota for Local Government Aid (LGA). This payment from the state is determined by legislative action and sometimes contingent upon the financial health and stability of the state. Reductions to this aid can have significant consequences for the City. Since 2017, the LGA amount has been consistently between \$78.0 million and \$82.0 million. The allocation for 2021 and 2022 were the same at \$77.7 million each year. A portion of LGA is passed through to the Minneapolis Park and Recreation Board and the Municipal Building Commission component units.
- The City adopts a six-year capital improvement program (CIP) that is updated annually. Each year, City departments and independent boards and commissions prepare new and/or modify existing capital budget

requests (CBRs). The CBRs are then reviewed by the Capital Long-Range Improvement Committee (CLIC) which is a citizen advisory committee to the Mayor and City Council.

- The City continues to lay a foundation for development including large projects and continued investment in housing as well as economic development for businesses. For 2022, the City marked its eleventh consecutive year in which more than \$1.0 billion in permitted construction projects based on the value of permits issued for the year.
- The City continues to proactively manage its pension liabilities. The City participates in several plans administered by the Public Employees Retirement Association (PERA). PERA is a separate statutory entity that manages plans and can determine contribution rates and other components of the pension plans that can have significant impacts on the City's pension obligations.
- For 2021, the City levied \$8.5 million less for pension obligations than the higher rate of 2018. This is related to a decrease in the City's obligation on closed pension funds that is planned to be in place until 2031 when the obligation is satisfied. The lower amount continued into 2022.

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

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

***Budget Outlook:***

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

- For 2023, the Council Adopted Budget for all City funds was \$1.66 billion which represents a \$90.0 million or 5.7% increase from the 2022 Council Adopted Budget of \$1.57 billion, exclusive of the City's Independent Boards and interfund transfers.
- At the same time, the Council adopted a 2023 property tax levy of \$444.4 million, which results in a 6.5%, or \$27.0 million increase, from the 2022 adopted property tax levy. As part of this budget, funds that have accumulated in the various City funds due to a growing economy and fiscal restraint in prior years allows for utilization of fund balances, operating capital items and other one-time items.
- In 2021, in response to the ongoing financial effects of the COVID-19 pandemic, the City chose to temporarily freeze over 300 positions. For 2022 many of those positions were added back to authorized full time equivalent (FTE) counts in a staggered approach. For 2023, an additional 68 FTE were added to the budget.
- A primary feature of the 2023 budget is continued planning for ongoing effects of the COVID-19 pandemic including the use of American Rescue Plan Act funding for targeted programming throughout the City and for use as revenue replacement to the General Fund as allowed by grant guidelines.

- The City's levies for its closed pension funds that merged into the Minnesota State Public Employees' Retirement Association (PERA) decreased 19.4% to \$11.9 million in response to retained fund balance in the employee retirement special revenue funds.
- For 2023 – 2026, the six-year capital program totals \$1.1 billion including all funding sources. The 2023 portion of the six-year capital program is \$204.3 million which funds accelerated improvements to the City's infrastructure.

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

Minneapolis has the highest concentration of commercial office buildings in the State of Minnesota and therefore is the largest contributor of revenue to the state general tax on a per city basis. Minneapolis' commercial/industrial estimated market value per the Minneapolis Assessor's office is \$13.2 billion for 2023 up from \$12.2 billion in 2022.

The City is planning to levy taxes at a rate to allow for moderate growth of planned service levels over the next 5 years. Property tax levy rates for all categories of levy are projected to grow by 6.5% in 2023, decreasing to a growth of 3.8% by 2027.

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

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

### ***Employment***

The City of Minneapolis typically experiences an unemployment level less than that of the State of Minnesota and the national average. As we continue to see unprecedented employment recovery since the worst parts of the COVID-19 pandemic, the unemployment rates are down significantly in many areas of the country. This is true in Minnesota and the Twin Cities metro area as well. At the end of the first quarter of 2023, the Minnesota unemployment rate was 2.8% while the Minneapolis – St. Paul – Bloomington metro unemployment rate is 2.7%.

## **REQUESTS FOR INFORMATION**

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

**STATEMENT OF NET POSITION**  
**December 31, 2022**

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

	Primary Government			Discrete Component	
	Governmental Activities	Business-type Activities	Total	Units	Total
<b><u>ASSETS</u></b>					
Cash and pooled investments	\$ 992,798	\$ 131,158	\$ 1,123,956	\$ 79,992	\$ 1,203,948
Investments with trustees	3,083	22,912	25,995	-	25,995
Receivables - net	207,537	36,440	243,977	9,683	253,660
Due from other governmental agencies	32,532	2,470	35,002	2,189	37,191
Prepays and other assets	3,788	4,209	7,997	1,122	9,119
Inventories	9,323	5,514	14,837	78	14,915
Internal balances	44,712	(44,712)	-	-	-
Properties held for resale	57,570	-	57,570	-	57,570
Capital assets:					
Nondepreciable/nonamortizable	682,930	267,867	950,797	204,008	1,154,805
Depreciable/amortizable, net	1,187,200	1,072,902	2,260,102	256,560	2,516,662
Total assets	<u>\$ 3,221,473</u>	<u>\$ 1,498,760</u>	<u>\$ 4,720,233</u>	<u>\$ 553,632</u>	<u>\$ 5,273,865</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>					
Deferred outflows - other postemployment benefits	\$ 8,079	\$ 1,451	\$ 9,530	\$ 335	\$ 9,865
Deferred outflows - pensions	387,217	13,522	400,739	25,943	426,682
Total deferred outflows of resources	<u>\$ 395,296</u>	<u>\$ 14,973</u>	<u>\$ 410,269</u>	<u>\$ 26,278</u>	<u>\$ 436,547</u>
<b><u>LIABILITIES</u></b>					
Accrued salaries and benefits	\$ 18,145	\$ 1,677	\$ 19,822	\$ 3,517	\$ 23,339
Accounts payable	42,768	16,927	59,695	6,523	66,218
Retainage payable	4,748	-	4,748	-	4,748
Interest payable	2,305	1,075	3,380	-	3,380
Unpaid claims payable	-	-	-	-	-
Due to other governmental agencies	62	200	262	-	262
Unearned revenue	180,440	230	180,670	599	181,269
Deposits held for others	7,879	1,821	9,700	256	9,956
Compensated absences:					
Due within one year	24,593	2,851	27,444	3,544	30,988
Due beyond one year	20,688	1,643	22,331	1,024	23,355
Long-term liabilities:					
Due within one year	109,871	40,128	149,999	402	150,401
Due beyond one year	613,001	289,411	902,412	9,207	911,619
Other postemployment benefits	41,052	7,370	48,422	1,785	50,207
Net pension liability	812,081	60,607	872,688	81,733	954,421
Total liabilities	<u>\$ 1,877,633</u>	<u>\$ 423,940</u>	<u>\$ 2,301,573</u>	<u>\$ 108,590</u>	<u>\$ 2,410,163</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Deferred inflows - service concession arrangement	\$ -	\$ -	\$ -	\$ 3,738	\$ 3,738
Deferred inflows - leases	21,020	-	21,020	-	21,020
Deferred inflows - other postemployment benefits	461	82	543	15	558
Deferred inflows - pensions	36,615	1,829	38,444	1,399	39,843
Total deferred inflows of resources	<u>\$ 58,096</u>	<u>\$ 1,911</u>	<u>\$ 60,007</u>	<u>\$ 5,152</u>	<u>\$ 65,159</u>
<b><u>NET POSITION</u></b>					
Net investment in capital assets	\$ 1,421,756	\$ 1,031,775	\$ 2,453,531	\$ 454,926	\$ 2,908,457
Restricted:					
Debt service	48,602	24,811	73,413	-	73,413
Community and economic development	140,040	-	140,040	-	140,040
Law enforcement	3,008	-	3,008	-	3,008
Grants	5,414	-	5,414	-	5,414
Properties held for resale	57,570	-	57,570	-	57,570
Capital improvements	50,980	-	50,980	5,046	56,026
Project and grant programs	-	-	-	27,642	27,642
Special trust	-	-	-	196	196
Special reserves	-	-	-	6,607	6,607
Donor restrictions	-	-	-	230	230
Unrestricted	(46,330)	31,296	(15,034)	(28,479)	(43,513)
Total net position	<u>\$ 1,681,040</u>	<u>\$ 1,087,882</u>	<u>\$ 2,768,922</u>	<u>\$ 466,168</u>	<u>\$ 3,235,090</u>

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

STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended December 31, 2022

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				
					Governmental Activities	Business-type Activities	Total	Discrete Component Units	Total
<b>Primary government</b>									
Governmental Activities:									
General government	\$ 117,462	\$ 21,717	\$ 9,338	\$ -	\$ (86,407)	\$ -	\$ (86,407)	\$ -	\$ (86,407)
Public safety	305,773	16,346	91,242	-	(198,185)	-	(198,185)	-	(198,185)
Public works	122,374	42,462	28,170	812	(50,930)	-	(50,930)	-	(50,930)
Culture and recreation	9,487	-	-	-	(9,487)	-	(9,487)	-	(9,487)
Health and welfare	43,037	2,863	26,253	-	(13,921)	-	(13,921)	-	(13,921)
Community planning and economic development	228,526	77,531	101,693	-	(49,302)	-	(49,302)	-	(49,302)
Interest on long-term debt	19,042	-	-	-	(19,042)	-	(19,042)	-	(19,042)
Total governmental activities	845,701	160,919	256,696	812	(427,274)	-	(427,274)	-	(427,274)
Business-type Activities:									
Sanitary sewer	68,932	95,014	-	-	-	26,082	26,082	-	26,082
Stormwater	34,453	45,498	2,807	-	-	13,852	13,852	-	13,852
Water treatment and distribution services	70,112	88,399	-	-	-	18,287	18,287	-	18,287
Municipal parking	46,072	53,963	-	-	-	7,891	7,891	-	7,891
Solid waste and recycling	34,363	43,610	1,516	-	-	10,763	10,763	-	10,763
Community planning and economic development	16,988	16,453	-	-	-	(535)	(535)	-	(535)
Total business-type activities	270,920	342,937	4,323	-	-	76,340	76,340	-	76,340
Total primary government	\$ 1,116,621	\$ 503,856	\$ 261,019	\$ 812	(427,274)	76,340	(350,934)	-	(350,934)
<b>Component units:</b>									
Discrete component units	\$ 172,643	\$ 55,809	\$ 4,479	\$ 23,205				(89,150)	(89,150)
General Revenues:									
Taxes:									
General property tax and fiscal disparities					369,767	-	369,767	73,790	443,557
Property tax increment					1,108	-	1,108	55	1,163
Museum (county-wide levy)					-	-	-	16,710	16,710
Franchise taxes					40,758	339	41,097	-	41,097
Local taxes					66,666	-	66,666	-	66,666
Other taxes					-	-	-	-	-
Local government aid - unrestricted					68,845	-	68,845	9,233	78,078
Grants and contributions not restricted to programs					10,322	326	10,648	492	11,140
Unrestricted interest and investment earnings					(27,083)	(348)	(27,431)	(730)	(28,161)
Other					-	158	158	176	334
Gain on sale of capital assets					-	-	-	410	410
Transfers					34,455	(34,455)	-	-	-
Total general revenues and transfers					564,838	(33,980)	530,858	100,136	630,994
Change in net position					137,564	42,360	179,924	10,986	190,910
Net position - January 1					1,543,476	1,045,522	2,588,998	455,182	3,044,180
Net position - December 31					\$ 1,681,040	\$ 1,087,882	\$ 2,768,922	\$ 466,168	\$ 3,235,090

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

**GOVERNMENTAL FUNDS  
BALANCE SHEET  
December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	General	Community Planning and Economic Development	Grants- Federal	HUD Consolidated Plan	Permanent Improvement	Special Assessment	Non-Major Governmental	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 195,389	\$ 197,256	\$ 164,714	\$ 1,844	\$ 82,575	\$ 18,370	\$ 155,047	\$ 815,195
Investments with trustees	-	-	-	-	-	-	3,083	3,083
Receivables:								
Accounts - net	6,025	137	18	29	1,400	-	1,739	9,348
Taxes	2,245	557	-	-	51	-	850	3,703
Special assessments	694	2,990	-	-	1,443	75,317	48	80,492
Intergovernmental	1,409	-	5,622	22	9,330	-	16,149	32,532
Loans - net	-	42,176	526	46,701	-	-	-	89,403
Leases	-	-	-	-	-	-	21,020	21,020
Accrued interest	1,628	575	481	-	318	54	386	3,442
Advances to other funds	-	-	-	-	30	-	9,145	9,175
Properties held for resale	-	34,819	504	5,289	16,312	-	646	57,570
Prepaid items	-	-	-	-	-	-	31	31
<b>Total assets</b>	<b>\$ 207,390</b>	<b>\$ 278,510</b>	<b>\$ 171,865</b>	<b>\$ 53,885</b>	<b>\$ 111,459</b>	<b>\$ 93,741</b>	<b>\$ 208,144</b>	<b>\$ 1,124,994</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>								
Liabilities:								
Salaries payable	\$ 16,013	\$ 39	\$ 249	\$ 92	\$ 306	\$ -	\$ 461	\$ 17,160
Accounts payable	10,873	2,089	4,447	1,803	5,660	13	10,001	34,886
Retainage payable	-	-	-	-	4,748	-	-	4,748
Due to other governmental agencies	59	-	2	-	-	-	-	61
Deposits held for others	4,829	1,083	-	-	661	-	1,304	7,877
Advances from other funds	-	-	-	-	-	30	4,645	4,675
Unearned revenue	110	-	166,093	-	3,754	-	9,042	178,999
<b>Total liabilities</b>	<b>31,884</b>	<b>3,211</b>	<b>170,791</b>	<b>1,895</b>	<b>15,129</b>	<b>43</b>	<b>25,453</b>	<b>248,406</b>
Deferred Inflows of Resources:								
Unavailable revenue	1,789	45,709	526	46,701	10,478	75,649	403	181,255
Leases	-	-	-	-	-	-	21,020	21,020
<b>Total deferred inflows of resources</b>	<b>1,789</b>	<b>45,709</b>	<b>526</b>	<b>46,701</b>	<b>10,478</b>	<b>75,649</b>	<b>21,423</b>	<b>202,275</b>
Fund balances:								
Nonspendable	-	-	-	-	-	-	31	31
Restricted	-	174,859	548	5,289	67,292	18,049	39,577	305,614
Assigned	1,500	54,731	-	-	18,560	-	121,660	196,451
Unassigned	172,217	-	-	-	-	-	-	172,217
<b>Total fund balances</b>	<b>173,717</b>	<b>229,590</b>	<b>548</b>	<b>5,289</b>	<b>85,852</b>	<b>18,049</b>	<b>161,268</b>	<b>674,313</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 207,390</b>	<b>\$ 278,510</b>	<b>\$ 171,865</b>	<b>\$ 53,885</b>	<b>\$ 111,459</b>	<b>\$ 93,741</b>	<b>\$ 208,144</b>	<b>\$ 1,124,994</b>

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

**Reconciliation of the Governmental Funds Balance Sheet to the  
Government-Wide Statement of Net Position - Governmental Activities  
December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

**Fund balances - total governmental funds** \$ 674,313

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Non-depreciable / non-amortizable	644,218	
Depreciable / amortizable	2,128,844	
Accumulated depreciation and amortization	<u>(1,034,264)</u>	<u>1,738,798</u>

Deferred inflows are not available to pay for current-period expenditures and, therefore, in the governmental funds, are unavailable revenue. 181,255

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. 82,842

Receivable from business-type funds for internal service fund activity. 40,212

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	(541,930)	
Other postemployment benefits payable	(37,527)	
Net pension liability	(778,334)	
Bond interest payable	(2,303)	
Lease liability	(1,899)	
Lease accrued interest payable	(2)	
Compensated absences	<u>(25,442)</u>	<u>(1,387,437)</u>

Deferred inflows and deferred outflows resulting from pension obligations and other postemployment benefits obligations are recorded only on the government-wide statement of net position. Balances at year end are:

Deferred outflows - other postemployment benefits	7,385	
Deferred inflows - other postemployment benefits	(420)	
Deferred outflows - pensions	379,689	
Deferred inflows - pensions	<u>(35,597)</u>	<u>351,057</u>

**Net position of governmental activities** \$ 1,681,040

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, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	General	Community Planning and Economic Development	Grants- Federal	HUD Consolidated Plan	Permanent Improvement	Special Assessment	Non-Major Governmental	Total
<b>REVENUES:</b>								
Taxes	\$ 308,313	\$ 21,259	\$ -	\$ -	\$ 14,156	\$ -	\$ 134,009	\$ 477,737
Licenses and permits	54,637	-	-	-	237	-	11	54,885
Intergovernmental revenues	89,486	246	134,967	30,941	19,807	-	30,745	306,192
Charges for services and sales	59,359	4,434	24	321	6,022	-	8,149	78,309
Fines and forfeits	4,852	-	-	-	-	-	244	5,096
Special assessments	4,874	1,044	-	-	3,567	15,166	7,133	31,784
Investment earnings	(14,564)	(4,407)	(3,456)	321	(2,967)	(546)	(3,018)	(28,637)
Miscellaneous revenues	3,083	6,898	6	1,891	695	-	24,539	37,112
Total revenues	510,040	29,474	131,541	33,474	41,517	14,620	201,812	962,478
<b>EXPENDITURES:</b>								
Current:								
General government	99,603	-	5,705	2,606	-	-	24,306	132,220
Public safety	291,987	-	4,451	104	-	-	10,314	306,856
Public works	63,091	-	608	-	-	-	353	64,052
Health and welfare	18,432	-	15,851	1,052	-	-	6,644	41,979
Community planning and economic development	36,366	45,481	36,123	29,650	-	-	71,456	219,076
Capital outlay	-	-	-	-	115,395	-	-	115,395
Intergovernmental:								
General government	-	-	-	-	1,069	-	-	1,069
Public safety	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	9,487	-	-	9,487
Debt Service:								
Principal retirement	256	-	-	-	-	10,275	65,960	76,491
Interest and fiscal charges	13	-	-	-	-	2,274	16,853	19,140
Total expenditures	509,748	45,481	62,738	33,412	125,951	12,549	195,886	985,765
Excess (deficiency) of revenues over (under) expenditures	292	(16,007)	68,803	62	(84,434)	2,071	5,926	(23,287)
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers from other funds	81,453	14,976	-	-	17,187	-	62,643	176,259
Transfers to other funds	(53,023)	(11,776)	(68,867)	-	(856)	(15)	(61,802)	(196,339)
Premium (discount)	-	-	-	-	3,489	-	-	3,489
Leases issued	2,167	-	-	-	-	-	-	2,167
Bonds issued	-	-	-	-	70,105	-	-	70,105
Total other financing sources (uses)	30,597	3,200	(68,867)	-	89,925	(15)	841	55,681
Net change in fund balances	30,889	(12,807)	(64)	62	5,491	2,056	6,767	32,394
Fund balances - January 1	142,828	242,397	612	5,227	80,361	15,993	154,501	641,919
Fund balances - December 31	\$ 173,717	\$ 229,590	\$ 548	\$ 5,289	\$ 85,852	\$ 18,049	\$ 161,268	\$ 674,313

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, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

<b>Net increase (decrease) in fund balances - total governmental funds</b>	\$	32,394
Amounts reported for governmental activities in the statement of activities are different because:		
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities with amounts related to business type activities shown as an internal balance.		25,121
Transfers from business-type funds for internal service fund activity.		1,914
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.		
Expenditures for general capital assets, infrastructure, and other related capital assets:	115,520	
Less current year depreciation and amortization	<u>(63,002)</u>	<u>52,518</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	181,255	
Deferred inflows of resources - January 1	<u>(158,517)</u>	<u>22,738</u>
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Lease proceeds	(2,167)	
Bond and lease principal payments	76,491	
Bond proceeds	<u>(70,105)</u>	<u>4,219</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	85	
Change in other postemployment benefits payable and related deferred outflows and inflows	(2,372)	
Change in compensated absences	(767)	
Change in net pension liability and related deferred outflows and inflows	2,506	
Change in other long-term liabilities	<u>(792)</u>	<u>(1,340)</u>
<b>Increase (decrease) in net position of governmental activities</b>	<u>\$</u>	<u>137,564</u>

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

PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
December 31, 2022

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Internal Service Funds
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 17,902	\$ 43,002	\$ 46,478	\$ 54	\$ 23,722	\$ -	\$ 131,158	\$ 177,603
Investments with trustees	-	-	-	-	-	22,912	22,912	-
Receivables:								
Accounts - net	7,815	4,638	7,242	1,141	5,248	-	26,084	129
Special assessments:								
Current	1,723	600	2,139	543	1,252	-	6,257	-
Delinquent	18	28	62	-	23	-	131	-
Noncurrent	657	-	1,469	1,630	-	-	3,756	-
Intergovernmental	-	254	-	2,214	2	-	2,470	-
Accrued interest	-	-	-	-	-	212	212	-
Inventories	-	-	4,041	-	1,473	-	5,514	9,323
Prepaid items	3,999	210	-	-	-	-	4,209	3,757
Total current assets	<u>32,114</u>	<u>48,732</u>	<u>61,431</u>	<u>5,582</u>	<u>31,720</u>	<u>23,124</u>	<u>202,703</u>	<u>190,812</u>
Long-term assets:								
Capital assets:								
Nondepreciable/amortizable:								
Land and easements	1	7,211	5,347	109,735	4,179	3,848	130,321	23,007
Construction in progress	29,470	50,470	56,064	836	706	-	137,546	15,705
Depreciable/amortizable:								
Land lease - amortizable	-	-	-	5,618	-	-	5,618	-
Less accumulated amortization	-	-	-	(511)	-	-	(511)	-
Buildings and structures	-	-	253,434	290,601	36,411	12,743	593,189	56,336
Less accumulated depreciation	-	-	(117,706)	(162,611)	(3,808)	(12,743)	(296,868)	(36,956)
Public improvements	242,650	473,266	297,680	8,089	3,663	-	1,025,348	20,333
Less accumulated depreciation	(77,331)	(146,946)	(101,161)	(4,426)	(379)	-	(330,243)	(7,208)
Equipment and other capital outlay	1,624	1,941	94,725	17,936	26,376	-	142,602	176,499
Less accumulated depreciation	(1,593)	(1,907)	(35,823)	(9,415)	(17,500)	-	(66,238)	(122,664)
Software	-	1,494	301	130	955	-	2,880	65,778
Less accumulated depreciation	-	(1,494)	(296)	(130)	(955)	-	(2,875)	(59,498)
Total long - term assets	<u>194,821</u>	<u>384,035</u>	<u>452,565</u>	<u>255,852</u>	<u>49,648</u>	<u>3,848</u>	<u>1,340,769</u>	<u>131,332</u>
Total assets	<u>\$ 226,935</u>	<u>\$ 432,767</u>	<u>\$ 513,996</u>	<u>\$ 261,434</u>	<u>\$ 81,368</u>	<u>\$ 26,972</u>	<u>\$ 1,543,472</u>	<u>\$ 322,144</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred outflows - other postemployment benefits	\$ 170	\$ 335	\$ 480	\$ 130	\$ 336	\$ -	\$ 1,451	\$ 694
Deferred outflows - pensions	1,447	2,814	5,078	1,405	2,778	-	13,522	7,528
Total deferred outflows of resources	<u>\$ 1,617</u>	<u>\$ 3,149</u>	<u>\$ 5,558</u>	<u>\$ 1,535</u>	<u>\$ 3,114</u>	<u>\$ -</u>	<u>\$ 14,973</u>	<u>\$ 8,222</u>

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

PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
December 31, 2022

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

	Business-type Activities - Enterprise Funds						Governmental	
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development	Internal Service Funds	
<b>LIABILITIES</b>								
Current liabilities:								
Salaries payable	\$ 172	\$ 275	\$ 683	\$ 172	\$ 371	\$ 4	\$ 1,677	\$ 985
Accounts payable	1,499	3,654	5,288	3,182	2,531	773	16,927	7,882
Intergovernmental payable	-	-	3	26	171	-	200	1
Deposits held for others	-	-	113	1,708	-	-	1,821	2
Interest payable	144	121	582	126	65	37	1,075	-
Unearned revenue	-	-	-	76	-	154	230	1,441
Bonds payable - current portion	9,515	4,980	6,710	7,125	570	-	28,900	-
Notes payable - current portion	-	-	10,450	290	-	-	10,740	-
Compensated absences payable - current portion	385	517	1,119	274	556	-	2,851	4,805
Lease liability - current portion	-	-	-	488	-	-	488	748
Medical claims payable - current portion	-	-	-	-	-	-	-	10,406
Unpaid claims payable - current portion	-	-	-	-	-	-	-	57,472
Total current liabilities	<u>11,715</u>	<u>9,547</u>	<u>24,948</u>	<u>13,467</u>	<u>4,264</u>	<u>968</u>	<u>64,909</u>	<u>83,742</u>
Long-term liabilities:								
Bonds payable	47,710	31,308	73,191	27,693	20,274	-	200,176	-
Notes payable	-	-	58,252	26,335	-	-	84,587	-
Advances from other funds	-	-	-	4,500	-	-	4,500	-
Compensated absences payable	222	298	645	158	320	-	1,643	15,034
Lease liability	-	-	-	4,648	-	-	4,648	1,236
Other postemployment benefits	864	1,703	2,437	661	1,705	-	7,370	3,525
Net pension liability	6,485	12,612	22,760	6,298	12,452	-	60,607	33,747
Unpaid claims payable	-	-	-	-	-	-	-	109,181
Total long-term liabilities	<u>55,281</u>	<u>45,921</u>	<u>157,285</u>	<u>70,293</u>	<u>34,751</u>	<u>-</u>	<u>363,531</u>	<u>162,723</u>
Total liabilities	<u>\$ 66,996</u>	<u>\$ 55,468</u>	<u>\$ 182,233</u>	<u>\$ 83,760</u>	<u>\$ 39,015</u>	<u>\$ 968</u>	<u>\$ 428,440</u>	<u>\$ 246,465</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred inflows - other postemployment benefits	\$ 10	\$ 19	\$ 27	\$ 7	\$ 19	\$ -	\$ 82	\$ 41
Deferred inflows - pensions	196	380	687	190	376	-	1,829	1,018
Total deferred inflows of resources	<u>\$ 206</u>	<u>\$ 399</u>	<u>\$ 714</u>	<u>\$ 197</u>	<u>\$ 395</u>	<u>\$ -</u>	<u>\$ 1,911</u>	<u>\$ 1,059</u>
<b>NET POSITION</b>								
Net investment in capital assets	\$ 139,014	\$ 357,413	\$ 313,418	\$ 189,276	\$ 28,806	\$ 3,848	\$ 1,031,775	\$ 129,349
Restricted - debt service	-	-	-	-	-	24,811	24,811	-
Unrestricted	22,336	22,636	23,189	(10,264)	16,266	(2,655)	71,508	(46,507)
Total net position	<u>\$ 161,350</u>	<u>\$ 380,049</u>	<u>\$ 336,607</u>	<u>\$ 179,012</u>	<u>\$ 45,072</u>	<u>\$ 26,004</u>	<u>\$ 1,128,094</u>	<u>\$ 82,842</u>
Net position - total enterprise funds							\$ 1,128,094	
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.							(40,212)	
Net position of business-type activities							<u>\$ 1,087,882</u>	

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

**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	Business-type Activities - Enterprise Funds						Total	Governmental
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Internal Service Funds
Operating revenues:								
Taxes	\$ -	\$ -	\$ -	\$ 339	\$ -	\$ -	\$ 339	\$ -
Licenses and permits	-	-	94	602	-	-	696	-
Intergovernmental revenues	-	1,506	-	-	9	-	1,515	134
Charges for services and sales	93,953	44,967	86,702	53,312	42,436	251	321,621	191,866
Special assessments	1,902	531	1,358	-	1,185	-	4,976	-
Investment earnings	-	-	-	-	-	-	-	-
Rents and commissions	-	-	-	54	-	16,202	16,256	31,294
<b>Total operating revenues</b>	<b>95,855</b>	<b>47,004</b>	<b>88,154</b>	<b>54,307</b>	<b>43,630</b>	<b>16,453</b>	<b>345,403</b>	<b>223,294</b>
Operating expenses:								
Personnel costs	5,637	10,193	21,787	6,433	13,204	142	57,396	52,819
Contractual services	23,154	14,305	22,695	33,311	25,317	725	119,507	139,704
Materials, supplies, services and other	47,941	4,266	11,881	2,718	2,257	16,121	85,184	18,645
Depreciation and amortization	3,262	5,014	14,892	7,794	2,590	-	33,552	15,679
<b>Total operating expenses</b>	<b>79,994</b>	<b>33,778</b>	<b>71,255</b>	<b>50,256</b>	<b>43,368</b>	<b>16,988</b>	<b>295,639</b>	<b>226,847</b>
<b>Operating income (loss)</b>	<b>15,861</b>	<b>13,226</b>	<b>16,899</b>	<b>4,051</b>	<b>262</b>	<b>(535)</b>	<b>49,764</b>	<b>(3,553)</b>
Nonoperating revenues (expenses):								
Intergovernmental	35	1,369	122	34	1,573	-	3,133	180
Investment earnings	-	-	-	-	-	(348)	(348)	-
Interest expense	(1,081)	(675)	(2,770)	(1,199)	(691)	-	(6,416)	-
Special assessments	-	-	559	-	-	-	559	-
Other expenses	-	-	-	-	-	-	-	-
Other revenues	-	-	158	17	-	-	175	5,821
<b>Total nonoperating revenues (expenses)</b>	<b>(1,046)</b>	<b>694</b>	<b>(1,931)</b>	<b>(1,148)</b>	<b>882</b>	<b>(348)</b>	<b>(2,897)</b>	<b>6,001</b>
<b>Income (loss) before transfers</b>	<b>14,815</b>	<b>13,920</b>	<b>14,968</b>	<b>2,903</b>	<b>1,144</b>	<b>(883)</b>	<b>46,867</b>	<b>2,448</b>
Transfers in (out):								
Transfers from other funds	-	-	1,058	1,175	4,424	-	6,657	25,593
Transfers to other funds	(1,017)	(1,687)	-	(6,546)	-	-	(9,250)	(2,920)
<b>Total transfers</b>	<b>(1,017)</b>	<b>(1,687)</b>	<b>1,058</b>	<b>(5,371)</b>	<b>4,424</b>	<b>-</b>	<b>(2,593)</b>	<b>22,673</b>
<b>Change in net position</b>	<b>13,798</b>	<b>12,233</b>	<b>16,026</b>	<b>(2,468)</b>	<b>5,568</b>	<b>(883)</b>	<b>44,274</b>	<b>25,121</b>
<b>Net position - January 1</b>	<b>147,552</b>	<b>367,816</b>	<b>320,581</b>	<b>181,480</b>	<b>39,504</b>	<b>26,887</b>	<b>1,083,820</b>	<b>57,721</b>
<b>Net position - December 31</b>	<b>\$ 161,350</b>	<b>\$ 380,049</b>	<b>\$ 336,607</b>	<b>\$ 179,012</b>	<b>\$ 45,072</b>	<b>\$ 26,004</b>	<b>\$ 1,128,094</b>	<b>\$ 82,842</b>

Change in net position - total enterprise funds \$ 44,274

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities. (1,914)

Change in net position of business-type activities \$ 42,360

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

PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended December 31, 2022

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Internal Service Funds
<b>Cash flows from operating activities:</b>								
Cash received from customers	\$ 94,843	\$ 45,767	\$ 86,890	\$ 54,194	\$ 43,164	\$ 15,948	\$ 340,806	\$ 8,680
Intergovernmental receipts	-	1,696	-	-	9	-	1,705	-
Cash received from interfund activities	10	-	242	218	10	-	480	220,663
Payments to suppliers	(65,438)	(12,250)	(21,005)	(28,355)	(20,187)	(16,224)	(163,459)	(164,180)
Payments to employees	(8,628)	(10,494)	(22,038)	(6,357)	(13,568)	(139)	(61,224)	(56,319)
Payments for interfund activities	(5,839)	(6,167)	(15,876)	(6,381)	(7,902)	-	(42,165)	(10,617)
Other nonoperating revenues	-	-	158	17	-	-	175	5,821
Net cash provided (used) by operating activities	14,948	18,552	28,371	13,336	1,526	(415)	76,318	4,048
<b>Cash flows from non-capital financing activities:</b>								
Transfers from other funds	-	-	1,058	1,175	4,424	-	6,657	25,593
Transfers to other funds	(1,017)	(1,687)	-	(6,546)	-	-	(9,250)	(2,920)
Intergovernmental receipts	35	1,369	122	34	1,573	-	3,133	180
Net cash provided (used) by non-capital financing activities	(982)	(318)	1,180	(5,337)	5,997	-	540	22,853
<b>Cash Flows from capital and related financing activities:</b>								
Bonds issued	11,774	26,090	18,011	-	-	-	55,875	-
Notes issued	-	-	3,489	-	-	-	3,489	-
Principal paid on bonds	(9,505)	(3,670)	(7,020)	(5,045)	(4,310)	-	(29,550)	-
Interest paid on bonds	(1,684)	(779)	(2,135)	(1,002)	(998)	-	(6,598)	-
Principal paid on notes	-	-	(10,295)	(290)	-	-	(10,585)	-
Interest paid on notes	-	-	(1,410)	(342)	-	-	(1,752)	-
Advance from other funds	-	-	-	(1,000)	-	-	(1,000)	-
Interest paid on advance from other funds	-	-	-	(175)	-	-	(175)	-
Special assessments	-	-	558	543	-	-	1,101	-
Acquisition and construction of capital assets	(13,156)	(30,188)	(29,456)	(1,867)	(1,749)	-	(76,416)	(16,085)
Bond issuance costs	(74)	(160)	-	-	-	-	(234)	-
Net cash provided (used) by capital and related financing activities	(12,645)	(8,707)	(28,258)	(9,178)	(7,057)	-	(65,845)	(16,085)
<b>Cash flows from investing activities:</b>								
Purchase of investments	-	-	-	-	-	(9,335)	(9,335)	-
Sale of investments	-	-	-	-	-	10,154	10,154	-
Interest	-	-	-	-	-	(404)	(404)	-
Net cash provided (used) by investing activities	-	-	-	-	-	415	415	-
Net increase (decrease) in cash and cash equivalents	1,321	9,527	1,293	(1,179)	466	-	11,428	10,816
Cash and cash equivalents, beginning of year	16,581	33,475	45,185	1,233	23,256	-	119,730	166,787
Cash and cash equivalents, end of year	\$ 17,902	\$ 43,002	\$ 46,478	\$ 54	\$ 23,722	\$ -	\$ 131,158	\$ 177,603
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>								
Operating income (loss)	\$ 15,861	\$ 13,226	\$ 16,899	\$ 4,051	\$ 262	\$ (535)	\$ 49,764	\$ (3,553)
Adjustment to reconcile change in net position to net cash provided (used) by operating activities:								
Depreciation and amortization	3,262	5,014	14,892	7,794	2,590	-	33,552	15,679
Accounts receivable	51	153	(1,045)	(474)	(188)	-	(1,503)	125
Intergovernmental receivable	-	190	-	503	-	-	693	-
Special assessments receivable	(1,051)	117	(17)	-	(258)	-	(1,209)	-
Inventories	-	-	(1,739)	-	(21)	-	(1,760)	(906)
Prepaid items	(113)	(6)	-	-	-	-	(119)	2,013
Deferred outflows - other postemployment benefits	34	45	63	19	79	-	240	210
Deferred outflows - pensions	662	1,008	2,030	411	1,223	-	5,334	4,494
Salaries payable	10	(24)	63	14	90	4	157	(65)
Accounts payable	(2,544)	444	472	1,288	419	697	776	(1,122)
Interest Payable	-	-	-	-	-	(76)	(76)	-
Intergovernmental payable	-	-	(5)	6	(223)	-	(222)	(2)
Deposits held for others	-	-	40	-	-	(300)	(260)	-
Unearned revenue	-	-	-	76	-	(205)	(129)	(224)
Compensated absences payable	161	(81)	146	54	85	-	365	2,117
Other postemployment benefits	(18)	61	95	19	(87)	-	70	(384)
Net pension liability	1,580	3,721	6,224	2,074	3,144	-	16,743	5,774
Unpaid claims payable	-	-	-	-	-	-	-	(11,615)
Medical claims payable	-	-	-	-	-	-	-	2,589
Deferred inflows - other postemployment benefits	(3)	(5)	(7)	(2)	(7)	-	(24)	(18)
Deferred inflows - pensions	(2,944)	(5,311)	(9,898)	(2,514)	(5,582)	-	(26,249)	(16,885)
Other nonoperating revenues	-	-	158	17	-	-	175	5,821
Net cash provided (used) by operating activities	\$ 14,948	\$ 18,552	\$ 28,371	\$ 13,336	\$ 1,526	\$ (415)	\$ 76,318	\$ 4,048
<b>Non-cash investing, capital and financing activities:</b>								
Increase (decrease) in the value of investments reported at fair value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (573)	\$ (573)	\$ -
Capital assets purchased on account	749	2,257	1,392	-	-	-	4,398	-

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

**CUSTODIAL FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

		<u>Total Custodial Funds</u>
	<b><u>ASSETS</u></b>	
Cash and cash equivalents		\$ 2,059
Receivables:		
Accounts - net		5
Accrued interest		7
Prepaid items		<u>2</u>
Total assets		<u>\$ 2,073</u>
	<b><u>LIABILITIES</u></b>	
Salaries payable		\$ 14
Accounts payable		1
Unearned revenue		<u>1,312</u>
Total liabilities		<u>\$ 1,327</u>
	<b><u>NET POSITION</u></b>	
Restricted for:		
Other governments		<u>\$ 746</u>

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

**CUSTODIAL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	<u>Total Custodial Funds</u>
<b><u>ADDITIONS</u></b>	
Intergovernmental revenues	\$ 1,728
Development fees	95
Investment earnings	(65)
Miscellaeneous revenues	<u>115</u>
Total additions	<u>1,873</u>
<b><u>DEDUCTIONS</u></b>	
General government	2,095
Legal services	<u>70</u>
Total deductions	<u>2,165</u>
Net increase (decrease) in fiduciary net position	(292)
Net Position - January 1	<u>1,038</u>
Net Position - December 31	<u>\$ 746</u>

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

**COMBINING STATEMENT OF NET POSITION  
DISCRETE COMPONENT UNITS  
December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	<b>Minneapolis Park and Recreation Board</b>	<b>Municipal Building Commission</b>	<b>Meet Minneapolis</b>	<b>Total Discrete Component Units</b>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 74,292	\$ 1,859	\$ 3,841	\$ 79,992
Receivables	8,074	-	1,609	9,683
Due from other governmental agencies	-	2,189	-	2,189
Prepays and other assets	159	-	963	1,122
Inventories	78	-	-	78
Capital assets:				
Nondepreciable/nonamortizable	158,239	45,769	-	204,008
Depreciable/amortizable, net	249,517	2,767	4,276	256,560
<b>Total assets</b>	<b>\$ 490,359</b>	<b>\$ 52,584</b>	<b>\$ 10,689</b>	<b>\$ 553,632</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>				
Deferred outflows - other postemployment benefits	\$ 175	\$ 160	\$ -	\$ 335
Deferred outflows - pensions	24,944	999	-	25,943
<b>Total deferred outflows of resources</b>	<b>\$ 25,119</b>	<b>\$ 1,159</b>	<b>\$ -</b>	<b>\$ 26,278</b>
<b><u>LIABILITIES</u></b>				
Accrued salaries and benefits	\$ 2,388	\$ 181	\$ 948	\$ 3,517
Accounts payable	6,054	440	29	6,523
Deposits held for others	244	12	-	256
Unpaid claims payable	-	-	-	-
Unearned revenue	-	-	599	599
Compensated absences:				
Due within one year	3,351	193	-	3,544
Due beyond one year	988	36	-	1,024
Long-term liabilities:				
Due within one year	-	-	402	402
Due beyond one year	5,590	-	3,617	9,207
Other postemployment benefits	868	917	-	1,785
Net pension liability	76,817	4,916	-	81,733
<b>Total liabilities</b>	<b>\$ 96,300</b>	<b>\$ 6,695</b>	<b>\$ 5,595</b>	<b>\$ 108,590</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Deferred inflows - service concession arrangement	\$ 3,738	\$ -	\$ -	\$ 3,738
Deferred inflows - other postemployment benefits	10	5	-	15
Deferred inflows - pensions	1,337	62	-	1,399
<b>Total deferred inflows of resources</b>	<b>\$ 5,085</b>	<b>\$ 67</b>	<b>\$ -</b>	<b>\$ 5,152</b>
<b><u>NET POSITION</u></b>				
Net investment in capital assets	\$ 404,866	\$ 48,536	\$ 1,524	\$ 454,926
Restricted:				
Capital improvements	5,046	-	-	5,046
Project and grant programs	27,642	-	-	27,642
Special trust	196	-	-	196
Special reserves	6,607	-	-	6,607
Donor restrictions	-	-	230	230
Unrestricted	(30,264)	(1,555)	3,340	(28,479)
<b>Total net position</b>	<b>\$ 414,093</b>	<b>\$ 46,981</b>	<b>\$ 5,094</b>	<b>\$ 466,168</b>

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

**COMBINING STATEMENT OF ACTIVITIES  
DISCRETE COMPONENT UNITS  
For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS , MINNESOTA**

**(In Thousands)**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Minneapolis Park and Recreation Board	Municipal Building Commission	Meet Minneapolis	Total Discrete Component Units
<b>FUNCTIONS/PROGRAMS</b>								
Minneapolis Park and Recreation Board	\$ 148,791	\$ 31,585	\$ 3,967	\$ 22,153	\$ (91,086)	\$ -	\$ -	\$ (91,086)
Municipal Building Commission	9,445	12,096	-	1,052	-	3,703	-	3,703
Meet Minneapolis	14,407	12,128	512	-	-	-	(1,767)	(1,767)
Total discrete component unit activities	<u>\$ 172,643</u>	<u>\$ 55,809</u>	<u>\$ 4,479</u>	<u>\$ 23,205</u>	<u>(91,086)</u>	<u>3,703</u>	<u>(1,767)</u>	<u>(89,150)</u>
General Revenues:								
Taxes:								
General property tax and fiscal disparities					73,790	-	-	73,790
Property tax increment					55	-	-	55
Museum (county-wide levy)					16,710	-	-	16,710
Local government aid - unrestricted					9,233	-	-	9,233
Grants and contributions not restricted to specific programs					465	27	-	492
Unrestricted interest and investment earnings					(730)	-	-	(730)
Other					-	-	176	176
Gain on sale of capital assets					410	-	-	410
Total general revenues					<u>99,933</u>	<u>27</u>	<u>176</u>	<u>100,136</u>
Change in net position					8,847	3,730	(1,591)	10,986
Net position - January 1					<u>405,246</u>	<u>43,251</u>	<u>6,685</u>	<u>455,182</u>
Net position - December 31					<u>\$ 414,093</u>	<u>\$ 46,981</u>	<u>\$ 5,094</u>	<u>\$ 466,168</u>

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

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

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

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

**A – Reporting Entity**

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

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

**Blended Component Unit**

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

**▪ Board of Estimate and Taxation**

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

**Discretely Presented Component Units**

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

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

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

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

**▪ Municipal Building Commission**

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

**▪ Meet Minneapolis**

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

**Related Organizations**

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

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

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

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

**▪ Minneapolis Public Housing Authority**

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

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

**Joint Ventures**

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

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

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

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

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

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

**▪ Minneapolis Youth Coordinating Board**

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

**▪ Metropolitan Emergency Services Board**

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

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

**▪ Mississippi Watershed Management Organization**

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

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

**A – Reporting Entity**

**Joint Ventures (continued)**

▪ **Shingle Creek Watershed Management Commission**

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

▪ **Bassett Creek Watershed Management Commission**

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

**This Section Left Blank Intentionally**

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

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

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

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

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

**Fund Financial Statements**

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

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

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

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

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

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

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

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

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

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

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

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

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

The City reports the following major governmental funds:

**▪ General Fund**

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

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

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

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

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

**▪ HUD Consolidated Plan**

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

**▪ Capital Project Fund – Permanent Improvement**

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

**▪ Debt Service Fund – Special Assessment**

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

**Proprietary Funds**

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

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

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

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

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

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

**Enterprise Funds**

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

The City reports the following major enterprise funds:

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

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

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

**Non-Major Funds**

The City reports the following non-major governmental funds:

**Special Revenue Funds:**

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

**Debt Service Funds:**

- Community Development Agency
- Development
- General Debt Service

Additionally, the City reports the following fund types:

▪ **Internal Service Funds**

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

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

▪ **Custodial Funds**

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

- Minneapolis Youth Coordinating Board
- Joint Board

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

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

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

The 2021 process for the 2022 budget involved the following:

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

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

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

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

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

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

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

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

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

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

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****C – Budgets (continued)****June – August***Mayor's Recommended Budget*

The 2022 Mayor's Recommended Budget will be based on program proposals submitted by departments. These program proposals are reviewed and discussed by the submitting department, the Mayor's Office, and staff from the Coordinator's Office and Finance and Property Services for priority-setting. In addition to reviewing operating budgets, the Mayor meets with representatives from CLIC before finalizing the capital budget recommendation. By City Charter, the Mayor must make recommendations to the City Council on the budget no later than August 15 of each year.

**September***Maximum Proposed Property Tax Levy*

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

**September – November***City Council Budget Review and Development*

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

*Truth in Taxation*

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

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

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

**C – Budgets (continued)**

**December**

*City Council Budget Adoption*

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

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

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

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

	<b>Expenditure Budget at Beginning of Year</b>	<b>Changes During Year</b>	<b>Expenditure Budget at End of Year</b>
General	\$ 530,750	\$ 24,286	\$ 555,036
CPED Special Revenue	46,971	86,124	133,095
Grants – Federal Special Revenue	21,829	128,095	149,924
HUD Consolidated Plan Special Revenue	18,425	15,661	34,086
Arena Reserve Special Revenue	7,120	1,183	8,303
Convention Center Special Revenue	45,037	3,045	48,082
Grants – Other Special Revenue	10,041	23,245	33,286
Police	1,230	514	1,744
Regulatory Services	-	3,315	3,315
Total	<u>\$ 681,403</u>	<u>\$ 285,468</u>	<u>\$ 966,871</u>

**This Section Left Blank Intentionally**

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

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

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

**E – Deposits and Investments**

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

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

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

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

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

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

**G – Receivables**

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

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

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

**G – Receivables (continued)**

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

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

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

**H – Capital Assets**

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

The estimated useful lives are as follows:

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

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

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

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

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

**J – Pensions**

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

**K – Interfund Transactions**

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

**L – Properties Held for Resale**

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

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

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

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

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

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

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

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

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

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

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

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. In the Self-Insurance internal service fund, a change in estimate related to the preparation of actuarially determined liabilities resulted in a negative amount for the materials category of expense. Claims liability decreased because of changes in actuarial estimates which resulted in a large reduction of expense recognized in the current period. The magnitude of the expense reduction resulted in a net negative expense in the materials category.

**P – Stewardship, Accountability and Compliance**

The Internal Service Self-Insurance Fund has a deficit fund balance of \$61,860. Actuarially determined values are in two categories. One relates to pending and anticipated litigation against the City, and the other is projected workers' compensation settlement costs. The City is monitoring and managing fund inflows to ensure sufficient resources to pay liabilities as they come due.

**Q – Change in Accounting Principle**

During the year ended December 31, 2022, the City adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statements number 87 and 91. GASB Statement 87 *Leases* prescribed a new approach to accounting for lease agreements both as lessee and lessor. Whereas the City previously recorded operating leases as an expense of the current period and capital leases as a form of long-term asset, the new guidance created one standard approach for lease accounting. GASB 87 removed the distinction between operating and capital leases and requires all leases meeting the definition provided in the standard be accounted for the same way. Note 4, Note 5, and Note 8 to the financial statements detail the types of lease transactions the City enters and provides schedules of beginning and ending balances as well as current year activity for the major lease classes reported.

GASB Statement 91 *Conduit Debt Obligations* altered the way the City accounts for certain debt obligations defined as conduit debt. The change in accounting principle standardized the approach to accounting and reporting for these transactions by requiring them to be removed from the face of the financial statements if they meet certain criteria. This change primarily impacted the CPED Enterprise Fund as that fund previously reported a capital lease obligation and offsetting debt obligation for activities that are defined as conduit debt. Beginning with the financial statements dated December 31, 2022, the asset and liability associated with these agreements is no longer on the face of the City's financial statements.

**This section left blank intentionally**

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**A – Deposits**

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

Deposits and investments:	
Deposits, per book	\$ 7,820
Investments	1,224,170
Imprest cash held by City	<u>12</u>
Total	<u>\$ 1,232,002</u>
Primary Government:	
Cash and pooled investments	\$ 1,123,956
Cash and pooled investments in custodial funds	2,059
Investments with trustees	<u>25,995</u>
Total primary government	<u>\$ 1,152,010</u>
Discretely Presented Component Units:	
Park and Recreation Board:	
Cash and pooled investments	<u>74,292</u>
Municipal Building Commission:	
Cash and pooled investments	<u>1,859</u>
Meet Minneapolis:	
Cash and pooled investments	<u>3,841</u>
Total discretely presented component units	<u>\$ 79,992</u>
Total reporting entity	<u>\$ 1,232,002</u>

The City has executed a Depository Pledge Agreement with its depository bank. The depository bank pledges to secure the deposited funds, to the extent not insured by the Federal Deposit Insurance Corporation (“FDIC”), by pledging securities of any type permitted by the provisions of Chapter 118A of the Minnesota Statutes, which are eligible to be held in a Securities Account at the Federal Reserve Bank. The bank balances at the City’s designated depository as of December 31, 2022, totaled \$6,080. The City also had bank deposits in two other banks through the investment program totaling \$4.

Reconciliation of bank cash balances to book cash balance:	
Bank balance, per December 31, 2022 bank statement	\$ 6,084
Reconciling items and outstanding checks	<u>1,736</u>
Deposits, per book	<u>\$ 7,820</u>

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

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

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may be delayed or not be returned. The City's policy is to have its designated depositories comply with Minnesota Statutes Chapter 118A to pledge allowable securities or a letter of credit (LOC) from the Federal Home Loan Bank (FHLB) to collateralize the City's deposits. At December 31, 2022, the City was not exposed to custodial credit risk since all deposits are either FDIC insured (where applicable) or are collateralized through securities pledged to the City of Minneapolis by the financial institution and held in safekeeping at the Federal Reserve Bank at 110% of deposit value or collateralized by a FHLB LOC.

**B – Investments**

In accordance with Minnesota Statutes 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 requirements of Minnesota Statutes Chapter 118A.

As of December 31, 2022, 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.

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**B – Investments (continued)**

The following table presents the City of Minneapolis’ investment balances (excluding accrued earnings) at December 31, 2022, and information relating to interest rate risks:

Investment Type	Average Maturity (Years)	(Fair) Value
U.S. Treasury obligations	2.8	\$ 832,747
U.S. Federal agency obligations	1.3	123,420
U.S. Mortgage obligations	20.0	126,566
Municipal bonds	2.6	62,948
Money market mutual funds	-	78,487
4M Fund	-	2
Portfolio weighted average maturity	4.2	
Total investments		\$ 1,224,170
Deposits per book		7,820
Imprest cash		12
Total cash and investments		\$ 1,232,002

*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 which is rated "AA" or better by a national bond rating service;
- (3) a general obligation of the Minnesota housing finance agency which is a moral obligation of the state of Minnesota and is rated "A" or better by a national bond rating agency; and

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**B – Investments (continued)**

(4) any security which is an obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to section 126C.55.

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

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

At December 31, 2022, the City's investments were rated by Standard & Poor's and Moody's as follows:

<u>Investment Type</u>	<u>Standard &amp; Poor's Rating</u>		<u>Moody's Rating</u>	
U.S. Treasury obligations	AA+	\$ 832,747	Aaa	\$ 832,747
U.S. Federal agency obligations	AAA	\$ -	Aaa	\$ 123,420
	AA+	123,420	Aa1	-
Total U.S. Federal agency obligations		<u>\$ 123,420</u>		<u>\$ 123,420</u>
U.S. Mortgage obligations	AAA	\$ -	Aaa	\$ 124,859
	AA+	124,859	Aa1	-
	Not Available	1,707	Not Available	1,707
Total U.S. Mortgage obligations		<u>\$ 126,566</u>		<u>\$ 126,566</u>
Municipal bonds	AAA	\$ 22,150	Aaa	\$ 17,586
	AA+	10,629	Aa1	12,960
	AA	14,213	Aa2	12,462
	AA-	3,028	Aa3	6,854
	A+	656	A1	-
	A	-	A2	192
	Not Available	12,272	Not Available	12,894
Total Municipal bonds		<u>\$ 62,948</u>		<u>\$ 62,948</u>
4M Fund	Not Available	\$ 2	Not Available	\$ 2
Mutual funds	AAAm	\$ 78,487	Aaa-mf	\$ 78,487
Total		<u>\$ 1,224,170</u>		<u>\$ 1,224,170</u>

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

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

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy is to comply with Minnesota Statutes Chapter 118A and use a third-party financial institution for safekeeping of securities which mitigates custodial credit risk. The City's investments were not exposed to custodial credit risk at December 31, 2022.

*Concentration of Credit Risk*

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

*Fair Value Measurement*

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

**This section left blank intentionally**

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**B – Investments (continued)**

At December 31, 2022 the City had the following recurring fair value measurements:

	December 31, 2022	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by fair value level</b>				
Debt securities:				
U.S. Treasury securities	\$ 832,747	\$ -	\$ 832,747	\$ -
U.S. Federal agency obligations	123,420	-	123,420	-
U.S. Mortgage obligations	126,566	-	126,566	-
Municipal bonds	62,948	-	62,948	-
Total investments by fair value level	\$ 1,145,681	\$ -	\$ 1,145,681	\$ -
<b>Investments measured at net asset value (NAV)</b>				
Government money market mutual funds	\$ 78,487			
4M Fund	<u>2</u>			
Total investments measured at NAV	\$ 78,489			
Total investments measured at fair value and NAV	<u>\$ 1,224,170</u>			

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

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

The City also holds \$78,487 in Government money market mutual funds. The fair value of the investment is the fair value per share of the underlying portfolio. The City may redeem these funds at any time and for any use the City has designated. The City invests in these funds in order to have a rate of return on cash that is currently “in between” investments. The City also had \$2 in the Minnesota Municipal Money Market Fund (4M Fund) which is a local government investment pool.

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 3 – RECEIVABLES**

**A – Receivables Detail**

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

Governmental Activities	Community Planning and Economic Development		Grants- Federal	HUD Consolidated Plan		Permanent Improvement	Special Assessment	Non-Major Governmental Funds	Internal Service Funds	Total Governmental
	General Fund									
Accounts	\$ 6,380	\$ 137	\$ 18	\$ 29	\$ 1,453	\$ -	\$ 1,787	\$ 137	\$ 9,941	
Taxes	2,245	557	-	-	51	-	850	-	3,703	
Special assessments	694	2,990	-	-	1,443	75,317	48	-	80,492	
Intergovernmental	1,409	-	5,622	22	9,330	-	16,149	-	32,532	
Loans	-	170,725	1,051	201,361	-	-	-	-	373,137	
Leases	-	-	-	-	-	-	21,020	-	21,020	
Accrued interest	1,628	575	481	-	318	54	386	-	3,442	
Gross receivables	12,356	174,984	7,172	201,412	12,595	75,371	40,240	137	524,267	
Less:										
Allowance for uncollectibles	(355)	(128,549)	(525)	(154,660)	(53)	-	(48)	(8)	(284,198)	
Total receivables (due within one year)	<u>\$12,001</u>	<u>\$ 46,435</u>	<u>\$ 6,647</u>	<u>\$ 46,752</u>	<u>\$ 12,542</u>	<u>\$ 75,371</u>	<u>\$ 40,192</u>	<u>\$ 129</u>	<u>\$ 240,069</u>	

Business-type Activities	Sanitary		Water Treatment and Distribution Services		Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development	Total Business-type
	Sewer	Stormwater						
Accounts	\$ 7,815	\$ 4,638	\$ 7,292	\$ 1,291	\$ 5,248	\$ -	\$ 26,284	
Special assessments	2,398	628	3,670	2,173	1,275	-	10,144	
Intergovernmental	-	254	-	2,214	2	-	2,470	
Accrued interest	-	-	-	-	-	212	212	
Gross receivables	10,213	5,520	10,962	5,678	6,525	212	39,110	
Less:								
Allowance for uncollectibles	-	-	(50)	(150)	-	-	(200)	
Total receivables (due within one year)	<u>\$10,213</u>	<u>\$ 5,520</u>	<u>\$ 10,912</u>	<u>\$ 5,528</u>	<u>\$ 6,525</u>	<u>\$ 212</u>	<u>\$ 38,910</u>	

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 4 – CAPITAL ASSETS****A – Current Year Activity**

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance January 1, 2022	Restatement	January 1, 2022 Restated	Additions	Retirements	Balance December 31, 2022
<b>Governmental activities</b>						
<i>Capital assets, not being depreciated</i>						
Land and easements	\$ 114,788	\$ -	\$ 114,788	\$ -	\$ -	\$ 114,788
Construction in progress	526,019	-	526,019	118,772	(76,649)	568,142
Total capital assets, not being depreciated	<u>640,807</u>	<u>-</u>	<u>640,807</u>	<u>118,772</u>	<u>(76,649)</u>	<u>682,930</u>
<i>Capital assets, being depreciated</i>						
Infrastructure	1,246,973	-	1,246,973	-	-	1,246,973
Buildings and structures	793,858	-	793,858	5,841	(1)	799,698
Public improvements	37,414	-	37,414	66,083	-	103,497
Equipment, other capital outlay	-	220,958	220,958	14,658	(9,411)	226,205
Machinery and equipment	185,237	(185,237)	-	-	-	-
Computer equipment	35,685	(35,685)	-	-	-	-
Software	67,371	-	67,371	-	(838)	66,533
Other capital outlay	36	(36)	-	-	-	-
Total capital assets, being depreciated	<u>2,366,574</u>	<u>-</u>	<u>2,366,574</u>	<u>86,582</u>	<u>(10,250)</u>	<u>2,442,906</u>
Less accumulated depreciation for:						
Infrastructure	(646,491)	-	(646,491)	(37,813)	-	(684,304)
Buildings and structures	(311,862)	-	(311,862)	(20,366)	1	(332,227)
Public improvements	(17,516)	-	(17,516)	(4,551)	-	(22,067)
Equipment, other capital outlay	-	(157,248)	(157,248)	(12,958)	9,411	(160,795)
Machinery and equipment	(124,034)	124,034	-	-	-	-
Computer equipment	(33,178)	33,178	-	-	-	-
Software	(59,042)	-	(59,042)	(1,957)	838	(60,161)
Other capital outlay	(36)	36	-	-	-	-
Total accumulated depreciation	<u>(1,192,159)</u>	<u>-</u>	<u>(1,192,159)</u>	<u>(77,645)</u>	<u>10,250</u>	<u>(1,259,554)</u>
Total capital assets, being depreciated, net	<u>1,174,415</u>	<u>-</u>	<u>1,174,415</u>	<u>8,937</u>	<u>-</u>	<u>1,183,352</u>

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 4 – CAPITAL ASSETS**

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

Lease activity for the year ended December 31, 2022 was as follows:

	Balance January 1, 2022	Restatement	January 1, 2022 Restated	Additions	Retirements	Balance December 31, 2022
<i>Leased assets amortized</i>						
Land improvements	\$ -	\$ 11	\$ 11	\$ -	\$ -	\$ 11
Buildings	-	2,572	2,572	259	-	2,831
Equipment	-	2,042	2,042	-	-	2,042
Total leased assets	<u>\$ -</u>	<u>\$ 4,625</u>	<u>\$ 4,625</u>	<u>\$ 259</u>	<u>\$ -</u>	<u>\$ 4,884</u>
Less accumulated amortization for:						
Land improvements	\$ -	\$ -	\$ -	\$ (4)	\$ -	\$ (4)
Buildings	-	-	-	(520)	-	(520)
Equipment	-	-	-	(512)	-	(512)
Total accumulated amortization	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,036)</u>	<u>\$ -</u>	<u>\$ (1,036)</u>
Governmental activities leased assets, net	<u>\$ -</u>	<u>\$ 4,625</u>	<u>\$ 4,625</u>	<u>\$ (777)</u>	<u>\$ -</u>	<u>\$ 3,848</u>
Governmental activities capital assets, net	<u><b>\$ 1,815,222</b></u>	<u><b>\$ 4,625</b></u>	<u><b>\$ 1,819,847</b></u>	<u><b>\$ 126,932</b></u>	<u><b>\$ (76,649)</b></u>	<u><b>\$ 1,870,130</b></u>

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

General government	\$ (16,332)
Public safety	(1,636)
Public works	(40,866)
Health and welfare	(20)
Community planning and economic development	<u>(19,827)</u>
Total depreciation and amortization expense - governmental functions	<u><b>\$ (78,681)</b></u>

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 4 – CAPITAL ASSETS**

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

	Balance January 1, 2022	Restatement	Balance January 1, 2022	Additions	Retirements	Balance December 31, 2022
<b>Business-type activities</b>						
<i>Capital assets, not being depreciated</i>						
Land and easements	\$ 130,321	\$ -	\$ 130,321	\$ -	\$ -	\$ 130,321
Construction in progress	134,368	-	134,368	70,942	(67,764)	137,546
Total capital assets, not being depreciated	<u>264,689</u>	<u>-</u>	<u>264,689</u>	<u>70,942</u>	<u>(67,764)</u>	<u>267,867</u>
<i>Capital assets, being depreciated</i>						
Buildings and structures	578,471	-	578,471	14,718	-	593,189
Public improvements	975,626	-	975,626	49,722	-	1,025,348
Equipment and other capital outlay	-	138,927	138,927	4,025	(350)	142,602
Machinery and equipment	133,523	(133,523)	-	-	-	-
Computer equipment	4,673	(4,673)	-	-	-	-
Software	2,881	-	2,881	-	(1)	2,880
Other capital outlay	731	(731)	-	-	-	-
Total capital assets, being depreciated	<u>1,695,905</u>	<u>-</u>	<u>1,695,905</u>	<u>68,465</u>	<u>(351)</u>	<u>1,764,019</u>
Less accumulated depreciation for:						
Buildings and structures	(284,897)	-	(284,897)	(11,971)	-	(296,868)
Public improvements	(317,240)	-	(317,240)	(13,003)	-	(330,243)
Equipment and other capital outlay	-	(58,524)	(58,524)	(8,064)	350	(66,238)
Machinery and equipment	(56,151)	56,151	-	-	-	-
Computer equipment	(2,076)	2,076	-	-	-	-
Software	(2,872)	-	(2,872)	(3)	-	(2,875)
Other capital outlay	(297)	297	-	-	-	-
Total accumulated depreciation	<u>(663,533)</u>	<u>-</u>	<u>(663,533)</u>	<u>(33,041)</u>	<u>350</u>	<u>(696,224)</u>
Total capital assets, being depreciated, net	<u>1,032,372</u>	<u>-</u>	<u>1,032,372</u>	<u>35,424</u>	<u>(1)</u>	<u>1,067,795</u>
Lease assets amortized						
Land		\$ 5,618	\$ 5,618	\$ -	\$ -	\$ 5,618
Less accumulated amortization for:						
Land	\$ -	\$ -	\$ -	\$ (511)	\$ -	\$ (511)
Business-type activities leased assets, net		<u>\$ 5,618</u>	<u>\$ 5,618</u>	<u>\$ (511)</u>	<u>\$ -</u>	<u>\$ 5,107</u>
Business-type activities capital assets, net	<u>\$ 1,297,061</u>	<u>\$ 5,618</u>	<u>\$ 1,302,679</u>	<u>\$ 105,855</u>	<u>\$ (67,765)</u>	<u>\$ 1,340,769</u>

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 4 – CAPITAL ASSETS**

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

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

Sanitary sewer	\$ 3,262
Stormwater	5,014
Water treatment and distribution services	14,892
Municipal parking	7,794
Solid waste and recycling	<u>2,590</u>
Total depreciation expense - business-type functions	<u>\$ 33,552</u>

**B - Capital Project Commitments**

For the year ended December 31, 2022, the City of Minneapolis made capital project commitments for the following:

Miscellaneous projects	\$ 1,022
Public grounds and facilities	7,600
Public works department	<u>175,219</u>
Total capital project commitments	<u>\$ 183,841</u>

**C – Discretely Presented Component Units**

Activity for the discretely presented component units for the year ended December 31, 2022, was as follows:

	<b>Balance</b>			<b>Balance</b>
<b><u>Minneapolis Park and Recreation Board</u></b>	<b><u>January 1, 2022</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>	<b><u>December 31, 2022</u></b>
Capital assets, not being depreciated	\$ 148,196	\$ 25,519	\$ (15,476)	\$ 158,239
Capital assets, being depreciated, net	249,716	207	(406)	249,517
	<u>\$ 397,912</u>	<u>\$ 25,726</u>	<u>\$ (15,882)</u>	<u>\$ 407,756</u>

Depreciation expense charged \$ 19,316

	<b>Balance</b>			<b>Balance</b>
<b><u>Municipal Building Commission</u></b>	<b><u>January 1, 2022</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>	<b><u>December 31, 2022</u></b>
Capital assets, not being depreciated	\$ 41,206	\$ 4,563	\$ -	\$ 45,769
Capital assets, being depreciated, net	3,459	(692)	-	2,767
	<u>\$ 44,665</u>	<u>\$ 3,871</u>	<u>\$ -</u>	<u>\$ 48,536</u>

Depreciation expense charged \$ 692

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 5 – LONG-TERM DEBT**

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

**Property Tax Supported General Obligation Bonds**

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

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

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

**General Obligation Improvement Bonds and Notes**

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

**Tax Increment General Obligation Bonds and Notes**

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

**Revenue Bonds and Notes**

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

**Sinking Fund Provisions**

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

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

**2022 Bond and Note Sales**

In 2022, the City of Minneapolis issued general obligation bonds and notes totaling \$125,034. Below are details of the 2022 debt issuances.

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

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

In September 2022, the City issued \$121,545 of General Obligation Bonds, Series 2022 to fund a variety of special assessment improvement projects, general infrastructure projects, sanitary and storm sewer projects, and water enterprise projects. The City received bond proceeds of \$121,861 including an original issue premium of \$7,923 offset by a \$607 underwriter's discount. The proceeds were used to reimburse design and construction costs of \$8,856 for special assessment projects related to street reconstruction and resurfacing and \$119,804 for a variety of other capital infrastructure and enterprise fund improvements. With the net premium received, the par amount of bonds required for the projects has been reduced to \$8,365 and \$113,180, respectively. \$200 of the proceeds not required for projects was used to pay cost of issuance expenses. The bonds were dated September 7, 2022 and were issued with fixed interest rates ranging from 3.375% to 5.00% and a final maturity date of December 1, 2041.

**Minnesota Public Facilities Authority Notes**

The City has entered into eight general obligation notes with the Minnesota Public Facilities Authority (PFA) to finance the City's drinking water ultra-filtration project, new filter presses project and a major rehabilitation of the Fridley water treatment plant. The notes are part of a federally sponsored below market financing program related to the Safe Drinking Water Act and the City saves up to 1.5% on interest costs by participating in the program. The City has received proceeds totaling \$158,401 on these notes in total and at December 31, 2022, the outstanding debt balance of the five remaining notes in this program is \$68,702 as of December 31, 2022. The interest rates range from 1.00% - 2.82% and the final maturity dates range from August 20, 2023, to August 20, 2035.

The most recently issued note was for \$27,300; it was issued on November 9, 2018, at a 1.47% interest rate with a final maturity of August 20, 2035. The note began funding expenses beginning in 2019; \$25,312 was drawn as of December 31, 2022.

**Lease Liability**

The City leases various assets and as such recognized a lease liability and an intangible right-to-use lease asset. For additional lease information, refer to Note 3 for lease receivables, Note 4 for leased assets, and Note 8 for basic lease information.

**Discrete Component Unit Debt**

The City issues debt on behalf of the Minneapolis Park & Recreation Board and the Municipal Building Commission. As of December 31, 2022, \$25,035 of the outstanding governmental debt is related to activities of these discretely presented component units and is reported within the debt balances of the primary government. The capital assets purchased with proceeds from debt issuances are held by the respective discrete component units and are reported with their capital assets on the Statement of Net Position.

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

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

Long-term liabilities on December 31, 2022 (in thousands) are detailed below.

	<u>Balance 1/1/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/2022</u>	<u>Amounts Due Within One Year</u>
<b>Governmental activities:</b>					
<u>Bonds and Notes</u>					
Property Tax Supported GO Bonds	\$ 280,275	\$ 61,740	\$ (58,370)	\$ 283,645	\$ 23,685
Self Supporting GO Bonds	153,240	-	(5,410)	147,830	5,635
GO Improvement Bonds	74,105	8,365	(10,275)	72,195	9,320
Tax Increment Revenue Bonds	14,500	-	(1,620)	12,880	1,690
Tax Increment Revenue Notes	1,785	-	(560)	1,225	595
Total Governmental Bonds and Notes	<u>\$ 523,905</u>	<u>\$ 70,105</u>	<u>\$ (76,235)</u>	<u>\$ 517,775</u>	<u>\$ 40,925</u>
<u>Other Long-term Liabilities</u>					
Unamortized Premium (Discount)	\$ 23,011	\$ 3,489	\$ (2,345)	\$ 24,155	\$ -
Lease liability	4,637	259	(1,013)	3,883	1,068
Total Long-term Liabilities Governmental	<u>\$ 551,553</u>	<u>\$ 73,853</u>	<u>\$ (79,593)</u>	<u>\$ 545,813</u>	<u>\$ 41,993</u>
<b>Business-type activities:</b>					
<u>Bonds and Notes</u>					
Sanitary Sewer Fund GO Bonds	\$ 51,610	\$ 10,840	\$ (9,505)	\$ 52,945	\$ 9,515
Stormwater Fund GO Bonds	13,035	24,020	(3,670)	33,385	4,980
Water Treatment and Distribution Services Fund GO Bonds	65,155	16,580	(7,020)	74,715	6,710
Water Treatment and Distribution Services Fund GO Notes	75,508	3,489	(10,295)	68,702	10,450
Municipal Parking Fund GO Bonds	38,075	-	(5,045)	33,030	7,125
Municipal Parking Fund GO Notes	26,915	-	(290)	26,625	290
Solid Waste and Recycling Fund GO Bonds	23,650	-	(4,310)	19,340	570
Total Business-type Bonds and Notes	<u>\$ 293,948</u>	<u>\$ 54,929</u>	<u>\$ (40,135)</u>	<u>\$ 308,742</u>	<u>\$ 39,640</u>
<u>Other Long-term Liabilities</u>					
Unamortized Premium (Discount)	\$ 13,560	\$ 4,435	\$ (2,334)	\$ 15,661	\$ -
Lease liability	5,619	-	(483)	5,136	488
Total Long-term Liabilities Business-type	<u>\$ 313,127</u>	<u>\$ 59,364</u>	<u>\$ (42,952)</u>	<u>\$ 329,539</u>	<u>\$ 40,128</u>

For the fiscal year ended December 31, 2022

(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, 2022, all annual debt service requirements for Governmental activities are as follows:

Year Ending December 31:	Governmental Activities				Total Governmental Activities	
	Bonds		Notes		Bonds & Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 40,330	\$ 17,648	\$ 595	\$ 24	\$ 40,925	\$ 17,672
2024	32,710	16,110	630	13	33,340	16,123
2025	58,560	14,835	-	-	58,560	14,835
2026	31,260	13,469	-	-	31,260	13,469
2026	34,685	12,362	-	-	34,685	12,362
2028 - 2032	112,735	47,802	-	-	112,735	47,802
2033 - 2037	80,665	30,907	-	-	80,665	30,907
2038 - 2042	75,615	16,935	-	-	75,615	16,935
2043 - 2046	49,990	3,945	-	-	49,990	3,945
	<u>\$ 516,550</u>	<u>\$ 174,013</u>	<u>\$ 1,225</u>	<u>\$ 37</u>	<u>\$ 517,775</u>	<u>\$ 174,050</u>

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

As of December 31, 2022, all annual debt service requirements for Business-type Activities are as follows:

Year Ending December 31:	Business-type Activities				Total Business-type Activities	
	Bonds		Notes		Bonds & Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 28,900	\$ 7,159	\$ 10,740	\$ 2,050	\$ 39,640	\$ 9,209
2024	25,970	6,236	7,180	1,809	33,150	8,045
2025	22,655	5,344	11,435	1,670	34,090	7,014
2026	23,310	4,518	11,885	1,434	35,195	5,952
2027	19,475	3,802	12,425	1,128	31,900	4,930
2028 - 2032	57,185	11,748	34,870	2,815	92,055	14,563
2033 - 2037	25,115	4,601	6,792	232	31,907	4,833
2038 - 2041	10,805	1,026	-	-	10,805	1,026
	<u>\$ 213,415</u>	<u>\$ 44,434</u>	<u>\$ 95,327</u>	<u>\$ 11,138</u>	<u>\$ 308,742</u>	<u>\$ 55,572</u>

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

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

As of December 31, 2022, outstanding industrial, commercial, and housing revenue bonds and notes approximated \$1,821,500. The bonds are payable solely from revenues of the respective enterprises and do not constitute an indebtedness of the City. They are not a charge against the City’s general credit or taxing power.

**NOTE 7 – 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 and related to leases where the City is the lessor.

Deferred Inflows of Resouces	General Fund	Community Planning and Economic Development	Grants- Federal	HUD Consolidated Plan	Permanent Improvement	Special Assessment	Non-Major Governmental Funds	Total Governmental
Unavailable Revenue								
Property taxes	\$1,210	\$ 557	\$ -	\$ -	\$ -	\$ -	\$ 390	\$ 2,157
Special assessments	579	8,088	-	-	1,433	75,649	13	85,762
Intergovernmental	-	-	-	-	9,045	-	-	9,045
Loans receivable	-	37,064	526	46,701	-	-	-	84,291
Leases	-	-	-	-	-	-	21,020	21,020
Total deferred inflows of resouces	<u>\$1,789</u>	<u>\$ 45,709</u>	<u>\$ 526</u>	<u>\$ 46,701</u>	<u>\$ 10,478</u>	<u>\$ 75,649</u>	<u>\$ 21,423</u>	<u>\$ 202,275</u>

This section intentionally left blank

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 8 – LEASES**

**A – Leases Receivable**

For the year ended 12/31/2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

The City of Minneapolis holds one lease agreement in which the City is a lessor. The City is the lessor for the Target Center, a mixed-use sports and entertainment facility. Currently, the City leases the facility to the Minnesota Timberwolves professional basketball team with annual lease payments through 2035. The City received \$1,351 of principal payments and \$231 of interest payments for a total of \$1,582 in 2022.

Principal and Interest Expected to Maturity

Year Ending December 31	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2023	\$ 1,376	\$ 237	\$ 1,613
2024	1,425	221	1,646
2025	1,475	204	1,679
2026	1,526	187	1,713
2027	1,578	169	1,747
2028 - 2032	8,720	550	9,270
2033 - 2035	4,920	75	4,995

**This section intentionally left blank**

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 8 – LEASES (continued)**

**B – Leases Payable**

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

Principal and Interest Requirements to Maturity

Year Ending December 31	Governmental Activities			Business-type Activities		
	Principal Payments	Interest Payments	Total Payments	Principal Payments	Interest Payments	Total Payments
2023	\$ 1,042	\$ 26	\$ 1,068	\$ 488	\$ 55	\$ 543
2024	991	20	1,011	493	50	543
2025	780	13	793	498	45	543
2026	376	9	385	504	39	543
2027	300	5	305	510	33	543
2028-2033	394	4	398	2,643	81	2,724

**This section intentionally left blank**

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 9 – INTERFUND TRANSACTIONS**

**Interfund Receivables/Payables**

The composition of interfund balances as of December 31, 2022 are as follows:

**Advances to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Non-Major Governmental Fund	Municipal Parking Fund	\$ 4,500
Non-Major Governmental Fund	Non-Major Governmental Fund	4,645
Special Assessment Debt Service Fund	Permanent Improvement Fund	30
	Total	<u>\$ 9,175</u>

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

**This Section Left Blank Intentionally**

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 9 – INTERFUND TRANSACTIONS (continued)**

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

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Total Transfers In</u>
<b>Governmental Funds:</b>		
General Fund	Municipal Parking Fund	\$ 1,400
	Stormwater Fund	110
	Grants - Federal	68,792
	Special Assessment Debt Service	15
	Non-major Governmental Funds	<u>11,136</u>
		<u>81,453</u>
CPED Special Revenue Fund	General Fund	13,045
	Non-major Governmental Funds	<u>1,931</u>
		<u>14,976</u>
Permanent Improvement Fund	General Fund	12,690
	Internal Service Funds	2,920
	Stormwater Fund	<u>1,577</u>
		<u>17,187</u>
Non-Major Governmental Funds	General Fund	1,404
	CPED Special Revenue Fund	10,601
	Permanent Improvement Fund	856
	Non-Major Governmental Funds	44,782
	Municipal Parking Fund	<u>5,000</u>
		<u>62,643</u>
	Total Governmental Funds	<u>\$ 176,259</u>

**This section intentionally left blank**

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 9 – INTERFUND TRANSACTIONS**

**Transfers (continued)**

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Total Transfers In</u>
<b>Proprietary Funds:</b>		
<b>Business-type Activities</b>		
Water Treatment and Distribution Services Fund	General Fund	\$ 41
	Sanitary Sewer Fund	<u>1,017</u>
		<u>1,058</u>
Municipal Parking Fund	CPED Special Revenue Fund	<u>1,175</u>
		<u>1,175</u>
Solid Waste & Recycling Fund	General Fund	325
	Non-Major Governmental Funds	3,953
	Municipal Parking Fund	<u>146</u>
		<u>4,424</u>
	Total Business-type Activities	<u>\$ 6,657</u>
<b>Governmental Activities</b>		
Internal Service Funds	General Fund	\$ 25,518
	Grants - Federal	<u>75</u>
		<u>25,593</u>
	Total Governmental Activities	<u>\$ 25,593</u>

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

**This section intentionally left blank**

For the fiscal year ended December 31, 2022

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

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

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

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

For the fiscal year ended December 31, 2022

(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	Grants- Federal	HUD Consolidated Plan	Permanent Improvement	Special Assessment	Non-Major Governmental	Total
<b><u>Nonspendable</u></b>								
Prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31	\$ 31
Total nonspendable	-	-	-	-	-	-	31	31
<b><u>Restricted for</u></b>								
Debt service:								
Community development	-	-	-	-	-	-	3,149	3,149
General debt service	-	-	-	-	-	-	27,404	27,404
Special assessment	-	-	-	-	-	18,049	-	18,049
Community and economic development								
Community and economic development	-	140,040	44	-	-	-	-	140,084
Law enforcement:								
Gambling compliance	-	-	-	-	-	-	153	153
Forfeitures	-	-	-	-	-	-	2,855	2,855
Grants	-	-	-	-	-	-	6,016	6,016
Properties held for resale	-	34,819	504	5,289	16,312	-	-	56,924
Capital improvements	-	-	-	-	50,980	-	-	50,980
Total restricted	-	174,859	548	5,289	67,292	18,049	39,577	305,614
<b><u>Assigned to</u></b>								
General government	-	-	-	-	-	-	841	841
Public safety:								
Police	1,500	-	-	-	-	-	736	2,236
Compliance and regulation	-	-	-	-	-	-	110	110
Community and economic development								
Community and economic development	-	54,731	-	-	-	-	77,822	132,553
Neighborhood and community relations								
Neighborhood and community relations	-	-	-	-	-	-	1,763	1,763
Pension obligations	-	-	-	-	-	-	40,388	40,388
Capital improvements	-	-	-	-	18,560	-	-	18,560
Total assigned	1,500	54,731	-	-	18,560	-	121,660	196,451
<b><u>Unassigned</u></b>								
Unassigned	172,217	-	-	-	-	-	-	172,217
Total fund balances	<u>\$ 173,717</u>	<u>\$ 229,590</u>	<u>\$ 548</u>	<u>\$ 5,289</u>	<u>\$ 85,852</u>	<u>\$ 18,049</u>	<u>\$ 161,268</u>	<u>\$ 674,313</u>

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

Governmental Activities: Law Enforcement \$3,008

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 11 – DEFINED BENEFIT PENSION PLANS****A – Plan Description**

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

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

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

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

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

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

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

**B – Benefits Provided**

PERA and TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature.

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

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 11 – DEFINED BENEFIT PENSION PLANS****B – Benefits Provided (continued)**

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

Police and Fire Plan benefit recipients will receive a 1.00 percent post retirement increase. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

The Teachers Retirement Association (TRA) covers teachers and other related professionals employed by school districts or by the state. Approximately 606 employers participate in this plan. The plan provides retirement, survivor, and disability benefits. Basic membership includes participants who are not covered by the Social Security Act, while coordinated membership includes participants who are covered by the Act. The annuity formula for the coordinated members is the greater of a step rate with a flat reduction for each month of early retirement, or a level rate (the higher step rate) with an actuarially based reduction for early retirement. The annuity formula for Tier I basic members is 2.2 percent for the first 10 years and 2.7 percent for each subsequent year and Tier II is 2.7 percent of the member's high-five average salary. The annuity formula for Tier I coordinated members for services prior to July 1, 2006, is 1.2 percent for the first 10 years and 1.7 percent each subsequent year of the member's high-five average salary. The annuity formula for Tier I coordinated members for services subsequent to July 1, 2006, is 1.4 percent for the first 10 years and 1.9 percent each subsequent year of the member's high-five average salary. The annuity formula for Tier II coordinated members is 1.7 percent for services prior to July 1, 2006, and 1.9 percent for each year subsequent of the member's high-five average salary. Annual benefits increase by 2.0 percent each year and 2.5 percent if the plan is funded at least 90 percent of full funding. The postretirement benefit increase is 1.0 percent for January 2019 through January 2023. Beginning January 1, 2024, this amount will increase in 0.1 percent step increments until the COLA reaches 1.5 percent.

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

**C – Contributions**

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature. The employee and employer contribution rates did not change from the previous year.

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 11 – DEFINED BENEFIT PENSION PLANS****C – Contributions (continued)****1. GERP Contributions**

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in calendar year 2022 and the City, Park Board, and MBC were required to contribute 7.50 percent for Coordinated Plan members. The City, Park Board, and MBC contributions related to payroll to the GERP for the year ended December 31, 2022, were \$16,030, \$3,321, and \$219, respectively. The City, Park Board, and MBC fixed contributions to the GERP for the year ended December 31, 2022, were \$11,869, \$2,169, and \$227 respectively. Total contributions were equal to the required contributions as set by state statute.

**2. PEPFP Contributions**

Plan members were required to contribute 11.80 percent of their annual covered salary in calendar year 2022. Employers were required to contribute 17.70 percent of pay for PEPFP members in calendar year 2022. Contributions to the PEPFP related to payroll for the year ended December 31, 2022, were \$21,227 for the City and \$635 for the Park Board. The City also made fixed contributions to PEPFP, non-payroll related, of \$7,679 for the year ended December 31, 2022. Total contributions were equal to the required contractual contributions as set by state statute.

**3. TRA Contributions**

The City's non-employer contributions to the TRA for the year ended December 31, 2022, were \$2,250. The City's contributions were equal to the required contributions as set by state statute.

**D – Pension Costs****1. GERP Pension Costs**

At December 31, 2022, the City, Park Board, and MBC reported a liability of \$228,528, \$47,347, and \$3,209 respectively for the proportionate share of the GERP's net pension liability related to payroll contributions. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City, Park Board, and MBC proportion of the net pension liability was based on each entity's contributions received by PERA during the measurement period for employer payroll paid from July 1, 2021, through June 30, 2022, relative to the total employer payroll related contributions received from all of PERA's participating employers. At June 30, 2022, the City's proportionate share related to payroll contributions was 2.9906 percent, which was a decrease of 0.0510 percent from its proportion measured as of June 30, 2021. At June 30, 2022 the Park Board's proportionate share related to payroll contributions was 0.6196 percent, which was an increase of 0.0198 percent from its proportion measured as of June 30, 2021. At June 30, 2022, MBC's proportionate share related to payroll contributions was 0.0420 percent, which was an increase of 0.0001 percent from its proportion measured as of June 30, 2021.

In addition to the payroll contributions, the City, Park Board, and MBC contribute statutorily fixed amounts related to closed pension plans now merged into PERA. The City, Park Board, and MBC will continue to make these contributions through 2031, and the net present values of these fixed contributions are \$89,341, \$16,329, and \$1,707 respectively as of the June 30, 2022 measurement date. The resulting combined net pension liability reported by the City, Park Board, and MBC as of December 31, 2022 is \$317,870, \$63,675 and \$4,916, respectively. The combined liability represents a proportionate share of the Plan's net pension liability equal to 4.0135 percent for the City, 0.8040 percent for Park Board, and 0.0621 percent for MBC.

**NOTE 11 – DEFINED BENEFIT PENSION PLANS**

**D – Pension Costs**

**1. GERP Pension Costs (continued)**

For the year ended December 31, 2022, the City, Park Board, and MBC recognized pension expense of (\$3,637), \$773, and (\$135), respectively for the proportionate share of the GERP’s pension expense.

In addition, the City, Park Board, and MBC also recognized \$1,704, \$335, and \$27, respectively as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s expense related to its contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$16 million to the General Employees Plan annually until September 15, 2031.

The table below shows the share of each category of pension liability for the City and Park Board and the total by entity.

	<u>City Governmental Activities</u>	<u>City Business- type Activities</u>	<u>City Total</u>	<u>Park Board</u>	<u>MBC</u>
Payroll related proportionate share of the net pension liability	\$ 184,948	\$ 43,580	\$ 228,528	\$ 47,347	\$ 3,210
Net present value of fixed pension contributions	72,304	17,037	89,341	16,329	1,707
State of Minnesota’s proportionate share of the net pension liability associated with the entity	9,228	2,175	11,403	1,240	180
<b>Total</b>	<u>\$ 266,480</u>	<u>\$ 62,792</u>	<u>\$ 329,272</u>	<u>\$ 64,916</u>	<u>\$ 5,097</u>

**This section intentionally left blank**

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 11 – DEFINED BENEFIT PENSION PLANS**

**D – Pension Costs**

**1. GERP Pension Costs (continued)**

At December 31, 2022, the City, Park Board, and MBC reported proportionate shares of the GERP’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	City	Park Board	MBC	City	Park Board	MBC
Differences between expected and actual economic experiences	\$ 1,978	\$ 410	\$ 28	\$ 2,585	\$ 508	\$ 35
Changes in actuarial assumptions	56,501	11,129	789	1,030	196	13
Difference between projected and actual investment earnings	3,180	1,415	60	-	-	-
Changes in proportion	617	823	6	5,972	242	14
Contributions paid to PERA subsequent to the measurement date	8,639	1,811	116	-	-	-
<b>Total</b>	<b>\$ 70,915</b>	<b>\$ 15,588</b>	<b>\$ 999</b>	<b>\$ 9,587</b>	<b>\$ 946</b>	<b>\$ 62</b>

Contributions subsequent to the measurement date are shown as deferred outflows in the above table and will be recognized as a reduction to net pension liability for the year ended December 31, 2023. These contributions total \$8,639 for the City, \$1,811 for the Park Board, and \$116 for MBC. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount		
	City	Park Board	MBC
2023	\$ 19,732	\$ 4,802	\$ 299
2024	20,106	4,758	325
2025	(8,569)	(1,167)	(104)
2026	21,420	4,438	301

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 11 – DEFINED BENEFIT PENSION PLANS****D – Pension Costs (continued)****2. PEPFP Pension Costs**

At December 31, 2022, the City reported a liability of \$464,878 for the proportionate share of the PEPFP's net pension liability related to payroll contributions. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid from July 1, 2021, through June 30, 2022, relative to the total employer payroll related contributions received from all of PERA's participating employers. At June 30, 2022, the City's proportionate share related to payroll contributions was 10.8352 percent, which was a decrease of 0.6738 percent from its proportion measured as of June 30, 2021. In addition to the payroll contributions, the City contributes statutorily fixed amounts related to closed pension plans now merged into PERA. The City will continue to make these contributions through 2031, and the net present value of these fixed contributions is \$61,163 as of the June 30, 2022 measurement date. The resulting combined net pension liability reported by the City as of December 31, 2022 is \$526,041. The combined liability represents a proportionate share of the Plan's net pension liability equal to 12.0884 percent for the City.

At December 31, 2022, the Park Board reported a liability of \$13,142 for the proportionate share of the PEPFP's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Each employer's proportion of the net pension liability was based on the employer's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2022, the Park Board's proportion share was 0.3063 percent, which was an increase of 0.0084 percent from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the City and Park Board recognized pension expense of (\$1,274) and (\$298) respectively for the proportionate share of the PEPFP's pension expense.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2022, the City and Park Board respectively recognized pension expense of \$4,946 and \$104 for its proportionate share of the Police and Fire Plan's pension expense. The City and Park Board respectively recognized \$4,946 and \$104 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

**NOTE 11 – DEFINED BENEFIT PENSION PLANS**

**D – Pension Costs**

**2. PEPFP Pension Costs (continued)**

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City and Park Board recognized \$1,207 and \$25 for the year ended December 31, 2022 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Fund.

The table below shows the share of each category of pension liability for the City and Park Board and the total by entity.

	<b>City Governmental Activities</b>	<b>Park Board</b>
	<u>                    </u>	<u>                    </u>
Payroll related proportionate share of the net pension liability	\$ 464,878	\$ 13,142
Net present value of fixed pension contributions	61,163	-
State of Minnesota’s proportionate share of the net pension liability associated with the entity	25,500	538
Total	<u>\$ 551,541</u>	<u>\$ 13,680</u>

**This section intentionally left blank**

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 11 – DEFINED BENEFIT PENSION PLANS**

**D – Pension Costs**

**2. PEPFP Pension Costs (continued)**

At December 31, 2022, the City and Park Board reported proportionate shares of the PEPFP’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>City</u>	<u>Park Board</u>	<u>City</u>	<u>Park Board</u>
Differences between expected and actual economic experiences	\$ 29,751	\$ 812	\$ -	\$ -
Changes in actuarial assumptions	287,450	7,770	3,012	81
Difference between projected and actual investment earnings	-	296	32	-
Changes in proportion	315	140	25,484	310
Contributions paid to PERA subsequent to the measurement date	10,803	338	-	-
Total	<u>\$ 328,319</u>	<u>\$ 9,356</u>	<u>\$ 28,528</u>	<u>\$ 391</u>

Contributions subsequent to the measurement date are shown as deferred outflows in the above table and will be recognized as a reduction to net pension liability for the year ended December 31, 2023. These contributions total \$10,803 for the City and \$338 for the Park Board. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Pension Expense Amount</u>	
	<u>City</u>	<u>Park Board</u>
2023	\$ 50,952	\$ 1,711
2024	50,982	1,622
2025	51,032	1,484
2026	97,166	2,691
2027	38,856	1,119

**3. TRA Pension Costs**

At December 31, 2022, the City reported a liability of \$28,777 for its share of the TRA’s net pension liability. The net pension liability for TRA is equivalent to the net present value of the City’s statutorily required contributions for the life of the obligation. The City is statutorily obligated to contribute \$2,250 each year to TRA until the plan is fully funded as determined by the plan’s actuary. It is currently expected that the plan will be fully funded, ending the City’s obligation, in the year 2039. The net present value of the City’s obligation was determined using the expected remaining years of contributions, discounted at the plan’s discount rate of 7.00 percent.

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 11 – DEFINED BENEFIT PENSION PLANS**

**D – Pension Costs**

**3. TRA Pension Costs (continued)**

For the year ended December 31, 2022, the City recognized pension expense of \$(524) for its share of the TRA’s pension expense.

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to TRA’s pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in actuarial assumptions	\$ 1,505	\$ 329

As mentioned above, the City has a statutory obligation to contribute to the TRA as a non-employer contributing agency. There were no contributions subsequent to the measurement date that would be recognized as a reduction to net pension liability for the year ended December 31, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Pension Expense Amount</u>
2023	\$ 48
2024	376
2025	376
2026	376

**4. Total Pension Costs**

Total pension expense for year ended December 31, 2022 is as shown in the chart below:

	<u>City</u>	<u>Park Board</u>	<u>MBC</u>
GERP	\$ (3,637)	\$ 773	\$ (135)
PEPFF	(1,274)	298	-
TRA	(524)	-	-
	<u>\$ (5,435)</u>	<u>\$ 1,071</u>	<u>\$ (135)</u>

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 11 – DEFINED BENEFIT PENSION PLANS (continued)**

**E – Actuarial Assumptions**

The total pension liability in the June 30, 2022 actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

Assumption	GERP	PEPFF	TRA
Inflation	2.25% per year	2.25% per year	2.50%
Active Member Payroll Growth	3.00% per year	3.00% per year	3.00%
Investment Rate of Return	6.50%	6.50%	7.00%

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 27 years of service and 6.0 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service. Mortality rates for active members, retirees, survivors, and debilitants were based on the Pub-2010 General Employee Mortality Table for the General Employees Plan and the Pub-2010 Public Safety Employee Mortality tables for the Police and Fire Plan. The tables are adjusted slightly to fit PERA’s experience. Cost of living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.00 percent as set by state statute. Cost of living increases for TRA are 1.00 percent for January 2019 through January 2023, then increasing by 0.1 percent each year up to 1.5 percent annually.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience studies for the Police and Fire Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation. A four-year experience study was completed in June 2019 for TRA, but it contained no significant recommended changes to the assumptions.

The long-term expected rate of return on pension plan investments is 6.50 percent. The State Board of Investment, which manages the investments of PERA and TRA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building block method in which best estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	33.50%	5.10%
International Equity	16.50	5.30
Fixed Income	25.00	0.75
Private Markets	25.00	5.90

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 11 – DEFINED BENEFIT PENSION PLANS (continued)****F – Discount Rate**

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the Police and Fire Plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060. Beginning in fiscal year ended June 30, 2061 for the Police and Fire Plan projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69 percent (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40 percent for the Police and Fire Plan was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.50 percent applied to all years of projected benefits through the point of asset depletion and 3.69 percent thereafter.

In the TRA Plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability.

**G – Changes in Actuarial Assumptions**

The following changes in actuarial assumptions occurred in 2022:

## General Employees Retirement Plan

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

## Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

## Public Employees Police and Fire Plan

- The investment return and single discount rates were changed from 6.50 percent to 5.40 percent.
- The mortality improvement scale was changed from MP-2020 to MP-2021.

## Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

## Teachers Retirement Association

- There were no changes in actuarial assumptions.

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 11 – DEFINED BENEFIT PENSION PLANS (continued)**

**H – Pension Liability Sensitivity**

The following presents the City’s, Park Board’s, and MBC’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s, Park Board’s, and MBC’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

<u>Plan and Entity</u>	<u>1% Decrease to Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
<b>GERF Discount Rate</b>	<b>5.5%</b>	<b>6.5%</b>	<b>7.5%</b>
City	458,486	317,869	202,157
Park Board	92,719	63,676	39,786
MBC	6,910	4,917	3,274
<b>PEPFF Discount Rate</b>	<b>4.4%</b>	<b>5.4%</b>	<b>6.4%</b>
City	770,299	526,041	328,295
Park Board	19,977	13,142	7,617
<b>TRA Discount Rate</b>	<b>6.0%</b>	<b>7.0%</b>	<b>8.0%</b>
City	31,431	28,777	26,487

**I – Pension Plan Fiduciary Net Position**

Detailed information about each pension plan’s fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

Detailed information about TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at [www.MinnesotaTRA.org](http://www.MinnesotaTRA.org).

**NOTE 12 - DEFINED CONTRIBUTION PLAN – CPED**

**A – Plan Description**

Qualified CPED employees belong to a defined contribution pension plan administered by Union Central Life Insurance Company. A permanent employee becomes a participant in the plan on April 1 or October 1, following completion of his or her probationary period and after attaining age 20 1/2.

Benefits and contribution requirements are established and can be amended by the City of Minneapolis City Council. All provisions are within limitations established by Minnesota Statutes.

The payroll for employees covered by the CPED's defined contribution plan for the year ended December 31, 2022, was \$1,337 and the CPED’s total payroll was \$21,649.

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 12 - DEFINED CONTRIBUTION PLAN – CPED (continued)**

**B – Contributions Required and Made**

The City of Minneapolis and CPED employee participants are each required to contribute five percent of the participants' annual compensation to an investment fund administered by Union Central Life Insurance Company, which will provide retirement benefits under a Money Purchase Plan. Participants are vested at the rate of 20 percent per year, for the employer's share of the contribution, and are 100 percent vested immediately for their individual contribution.

The City and CPED employee participants contributed \$74 and \$68 respectively to the plan during the year, which amounts represented 5.53 percent and 5.10 percent respectively of the covered payroll.

**NOTE 13 – POSTEMPLOYMENT BENEFITS PLAN**

The City engaged a consulting actuary who has conducted a review of liabilities to be reported as required by Governmental Accounting Standards Board (GASB) Statement number 75. In general, the City does not pay the cost of health insurance for retired employees, except in limited circumstances. Retired City employees, however, may purchase health insurance offered to City employees at the retired employee's expense. Including retired employees with current employees causes health insurance premiums for current employees to be more than if retired employees were not in the same pool of insureds. The City and current employees share the cost of health insurance for current employees. The increased cost of health insurance premiums for current employees is considered an implicit subsidy for the retired employees and is disclosed as required by GASB 75.

**Plan Description**

The City, Park Board and MBC provide a single employer defined benefit healthcare plan to eligible retirees and their spouses. The plan offers medical and dental coverage. Medical coverage is administered by Medica. Dental coverage is administered through the Delta Dental Plan of Minnesota. The City and Park Board are self-insured for both medical and dental coverage. Beginning in 2018, MBC was no longer under the City's insurance plan. Results below reflect the results of the December 31, 2022, actuarial valuation. Retirees pay 100 percent of the blended active/retiree premium rate, in accordance with Minnesota Statutes Chapt. 471.61, subd. 2b.

No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. The other postemployment benefit plan (OPEB) does not issue a stand-alone financial report.

As of the actuarial valuation for the fiscal year ending December 31, 2022, the following employees were covered by the benefit terms:

<u>Category</u>	<u>City</u>	<u>Park Board</u>	<u>MBC</u>
Inactive employees or beneficiaries currently receiving benefit payments	327	7	7
Active plan participants	3,915	453	42
Total	<u>4,242</u>	<u>460</u>	<u>49</u>

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 13 – POSTEMPLOYMENT BENEFITS PLAN (continued)**

**Total OPEB Liability**

The City’s and Park Board’s total OPEB liability of \$48,422 and \$868 respectively, was measured as of December 31, 2021, with an actuarial valuation as of December 31, 2020. MBC’s total OPEB liability of \$917 was measured as of January 1, 2022 and was determined by an actuarial valuation as of January 1, 2021.

The total OPEB liability in the fiscal year-end December 31, 2022, actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods and entities included in the measurement, unless otherwise specified:

Inflation	2.25 % for City and Park Board; 2.00% for MBC
Salary increases	3.00 % for City and Park Board; based on years of service, ranging from 3.00% to 10.25% for MBC
Health care cost trend	6.00 % in 2022, gradually decreasing over several decades to an ultimate rate of 4.04% in 2075 and later years for City and Park Board. 6.25 % for 2022, grading to 5.00 % over 5 years and then 4.00% over the next 48 years for MBC
Discount Rate	2.06% for City and Park Board; 2.00% for MBC
Mortality Rate	<p>City and Park Board General Healthy Pre-Retirement: Pub-2010 General Employee Mortality Table adjusted for mortality improvements using projection scale MP-2020. Rates are multiplied by a factor of 1.07 for males and 0.98 for females.</p> <p>City and Park Board General Healthy Post-Retirement: Pub-2010 General Employee Mortality Table adjusted for mortality improvements using projection scale MP-2020. Rates are multiplied by a factor of 1.02 for males and 0.90 for females.</p> <p>City and Park Board General Disabled Retiree: Pub-2010 General/Teacher Disabled Retiree Mortality Table adjusted for mortality improvements using projection scale MP-2020. Rates are set forward two years for males and set forward four years for females.</p> <p>City and Park Board Police Fire Healthy Pre-Retirement: Pub-2010 Public Safety Employee Mortality Table adjusted for mortality improvements using projection scale MP-2020.</p> <p>City and Park Board Police Fire Healthy Post-Retirement: Pub-2010 Public Safety Employee Mortality Table adjusted for mortality improvements using projection scale MP-2020. Male rates are multiplied by a factor of 0.98.</p> <p>City and Park Board Police Fire Disabled Retiree: Pub-2010 Public Safety Disabled Retiree Mortality Table adjusted for mortality improvements using projection scale MP-2020. Male rates are multiplied by a factor of 1.05.</p> <p>MBC All Participants: Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2020 Generational Improvement Scale</p>
Actuarial Cost Method	Entry age, level percentage of pay

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 13 – POSTEMPLOYMENT BENEFITS PLAN (continued)**

**Changes in the Total OPEB liability**

	<u>City</u>	<u>Park Board</u>	<u>MBC</u>
Balance at January 1, 2022	\$ 47,213	\$ 847	\$ 948
Changes for the year			
Service cost	2,566	47	39
Interest cost	1,028	19	19
Changes of assumptions	180	3	-
Benefit payments	<u>(2,565)</u>	<u>(47)</u>	<u>(89)</u>
Total net change	<u>1,209</u>	<u>22</u>	<u>(31)</u>
Balance at December 31, 2022	<u>\$ 48,422</u>	<u>\$ 869</u>	<u>\$ 917</u>

Liabilities arising from postemployment benefits are generally liquidated from the fund where the employee’s salary was originally charged.

**OPEB Liability Sensitivity**

The following presents the total OPEB liability of the City, Park Board, and MBC, calculated using the discount rate previously disclosed, as well as what each entity’s total OPEB liability would be if it were calculated using a discount rate that is 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
<b>Discount Rate</b>	<b>1.06%</b>	<b>2.06%</b>	<b>3.05%</b>
City total OPEB liability	\$ 51,491	\$ 48,422	\$ 45,492
Park Board total OPEB liability	\$ 944	\$ 869	\$ 834
<b>Discount Rate</b>	<b>1.00%</b>	<b>2.00%</b>	<b>3.00%</b>
MBC total OPEB liability	\$ 948	\$ 917	\$ 886

The following presents the total OPEB liability of the City, Park Board, and MBC, calculated using the health care cost trend previously disclosed, as well as what the City’s, Park Board’s, and MBC’s total OPEB liability would be if it were calculated using health care cost trend rates that are 1.0 percentage point lower or 1.0 percentage point higher than the current health care cost trend rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
<b>Medical Trend Rate</b>	<b>5.00% Decreasing to 3.04% by 2075</b>	<b>6.00% Decreasing to 4.04% by 2075</b>	<b>7.00% Decreasing to 5.04% by 2075</b>
City total OPEB liability	\$ 43,498	\$ 48,422	\$ 54,082
Park Board total OPEB liability	\$ 797	\$ 869	\$ 991
<b>Medical Trend Rate</b>	<b>5.25% Decreasing to 4.00% over 5 years</b>	<b>6.25% Decreasing to 5.00% over 5 years</b>	<b>7.25% Decreasing to 6.00% over 5 years</b>
MBC total OPEB liability	\$ 865	\$ 917	\$ 974

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 13 – POSTEMPLOYMENT BENEFITS PLAN (continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2022, the City, Park Board, and MBC recognized OPEB expense of \$2,470, \$44, and (\$10), respectively. The City, Park Board, and MBC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	City	Park Board	MBC	City	Park Board	MBC
Liability experience (gains) and losses	\$ 5,048	\$ 93	\$ 38	\$ -	\$ -	\$ -
Changes in actuarial assumptions	1,819	33	-	543	10	5
Contributions paid subsequent to the measurement date	2,663	49	122	-	-	-
<b>Total</b>	<b>9,530</b>	<b>175</b>	<b>160</b>	<b>543</b>	<b>10</b>	<b>5</b>

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

Contributions subsequent to the measurement date are shown as deferred outflows in the above table and will be recognized as a reduction to OPEB liability for the year ended December 31, 2023. These contributions total \$2,688 for the City, \$49 for the Park Board, and \$122 for MBC. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ended December 31:	OPEB Expense Amount		
	City	Park Board	MBC
2023	\$ 1,564	\$ 29	\$ 33
2024	1,564	29	-
2025	1,564	29	-
2026	1,236	23	-
2027	373	6	-
Thereafter	23	-	-

**Changes in Actuarial Assumptions**

The following changes in actuarial assumptions occurred in 2022 for the City and Park Board:

- Discount rate was updated to reflect the Bond Buyer 20-Bond General Obligation Index as of 12/31/2021.

There were no changes in actuarial assumptions occurred in 2022 for MBC.

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 14 – VACATION, SEVERANCE, SICK AND COMPENSATORY TIME PAY**

Depending on the terms of their collective bargaining contract, or the policies applicable to their classification, employees may accumulate up to 400 hours of vacation.

Sick leave may be accumulated indefinitely by employees. Also, employees have the option of being paid once a year for current unused sick leave accumulated over a minimum base of 480 hours or, under certain circumstances, CPED employees may be allowed to have unused sick leave converted to vacation and added to their vacation balance. Payments are based on a sliding scale ranging from 50 percent to 100 percent depending on the base level attained. In addition, under certain circumstances, employees leaving City employment may qualify to receive payment for 50 percent of their unused sick leave at their current rate of pay.

Employees, depending on their classification, and subject to prior approval of their supervisor, may earn compensatory time in lieu of paid overtime. Policies are in effect which are designed to place constraints on the amount of compensatory time an employee may accumulate.

Liabilities arising from compensated absences are generally liquidated from the fund where the employee’s salary was originally charged.

**Primary Government**

Activity for the primary government for the year ended December 31, 2022, was as follows:

	<u>Balance</u> <u>1/1/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2022</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Compensated absences payable:					
Governmental activities	\$ 42,397	\$ 27,677	\$ (24,793)	\$ 45,281	\$ 24,593
Business-type activities	4,128	3,649	(3,283)	4,494	2,851
Total	<u>\$ 46,525</u>	<u>\$ 31,326</u>	<u>\$ (28,076)</u>	<u>\$ 49,775</u>	<u>\$ 27,444</u>

**Discretely Presented Component Units**

Activity for the discretely presented component units for the year ended December 31, 2022, was as follows:

	<u>Balance</u> <u>1/1/2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2022</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Compensated absences payable:					
Minneapolis Park and Recreation Board	\$ 6,089	\$ 1,991	\$ (3,741)	\$ 4,339	\$ 3,351
Municipal Building Commission	228	224	(223)	229	193
Total	<u>\$ 6,317</u>	<u>\$ 2,215</u>	<u>\$ (3,964)</u>	<u>\$ 4,568</u>	<u>\$ 3,544</u>

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 15 – SELF-INSURED EMPLOYEE HEALTH PLANS**

Employee health claims are accounted for in the Self-Insurance internal service fund. The City makes premium payments to the fund that include both employer and employee contributions. A liability was recorded at year-end for estimated open and IBNR claims which are evaluated through a review of current year claims paid as well as claims paid subsequent to year-end. Changes in the employee health plan liability during fiscal 2021 and 2022 are as follows:

	<u>2021</u>	<u>2022</u>
Incurred but not Received Claims (IBNR)	\$ 7,650	\$ 10,190
Claims Adjustment Expense	26	27
Provision for Adverse Deviation	<u>141</u>	<u>189</u>
Total Estimated Actuarial Liabilities	<u>\$ 7,817</u>	<u>\$ 10,406</u>

**NOTE 16 – RISK MANAGEMENT AND CLAIMS**

The City is self-insured and exposed to a variety of risks related to liability claims, property, personal injury and accidents. The City is self-insured for workers' compensation, general liability, and re-employment. Liability claims under \$25 and unrepresented are managed by Risk Management and Claims. Liability claims that are represented and over \$25 are managed by the City Attorneys' Office. The City, CPED and the BET are self-insured for general liability. The workers' compensation program includes the BET and all City departments. The Park Board and MBC maintain their own workers' compensation and liability programs. The claims liability of \$166,653 reported in the Self-Insurance Internal Service Fund at December 31, 2022, is based on the requirements of GASB Statement No. 10 - *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* and covers the exposures of workers' compensation and liability. An actuarial study completed in March of 2023 for claim exposure and settlements payments, calculated that the claims liability at December 31, 2022 is \$166,653, a decrease of \$11,617 from the liability amount of \$178,270 at December 31, 2021.

Per State Statute, the City purchases excess insurance for its workers' compensation program from the Workers' Compensation Reinsurance Association (WCRA) and supports the State's regulation authority through payments in the Special Compensation Fund (SCF). The WCRA reimburses members for individual claim losses exceeding the City's retention limit. Reimbursements by the Second Injury Fund come through the SCF. Workers' compensation coverage is governed by State of Minnesota statutes. Claims liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can reasonably be estimated. Liabilities include an amount for estimated claims administration expenses and an amount for claims that have been incurred but are not reported (IBNR).

The City, including all discrete and blended component units of government, also maintains a self-funded dental plan for covered employees. Dental coverage is based on plan design and includes Delta Dental PPO coverage of up to \$1.5 or Delta Dental Premier coverage of up to \$1.0 per person annually.

Changes in the claim's liabilities during fiscal 2021 and 2022 are:

	<u>2021</u>	<u>2022</u>
Liability balance – January 1	\$ 172,551	\$ 178,270
Current year claims and changes in estimates	52,112	27,153
Claim payments	<u>(46,393)</u>	<u>(38,770)</u>
Liability balance – December 31	<u>\$ 178,270</u>	<u>\$ 166,653</u>

For the fiscal year ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 17 – 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 18 – TAX ABATEMENTS**

**Tax Increment Financing Notes**

The City is a party to tax abatements created by tax increment finance (TIF) agreements for development within City. TIF authorities are defined in Minn. Stat. § 469.174 and can include cities, housing redevelopment authorities, economic development authorities and port authorities. TIF captures the increased property taxes (increment) that a new real estate development generates to pay qualifying expenses related to the development. In many instances, the developer agrees to provide financing for the qualifying expenses. In exchange, the TIF authority agrees to annually pay a portion of the increment to the developer. These TIF agreements affect the property tax revenues of all governments that levy property tax on the property subject to the TIF agreement.

In the case of the City, TIF agreements with various developers have effectively reduced the property tax revenues for the year ended December 31, 2022 as shown below:

<u>Tax Abatement Program</u>	<u>Taxes Abated</u>
Tax Increment Financing	\$ 10,059

**NOTE 19 – OTHER COMMITMENTS AND CONTINGENCIES**

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the grantor agencies. Any disallowed claims, including amounts previously recognized by the City as revenue, would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time. City officials expect such amounts, if any, to be immaterial.

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

- The City is a defendant in three cases that allege injury or wrongful death, as a result of police misconduct
- In March of 2023, the City settled a police use of force claim. The total settlement was \$7,500.

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
REQUIRED SUPPLEMENTAL INFORMATION  
For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 301,986	\$ 301,986	\$ 308,313	\$ 6,327
Licenses and permits	42,755	42,755	54,637	11,882
Intergovernmental revenues	87,023	87,023	89,486	2,463
Charges for services and sales	55,477	55,477	59,359	3,882
Fines and forfeits	5,027	5,027	4,852	(175)
Special assessments	4,731	4,731	4,874	143
Investment earnings	4,100	4,100	(14,564)	(18,664)
Miscellaneous revenues	2,352	2,354	3,083	729
Total revenues	<u>503,451</u>	<u>503,453</u>	<u>510,040</u>	<u>6,587</u>
<b>CURRENT EXPENDITURES:</b>				
Current:				
General government:				
Mayor	2,367	2,367	2,235	132
Council & Clerk	17,647	18,389	17,085	1,304
Assessor	8,128	8,163	6,676	1,487
Attorney	18,751	18,751	17,764	987
Civil rights	5,580	5,580	5,219	361
Coordinator	52,743	52,938	49,286	3,652
Internal audit	876	951	785	166
Information Technology	-	2,000	-	2,000
Contingency	13,829	13,224	-	13,224
General government pensions	-	-	553	(553)
Total general government	<u>119,921</u>	<u>122,363</u>	<u>99,603</u>	<u>22,760</u>
Public safety:				
Regulatory services	24,813	24,882	23,400	1,482
Coordinator	14,083	14,506	13,825	681
Fire	72,066	72,066	76,780	(4,714)
Police	186,980	186,685	175,567	11,118
Public safety pensions	-	-	2,415	(2,415)
Total public safety	<u>297,942</u>	<u>298,139</u>	<u>291,987</u>	<u>6,152</u>
Public works	<u>57,567</u>	<u>57,567</u>	<u>63,091</u>	<u>(5,524)</u>
Health and welfare - Health and family support	<u>18,811</u>	<u>20,555</u>	<u>18,432</u>	<u>2,123</u>
Community planning and economic development	<u>36,509</u>	<u>56,412</u>	<u>36,366</u>	<u>20,046</u>
Debt Service:				
Principal retirement	-	-	256	(256)
Interest and fiscal charges	-	-	13	(13)
Total expenditures	<u>530,750</u>	<u>555,036</u>	<u>509,748</u>	<u>45,288</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,299)</u>	<u>(51,583)</u>	<u>292</u>	<u>51,875</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	62,310	84,038	81,453	(2,585)
Transfers to other funds	(52,019)	(52,023)	(53,023)	(1,000)
Leases issued	-	-	2,167	2,167
Total other financing sources (uses)	<u>10,291</u>	<u>32,015</u>	<u>30,597</u>	<u>(1,418)</u>
Net change in fund balance	(17,008)	(19,568)	30,889	50,457
Fund balance - January 1	<u>142,828</u>	<u>142,828</u>	<u>142,828</u>	<u>-</u>
Fund balance - December 31	<u>\$ 125,820</u>	<u>\$ 123,260</u>	<u>\$ 173,717</u>	<u>\$ 50,457</u>

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

**COMMUNITY PLANNING AND ECONOMIC DEVELOPMENT  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
REQUIRED SUPPLEMENTAL INFORMATION  
For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 23,392	\$ 23,392	\$ 21,259	\$ (2,133)
Intergovernmental revenues	-	-	246	246
Charges for services and sales	-	-	4,434	4,434
Special assessments	-	-	1,044	1,044
Investment earnings	3,270	3,270	(4,407)	(7,677)
Miscellaneous revenues	5,941	5,941	6,898	957
Total revenues	<u>32,603</u>	<u>32,603</u>	<u>29,474</u>	<u>(3,129)</u>
<b>EXPENDITURES:</b>				
Current:				
Community planning and economic development	<u>46,971</u>	<u>133,095</u>	<u>45,481</u>	<u>87,614</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,368)</u>	<u>(100,492)</u>	<u>(16,007)</u>	<u>84,485</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	15,195	15,195	14,976	(219)
Transfers to other funds	<u>(12,988)</u>	<u>(12,988)</u>	<u>(11,776)</u>	<u>1,212</u>
Total other financing sources (uses)	<u>2,207</u>	<u>2,207</u>	<u>3,200</u>	<u>993</u>
Net change in fund balance	(12,161)	(98,285)	(12,807)	85,478
Fund balance - January 1	<u>242,397</u>	<u>242,397</u>	<u>242,397</u>	-
Fund balance - December 31	<u>\$ 230,236</u>	<u>\$ 144,112</u>	<u>\$ 229,590</u>	<u>\$ 85,478</u>

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

**GRANTS - FEDERAL  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
REQUIRED SUPPLEMENTAL INFORMATION  
For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 13,345	\$ 38,089	\$ 134,967	\$ 96,878
Charges for services and sales	135,000	135,000	24	(134,976)
Investment earnings	-	-	(3,456)	(3,456)
Miscellaneous revenues	-	-	6	6
Total revenues	<u>148,345</u>	<u>173,089</u>	<u>131,541</u>	<u>(41,548)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	1,200	19,879	5,705	14,174
Public safety	5,253	11,483	4,451	7,032
Public works	-	3,109	608	2,501
Health and welfare	11,406	35,745	15,851	19,894
Community planning and economic development	3,970	79,708	36,123	43,585
Total expenditures	<u>21,829</u>	<u>149,924</u>	<u>62,738</u>	<u>87,186</u>
Excess (deficiency) of revenues over (under) expenditures	126,516	23,165	68,803	45,638
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers to other funds	<u>(47,064)</u>	<u>(68,867)</u>	<u>(68,867)</u>	<u>-</u>
Net change in fund balances	79,452	(45,702)	(64)	45,638
Fund balances - January 1	<u>612</u>	<u>612</u>	<u>612</u>	<u>-</u>
Fund balances - December 31	<u>\$ 80,064</u>	<u>\$ (45,090)</u>	<u>\$ 548</u>	<u>\$ 45,638</u>

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

**HUD CONSOLIDATED PLAN  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 16,980	\$ 32,397	\$ 30,941	\$ (1,456)
Charges for services and sales	-	-	321	321
Investment earnings	-	-	321	321
Miscellaneous revenues	1,445	1,445	1,891	446
Total revenues	<u>18,425</u>	<u>33,842</u>	<u>33,474</u>	<u>(368)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	2,797	2,797	2,606	191
Public safety	90	90	104	(14)
Health and welfare	762	1,053	1,052	1
Community planning and economic development	14,776	30,146	29,650	496
Total expenditures	<u>18,425</u>	<u>34,086</u>	<u>33,412</u>	<u>674</u>
Net change in fund balances	-	(244)	62	306
Fund balances - January 1	<u>5,227</u>	<u>5,227</u>	<u>5,227</u>	-
Fund balances - December 31	<u>\$ 5,227</u>	<u>\$ 4,983</u>	<u>\$ 5,289</u>	<u>\$ 306</u>

**DEFINED BENEFIT PENSION PLANS**

**CITY OF MINNEAPOLIS, MINNESOTA**

**For the Fiscal Year Ended December 31, 2022**

**(Dollar Amounts Expressed In Thousands)**

**Schedule of City of Minneapolis' Contributions  
PERA General Employees Retirement Plan  
Required Supplemental Information (Last Ten Years\*)**

<b>Fiscal Year Ending</b>	<b>Statutorily Contributions (a)</b>	<b>Actual Contributions in Relation to the Statutorily Required Contributions (b)</b>	<b>Contribution Deficiency (Excess) (a-b)</b>	<b>Covered Payroll** (d)</b>	<b>Actual Contributions as a Percentage of Covered Payroll*** (b/d)</b>
December 31, 2015	\$ 32,333	\$ 32,333	\$ -	\$ 167,834	19.3%
December 31, 2016	30,921	30,921	-	178,002	17.4%
December 31, 2017	25,977	25,977	-	187,351	13.9%
December 31, 2018	26,798	26,798	-	198,557	13.5%
December 31, 2019	27,487	27,487	-	208,180	13.2%
December 31, 2020	28,174	28,174	-	217,363	13.0%
December 31, 2021	27,157	27,157	-	203,866	13.3%
December 31, 2022	27,899	27,899	-	213,400	13.1%

**Schedule of Municipal Building Commission's Contributions  
PERA General Employees Retirement Plan  
Required Supplemental Information (Last Ten Years\*)**

<b>Fiscal Year Ending</b>	<b>Statutorily Contributions (a)</b>	<b>Actual Contributions in Relation to the Statutorily Required Contributions (b)</b>	<b>Contribution Deficiency (Excess) (a-b)</b>	<b>Covered Payroll** (d)</b>	<b>Actual Contributions as a Percentage of Covered Payroll*** (b/d)</b>
December 31, 2015	\$ 518	\$ 518	\$ -	\$ 2,447	21.2%
December 31, 2016	527	527	-	2,392	22.0%
December 31, 2017	538	538	-	2,706	19.9%
December 31, 2018	436	436	-	2,814	15.5%
December 31, 2019	430	430	-	2,708	15.9%
December 31, 2020	444	444	-	2,887	15.4%
December 31, 2021	444	444	-	2,900	15.3%
December 31, 2022	446	446	-	2,916	15.3%

\* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

\*\* For purposes of this schedule, covered payroll is defined as "pensionable wages."

\*\*\* Statutorily required contributions include additional contributions as required by statute which affects contributions as a percentage of covered payroll.

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

For the Fiscal Year Ended December 31, 2022

(Dollar Amounts Expressed In Thousands)

Schedule of City of Minneapolis' Proportionate Share of Net Pension Liability  
 PERA General Employees Retirement Plan  
 Required Supplemental Information (Last Ten Years\*)

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with City of Minneapolis (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a + b)	Employer's Covered Payroll** (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/c)	Plan Fiduciary Net Position of the Total Pension Liability
June 30, 2015	6.8465%	\$ 354,821	N/A	\$ 354,821	\$ 160,155	221.5%	78.2%
June 30, 2016	6.5619%	532,790	6,959	539,749	172,446	309.0%	68.9%
June 30, 2017	5.2275%	333,721	4,254	337,975	182,342	183.0%	75.9%
June 30, 2018	5.6525%	313,579	9,555	323,134	193,999	161.6%	79.5%
June 30, 2019	4.7294%	261,478	10,610	272,088	202,835	128.9%	80.2%
June 30, 2020	4.7247%	283,266	9,617	292,883	212,140	133.5%	79.1%
June 30, 2021	5.0671%	216,387	6,602	222,989	203,990	106.1%	87.0%
June 30, 2022	4.0135%	317,869	11,403	329,272	209,243	151.9%	76.7%

Schedule of Municipal Building Commission's Proportionate Share of Net Pension Liability  
 PERA General Employees Retirement Plan  
 Required Supplemental Information (Last Ten Years\*)

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Municipal Building Commission (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a + b)	Employer's Covered Payroll** (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/c)	Plan Fiduciary Net Position of the Total Pension Liability
June 30, 2015	0.0870%	\$ 4,509	N/A	\$ 4,509	\$ 2,365	190.7%	78.2%
June 30, 2016	0.1116%	9,061	118	9,179	2,398	377.9%	68.9%
June 30, 2017	0.0857%	5,469	70	5,539	2,499	218.8%	75.9%
June 30, 2018	0.0931%	5,164	156	5,320	2,750	187.8%	79.5%
June 30, 2019	0.0739%	4,086	175	4,261	2,753	148.4%	80.2%
June 30, 2020	0.0705%	4,230	150	4,380	2,772	152.6%	79.1%
June 30, 2021	0.0817%	3,490	106	3,596	2,811	124.2%	87.0%
June 30, 2022	0.0621%	4,916	180	5,096	2,939	167.3%	76.7%

\* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

\*\* For purposes of this schedule, covered payroll is defined as "pensionable wages."

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

For the Fiscal Year Ended December 31, 2022

(Dollar Amounts Expressed In Thousands)

Schedule of City of Minneapolis' Contributions  
PERA Public Employees Police and Fire Plan  
Required Supplemental Information (Last Ten Years\*)

Fiscal Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll** (d)	Actual Contributions as a Percentage of Covered Payroll*** (b/d)
December 31, 2015	\$ 28,504	\$ 28,504	\$ -	\$ 104,749	27.2%
December 31, 2016	31,460	31,460	-	109,924	28.6%
December 31, 2017	33,652	33,652	-	123,464	27.3%
December 31, 2018	33,814	33,814	-	124,135	27.2%
December 31, 2019	29,160	29,160	-	126,780	23.0%
December 31, 2020	31,566	31,566	-	134,819	23.4%
December 31, 2021	28,713	28,713	-	118,830	24.2%
December 31, 2022	28,906	28,906	-	117,964	24.5%

Schedule of City of Minneapolis' Proportionate Share of Net Pension Liability  
PERA Public Employees Police and Fire Plan  
Required Supplemental Information (Last Ten Years\*)

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with City of Minneapolis (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Liability (Asset) (a+b)	Employer's Covered Payroll** (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/c)	Plan Fiduciary Position of the Total Pension Liability
June 30, 2015	19.4220%	\$ 220,680	N/A	\$ 220,680	\$ 101,015	218.5%	86.6%
June 30, 2016	19.8370%	796,093	N/A	796,093	106,039	750.8%	63.9%
June 30, 2017	20.8345%	281,291	N/A	281,291	120,133	234.1%	85.4%
June 30, 2018	22.5320%	240,167	N/A	240,167	123,917	193.8%	88.8%
June 30, 2019	17.5833%	187,192	N/A	187,192	124,200	150.7%	89.3%
June 30, 2020	16.5738%	218,460	4,812	223,272	130,203	167.8%	87.2%
June 30, 2021	18.6986%	144,333	4,945	149,278	124,980	115.5%	93.7%
June 30, 2022	12.0884%	526,041	25,500	551,541	119,405	440.6%	70.5%

\* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.  
 \*\* For purposes of this schedule, covered payroll is defined as "pensionable wages."  
 \*\*\* Statutorily required contributions include additional contributions as required by statute which affects contributions as a percentage of covered payroll.

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

For the Fiscal Year Ended December 31, 2022

(Dollar Amounts Expressed In Thousands)

**Schedule of City of Minneapolis' Contributions  
Teachers Retirement Association (Special Funding Situation)  
Required Supplemental Information (Last Ten Years\*)**

Fiscal Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll** (d)	Actual Contributions as a Percentage of Covered Payroll (b/d)
December 31, 2015	\$ 2,250	\$ 2,250	\$ -	\$ -	N/A
December 31, 2016	2,250	2,250	-	-	N/A
December 31, 2017	2,250	2,250	-	-	N/A
December 31, 2018	2,250	2,250	-	-	N/A
December 31, 2019	2,250	2,250	-	-	N/A
December 31, 2020	2,250	2,250	-	-	N/A
December 31, 2021	2,250	2,250	-	-	N/A
December 31, 2022	2,250	2,250	-	-	N/A

**Schedule of City of Minneapolis' Proportionate Share of Net Pension Liability  
Teachers Retirement Association (Special Funding Situation)  
Required Supplemental Information (Last Ten Years\*)**

Measurement Date	City's Proportion (Percentage) of the Net Pension Liability (Asset)	City's Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll** (b)	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position of the Total Pension Liability
June 30, 2015	0.5911%	\$ 36,365	\$ -	N/A	76.8%
June 30, 2016	0.5767%	137,557	-	N/A	44.9%
June 30, 2017	N/A	29,294	-	N/A	51.6%
June 30, 2018	N/A	26,573	-	N/A	78.1%
June 30, 2019	N/A	26,316	-	N/A	78.2%
June 30, 2020	N/A	27,248	-	N/A	75.5%
June 30, 2021	N/A	29,138	-	N/A	86.6%
June 30, 2022	N/A	28,777	-	N/A	76.2%

\* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.

\*\* For purposes of this schedule, covered payroll is defined as "pensionable wages."

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

For the Fiscal Year Ended December 31, 2022

(Dollar Amounts Expressed In Thousands)

Schedule of Changes in the City of Minneapolis'  
Total OPEB Liability and Related Ratios  
Required Supplemental Information (Last Ten Years\*)

Fiscal Year Ending	Service Cost	Interest	Differences Between Expected and Actual Experience	Changes of Assumptions	Benefit Payments	Net Change in Total OPEB Liability	Total OPEB Liability - Beginning	Total OPEB Liability - Ending	Covered - Employee Payroll	Total OPEB Liability as a Percentage of Covered Payroll
December 31, 2018	\$ 1,453	\$ 1,106	\$ -	\$ -	\$ (1,871)	\$ 688	\$ 32,986	\$ 33,674	\$ 288,517	11.67%
December 31, 2019	1,531	1,147	3,124	186	(2,048)	3,940	33,674	37,614	315,652	11.92%
December 31, 2020	1,900	1,424	-	2,648	(2,305)	3,667	37,614	41,281	354,304	11.65%
December 31, 2021	1,967	1,164	5,375	(303)	(2,271)	5,932	41,281	47,213	348,530	13.55%
December 31, 2022	2,566	1,028	-	180	(2,565)	1,209	47,213	48,422	368,160	13.15%

Schedule of Changes in the Municipal Building Commission's  
Total OPEB Liability and Related Ratios  
Required Supplemental Information (Last Ten Years\*)

Fiscal Year Ending	Service Cost	Interest	Differences Between Expected and Actual Experience	Changes of Assumptions	Benefit Payments	Net Change in Total OPEB Liability	Total OPEB Liability - Beginning	Total OPEB Liability - Ending	Covered - Employee Payroll	Total OPEB Liability as a Percentage of Covered Payroll
December 31, 2018	\$ 35	\$ 30	\$ -	\$ -	\$ (108)	\$ (43)	\$ 937	\$ 894	\$ 2,489	35.92%
December 31, 2019	31	29	46	(4)	(115)	(13)	894	881	2,596	33.94%
December 31, 2020	36	33	-	28	(103)	(6)	881	875	2,674	32.72%
December 31, 2021	37	25	115	(14)	(90)	73	875	948	2,727	34.76%
December 31, 2022	39	19	-	-	(89)	(31)	948	917	2,809	32.65%

\* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2018

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

**NOTE 1 – BUDGETS**

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

**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATION**

The legal level of budgetary control is at the department level within a fund. This means all Public Works departments report as one department, all Coordinator departments report as one department, and the Council and Clerk and Clerk – Elections departments report as one. The following departments in the General Fund had expenditures in excess of appropriation for the fiscal year ending December 31, 2022.

	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
<b>General Fund:</b>			
General government pensions	\$ -	\$ 553	\$ (553)
Fire	72,066	76,780	(4,714)
Public safety pensions	-	2,415	(2,415)
Public Works	57,567	63,091	(5,524)
<b>HUD Consolidated Fund:</b>			
Public Safety	\$ 90	\$ 104	\$ (14)

To mitigate the effects of these excess expenditures, the City regularly reviews budgetary performance and makes adjustments as necessary. No budgets are established for general government or public safety pensions. Because the expense recorded here is offset by an equal amount of revenue related to contributions to the pension plans from the State of Minnesota, it is not expected that the City will budget for this activity. Public Works exceeded budget due to the cost of additional work for other departments and snow removal activity beyond what was budgeted. Fire exceeded budget due to overtime costs exceeding budgeted amounts. The HUD Consolidated Fund spent more than planned on salaries and fringes for inspection services through Regulatory Services.

**NOTE 3 – DEFINED BENEFIT PENSION PLANS**

**A – Changes in Actuarial Assumptions**

The following changes in actuarial assumptions occurred:

**General Employees Retirement Plan**

2022

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.

For the Fiscal Year Ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 3 – DEFINED BENEFIT PENSION PLANS****A – Changes in Actuarial Assumptions****General Employees Retirement Plan**2020 (Continued)

- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP- 2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023 and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.0 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.
- Minneapolis Employees Retirement Fund plan provisions changed the employer supplemental contribution to \$21,000 in calendar years 2017 and 2018 and returns to \$31,000 through calendar year 2031. The State's required contribution is \$16,000 in PERA's fiscal years 2018 and 2019 and returns to \$6,000 annually through calendar year 2031.

For the Fiscal Year Ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 3 – DEFINED BENEFIT PENSION PLANS****A – Changes in Actuarial Assumptions****General Employees Retirement Plan (continued)**2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

**Public Employees Police and Fire Plan**2022

- The investment return and single discount rates were changed from 6.50 percent to 5.40 percent
- The mortality improvement scale was changed from MP-2020 to MP-2021

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020

- The mortality projection scale was changed from MP-2018 to MP-2019.

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

For the Fiscal Year Ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 3 – DEFINED BENEFIT PENSION PLANS****A – Changes in Actuarial Assumptions****Public Employees Police and Fire Plan**2018 (continued)

- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution. Additionally, annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed effective January 1, 2019 and January 1, 2020 from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019 and January 1, 2020 from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 per annum to 7.50 percent per annum.

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

**Teachers' Retirement Association Fund**2022

- There were no changes in actuarial assumptions.

For the Fiscal Year Ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 3 – DEFINED BENEFIT PENSION PLANS****A – Changes in Actuarial Assumptions****Teachers' Retirement Association Fund (continued)**2021

- The investment return assumption was changed from 7.50% to 7.00%.

2020

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 5 years and female rates set back 7 years. Generational projections uses the MP-2015 scale.
- Assumed form of annuity election proportions were changed to more closely reflect experience for female retirees.

2019

- No changes in actuarial assumptions for 2019.

2018

- The investment return assumption was changed from 8.50 percent to 7.50 percent.
- The wage inflation assumption (above price inflation) was reduced from 0.75 percent to 0.35 percent for the next 10 years, and 0.75 percent thereafter.
- The price inflation was lowered from 3.00 percent to 2.50 percent.
- The total salary increase assumption was adjusted by the wage inflation change.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The amortization date for the funding of the Unfunded Actuarial Accrued Liability (UAAL) was reset to June 30, 2048 (30 years).
- A mechanism in the law that provided the TRA Board with some authority to set contribution rates were eliminated.

2017

- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The cost of living adjustment (COLA) was not assumed to increase to 2.50 percent, but remain at 2.0 percent for all future years.
- The price inflation was lowered from 2.75 percent to 2.50 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years followed by 3.25 percent, thereafter.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The Combined Service Annuity (CSA) loads were reduced from 1.40 percent to 0.00 percent for active load, the vested inactive load increase from 4.00 percent to 7.00 percent and the non-vested inactive load increased from 4.00 percent to 9.00 percent.

2016

- The single discount rate was changed from 8.00 percent to 4.66 percent.
- Other assumption changed pursuant to the experience study dated June 5, 2015. The assumed wage growth, payroll growth and inflation were decreased by 0.25 percent. The assumed wage growth and payroll growth were reduced from 3.75 percent to 3.50 percent. Inflation was reduced from 3.00 percent to 2.75 percent.

For the Fiscal Year Ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 4 – POSTEMPLOYMENT BENEFITS PLAN****A – Employer Contributions to Postemployment Benefits Plan**

Assets have not been accumulated in a trust that meets the criteria in paragraph four of the Governmental Accounting Standards Board (GASB) Statement No. 75 to pay related benefits.

**B – Plan Changes Affecting Actuarial Accrued Liability**2022

The following changes in actuarial assumptions occurred in 2022 for the City and Park Board:

- Discount rate was updated to reflect the Bond Buyer 20-Bond General Obligation Index as of 12/31/2021.

No changes in actuarial assumptions occurred in 2022 for MBC.

2021

The following changes in actuarial assumptions occurred in 2021 for the City and Park Board:

- Salary increase rates were updated to reflect the 2019 Experience Study for PERA.
- Retirement rates were updated to reflect the 2019 Experience Study for PERA.
- Termination rates were updated to reflect the 2019 Experience Study for PERA.
- Mortality rates were updated to reflect the 2019 Experience Study for PERA.
- Disability rates were updated to reflect the 2019 Experience Study for PERA.
- Discount rate was updated to reflect the Bond Buyer 20-Bond General Obligation Index as of 12/31/2020.
- Medical trend increase rates was updated to reflect current and anticipated future economic environment.

The following changes in actuarial assumptions occurred in 2021 for MBC:

- The health care trend rates, mortality tables, salary increase rates, and retirement and withdrawal rates were updated.
- The inflation rate was changed from 2.50% to 2.00%.
- The discount rate was changed from 2.90% to 2.00%.

2020

The following changes in actuarial assumptions occurred in 2020 for the City and Park Board:

- The discount rate was changed from 3.71% to 2.75% based on updated 20-year municipal bond rates.

The following changes in actuarial assumptions occurred in 2020 for MBC:

- The discount rate was changed from 3.80% to 2.90%.

2019

The following changes in actuarial assumptions occurred in 2019 for the City and Park Board:

- The discount rate was changed from 3.30% to 3.71% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- The increases in explicit subsidy amounts were updated to reflect recent experience and future increase expectations.

For the Fiscal Year Ended December 31, 2022

(Dollar Amounts Expressed in Thousands)

**NOTE 4 – POSTEMPLOYMENT BENEFITS PLAN****B – Plan Changes Affecting Actuarial Accrued Liability**2019 (continued)

- Medical per capita claims costs were updated to reflect recent experience and new plan offerings, including an adjustment to reflect age/gender-based risk scores published by the Society of Actuaries.
- Withdrawal and retirement rates were updated from the rates used in the 7/1/2016 PERA Police & Fire Plan valuation to the rates used in the 7/1/2019 valuation.
- Mortality rates were updated from the RP-2014 White Collar and Blue-Collar mortality tables with MP-2016 generational improvement scale to the rates used in the 7/1/2019 PERA General Employees Plan and 7/1/2019 PERA Police & Fire Plan valuations.
- The salary scale assumption was updated from a flat 2.90% to the rates used in the 7/1/2019 PERA General Employees Plan and 7/1/2019 PERA Police & Fire Plan valuations.
- 25% percent of future retirees are assumed to elect family coverage at retirement. The prior valuation assumed 85% of future male retirees and 65% of future female retirees would be married. Of these married retirees, 30% would elect family coverage.
- The percent of active ex-spouses assumed to continue coverage under the original member changed from 20% to 25% based on the change in family coverage assumption.
- The percent of future non-Medicare eligible retirees electing each medical plan was updated to reflect recent experience.

The following changes in actuarial assumptions occurred in 2019 for MBC:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2018 Generational Improvement Scale.
- The discount rate was changed from 3.30% to 3.80%.

The following changes in actuarial assumptions occurred for all entities in 2018:

2018

- The discount rate used changed from 3.50% percent to 3.30% percent.



THIS PAGE IS INTENTIONALLY BLANK

## **Non-Major Special Revenue Funds**

**Arena Reserve (Target Center)** – This fund is used to account for the ownership, capital maintenance, and operations of the City owned Arena (Target Center).

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

**Downtown Assets** – This fund is used to clearly delineate the uses of local sales, liquor, restaurant, entertainment, and lodging taxes; to provide stable, predictable ongoing support from these taxes to the General Fund; and to support the comprehensive management of the City's four primary downtown revenue-generating capital assets, the Minneapolis Convention Center, the Arena (Target Center), the Downtown Commons, and Peavey Plaza. In addition, payments of the City's portion of U.S. Bank Stadium are being made from the local taxes.

**Convention Center** – This fund is used to account for the ownership, capital maintenance, operations, and debt service of the City owned Minneapolis Convention Center.

**Self-Managed Special Service Districts** – This fund accounts for the special assessments that are collected to fund the special service districts.

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

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

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

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

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

## **Non-Major Debt Service Funds**

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

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

**General Debt Service** – This fund is used to account for debt service activity related to General Obligation governmental debt supported by property tax levies or transfers to/from other City funds. 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 the Section 108 HUD note for the Midtown Exchange.

## **Internal Service Funds**

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

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

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

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

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

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

## **Custodial Funds**

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

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

**GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
NON-MAJOR FUNDS  
December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

<u>ASSETS</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental</u>
Cash and cash equivalents	\$ 123,083	\$ 31,964	\$ 155,047
Investments with trustees	-	3,083	3,083
Receivables:			
Accounts - net	1,739	-	1,739
Taxes	217	633	850
Special assessments	48	-	48
Intergovernmental	16,149	-	16,149
Accrued interest	307	79	386
Leases	21,020	-	21,020
Due from other funds	-	-	-
Advances to other funds	9,145	-	9,145
Properties held for resale	646	-	646
Prepaid items	31	-	31
<b>Total assets</b>	<b>\$ 172,385</b>	<b>\$ 35,759</b>	<b>\$ 208,144</b>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
Liabilities:			
Salaries payable	\$ 461	\$ -	\$ 461
Accounts payable	9,733	268	10,001
Deposits held for others	1,304	-	1,304
Advances from other funds	-	4,645	4,645
Unearned revenue	9,042	-	9,042
<b>Total liabilities</b>	<b>20,540</b>	<b>4,913</b>	<b>25,453</b>
Deferred Inflows of Resources:			
Unavailable revenue	110	293	403
Leases	21,020	-	21,020
<b>Total deferred inflows of resources</b>	<b>21,130</b>	<b>293</b>	<b>21,423</b>
Fund balances:			
Nonspendable	31	-	31
Restricted	9,024	30,553	39,577
Assigned	121,660	-	121,660
<b>Total fund balances</b>	<b>130,715</b>	<b>30,553</b>	<b>161,268</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 172,385</b>	<b>\$ 35,759</b>	<b>\$ 208,144</b>

**GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NON-MAJOR FUNDS  
 For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental</u>
<b>REVENUES:</b>			
Taxes	\$ 84,140	\$ 49,869	\$ 134,009
Licenses and permits	11	-	11
Intergovernmental revenues	30,693	52	30,745
Charges for services and sales	8,149	-	8,149
Fines and forfeits	244	-	244
Special assessments	7,133	-	7,133
Investment earnings	(2,443)	(575)	(3,018)
Miscellaneous revenues	19,575	4,964	24,539
Total revenues	<u>147,502</u>	<u>54,310</u>	<u>201,812</u>
<b>EXPENDITURES:</b>			
Current:			
General government	24,306	-	24,306
Public safety	10,314	-	10,314
Public works	353	-	353
Health and welfare	6,644	-	6,644
Community planning and economic development	71,456	-	71,456
Debt Service:			
Principal retirement	-	65,960	65,960
Interest and fiscal charges	-	16,853	16,853
Total expenditures	<u>113,073</u>	<u>82,813</u>	<u>195,886</u>
Excess (deficiency) of revenues over (under) expenditures	<u>34,429</u>	<u>(28,503)</u>	<u>5,926</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers from other funds	42,777	19,866	62,643
Transfers to other funds	<u>(55,918)</u>	<u>(5,884)</u>	<u>(61,802)</u>
Total other financing sources (uses)	<u>(13,141)</u>	<u>13,982</u>	<u>841</u>
Net change in fund balances	21,288	(14,521)	6,767
Fund balances - January 1	<u>109,427</u>	<u>45,074</u>	<u>154,501</u>
Fund balances - December 31	<u>\$ 130,715</u>	<u>\$ 30,553</u>	<u>\$ 161,268</u>

**SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
NON-MAJOR FUNDS  
December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	<u>Arena Reserve</u>	<u>Board of Estimate and Taxation</u>	<u>Downtown Assets</u>	<u>Convention Center</u>	<u>Self-Managed Special Service Districts</u>
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 6,402	\$ 353	\$ 45,550	\$ 22,817	\$ 469
Receivables:					
Accounts - net	771	-	-	747	-
Taxes	-	1	-	-	-
Special assessments	-	-	-	-	35
Intergovernmental	-	-	7,808	-	-
Accrued interest	30	-	138	56	1
Leases	21,020	-	-	-	-
Advances to other funds	-	-	-	-	-
Properties held for resale	-	-	-	-	-
Prepaid items	-	-	31	-	-
<b>Total assets</b>	<b><u>\$ 28,223</u></b>	<b><u>\$ 354</u></b>	<b><u>\$ 53,527</u></b>	<b><u>\$ 23,620</u></b>	<b><u>\$ 505</u></b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u></b>					
Liabilities:					
Salaries payable	\$ 4	\$ 17	\$ -	\$ 276	\$ -
Accounts payable	711	1	-	4,427	-
Deposits held for others	-	-	-	1,298	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b><u>715</u></b>	<b><u>18</u></b>	<b><u>-</u></b>	<b><u>6,001</u></b>	<b><u>-</u></b>
Deferred inflows of resources:					
Deferred inflows - leases	21,020	-	-	-	-
Unavailable revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b><u>21,020</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
Fund balances:					
Nonspendable	-	-	31	-	-
Restricted	-	-	-	-	-
Assigned	6,488	336	53,496	17,619	505
<b>Total fund balances</b>	<b><u>6,488</u></b>	<b><u>336</u></b>	<b><u>53,527</u></b>	<b><u>17,619</u></b>	<b><u>505</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b><u>\$ 28,223</u></b>	<b><u>\$ 354</u></b>	<b><u>\$ 53,527</u></b>	<b><u>\$ 23,620</u></b>	<b><u>\$ 505</u></b>

**SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
NON-MAJOR FUNDS  
December 31, 2022**

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

**(In Thousands)**

<u>Employee Retirement</u>	<u>Grants-Other</u>	<u>Police</u>	<u>Neighborhood and Community Relations</u>	<u>Regulatory Services</u>	<u>Total</u>
\$ 31,048	\$ 10,299	\$ 3,603	\$ 2,184	\$ 358	\$ 123,083
-	98	123	-	-	1,739
216	-	-	-	-	217
-	13	-	-	-	48
-	8,273	68	-	-	16,149
76	6	-	-	-	307
-	-	-	-	-	21,020
9,145	-	-	-	-	9,145
-	646	-	-	-	646
-	-	-	-	-	31
<u>\$ 40,485</u>	<u>\$ 19,335</u>	<u>\$ 3,794</u>	<u>\$ 2,184</u>	<u>\$ 358</u>	<u>\$ 172,385</u>
\$ -	\$ 134	\$ 22	\$ 1	\$ 7	\$ 461
-	4,138	20	420	16	9,733
-	-	-	-	6	1,304
-	9,034	8	-	-	9,042
-	13,306	50	421	29	20,540
-	-	-	-	-	21,020
97	13	-	-	-	110
97	13	-	-	-	21,130
-	-	-	-	-	31
-	6,016	3,008	-	-	9,024
40,388	-	736	1,763	329	121,660
40,388	6,016	3,744	1,763	329	130,715
<u>\$ 40,485</u>	<u>\$ 19,335</u>	<u>\$ 3,794</u>	<u>\$ 2,184</u>	<u>\$ 358</u>	<u>\$ 172,385</u>

**SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NON-MAJOR FUNDS**

**CITY OF MINNEAPOLIS, MINNESOTA**

**For the Fiscal Year Ended December 31, 2022**

**(In Thousands)**

	Arena Reserve	Board of Estimate and Taxation	Downtown Assets	Convention Center	Self-Managed Special Service Districts
<b>REVENUES:</b>					
Taxes	\$ -	\$ 111	\$ 66,666	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-
Charges for services and sales	-	-	-	6,336	-
Fines and forfeits	-	-	-	-	-
Special assessments	-	-	-	-	7,115
Investment earnings	(178)	-	(1,309)	(367)	(16)
Miscellaneous revenues	2,121	-	-	9,980	-
Total revenues	<u>1,943</u>	<u>111</u>	<u>65,357</u>	<u>15,949</u>	<u>7,099</u>
<b>EXPENDITURES:</b>					
Current:					
General government	-	34	-	-	7,075
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community planning and economic development	3,320	-	386	43,523	-
Total expenditures	<u>3,320</u>	<u>34</u>	<u>386</u>	<u>43,523</u>	<u>7,075</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,377)</u>	<u>77</u>	<u>64,971</u>	<u>(27,574)</u>	<u>24</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers from other funds	5,000	-	1,480	31,159	-
Transfers to other funds	(1,480)	-	(47,990)	(6,448)	-
Total other financing sources (uses)	<u>3,520</u>	<u>-</u>	<u>(46,510)</u>	<u>24,711</u>	<u>-</u>
Net change in fund balances	2,143	77	18,461	(2,863)	24
Fund balances - January 1	<u>4,345</u>	<u>259</u>	<u>35,066</u>	<u>20,482</u>	<u>481</u>
Fund balances - December 31	<u>\$ 6,488</u>	<u>\$ 336</u>	<u>\$ 53,527</u>	<u>\$ 17,619</u>	<u>\$ 505</u>

**SPECIAL REVENUE FUNDS** **CITY OF MINNEAPOLIS, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,** **(Continued)**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR FUNDS**  
**For the Fiscal Year Ended December 31, 2022** **(In Thousands)**

<u>Employee Retirement</u>	<u>Grants-Other</u>	<u>Police</u>	<u>Neighborhood and Community Relations</u>	<u>Regulatory Services</u>	<u>Total</u>
\$ 17,053	\$ 119	\$ 191	\$ -	\$ -	\$ 84,140
-	11	-	-	-	11
5,597	24,912	184	-	-	30,693
-	774	725	-	314	8,149
-	-	244	-	-	244
-	18	-	-	-	7,133
(517)	(56)	-	-	-	(2,443)
3,466	4,008	-	-	-	19,575
<u>25,599</u>	<u>29,786</u>	<u>1,344</u>	<u>-</u>	<u>314</u>	<u>147,502</u>
16,514	683	-	-	-	24,306
7,679	1,676	946	-	13	10,314
-	54	-	-	299	353
-	6,644	-	-	-	6,644
-	17,900	-	6,327	-	71,456
<u>24,193</u>	<u>26,957</u>	<u>946</u>	<u>6,327</u>	<u>312</u>	<u>113,073</u>
<u>1,406</u>	<u>2,829</u>	<u>398</u>	<u>(6,327)</u>	<u>2</u>	<u>34,429</u>
-	4	-	5,134	-	42,777
-	-	-	-	-	(55,918)
<u>-</u>	<u>4</u>	<u>-</u>	<u>5,134</u>	<u>-</u>	<u>(13,141)</u>
1,406	2,833	398	(1,193)	2	21,288
<u>38,982</u>	<u>3,183</u>	<u>3,346</u>	<u>2,956</u>	<u>327</u>	<u>109,427</u>
<u>\$ 40,388</u>	<u>\$ 6,016</u>	<u>\$ 3,744</u>	<u>\$ 1,763</u>	<u>\$ 329</u>	<u>\$ 130,715</u>

**ARENA RESERVE  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Investment earnings	\$ 45	\$ 45	\$ (178)	\$ (223)
Miscellaneous revenues	1,582	1,582	2,121	539
Total revenues	<u>1,627</u>	<u>1,627</u>	<u>1,943</u>	<u>316</u>
<b>EXPENDITURES:</b>				
Current:				
Community planning and economic development	<u>7,120</u>	<u>8,303</u>	<u>3,320</u>	<u>4,983</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,493)</u>	<u>(6,676)</u>	<u>(1,377)</u>	<u>5,299</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	5,000	5,000	5,000	-
Transfers to other funds	<u>(1,480)</u>	<u>(1,480)</u>	<u>(1,480)</u>	<u>-</u>
Total other financing sources (uses)	<u>3,520</u>	<u>3,520</u>	<u>3,520</u>	<u>-</u>
Net change in fund balances	(1,973)	(3,156)	2,143	5,299
Fund balances - January 1	<u>4,345</u>	<u>4,345</u>	<u>4,345</u>	<u>-</u>
Fund balances - December 31	<u>\$ 2,372</u>	<u>\$ 1,189</u>	<u>\$ 6,488</u>	<u>\$ 5,299</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, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	Budgeted Amount		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 110	\$ 110	\$ 111	\$ 1
<b>EXPENDITURES:</b>				
Current:				
General government	108	108	34	74
Net change in fund balances	2	2	77	75
Fund balances - January 1	259	259	259	-
Fund balances - December 31	<u>\$ 261</u>	<u>\$ 261</u>	<u>\$ 336</u>	<u>\$ 75</u>

**DOWNTOWN ASSETS  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	<b>Budgeted Amount</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Taxes	\$ 42,917	\$ 42,917	\$ 66,666	\$ 23,749
Investment earnings	818	818	(1,309)	(2,127)
Total revenues	<u>43,735</u>	<u>43,735</u>	<u>65,357</u>	<u>21,622</u>
<b>EXPENDITURES:</b>				
Current:				
Community planning and economic development	<u>450</u>	<u>450</u>	<u>386</u>	<u>64</u>
Excess (deficiency) of revenues over (under) expenditures	<u>43,285</u>	<u>43,285</u>	<u>64,971</u>	<u>21,686</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	1,929	1,929	1,480	(449)
Transfers to other funds	<u>(48,440)</u>	<u>(48,440)</u>	<u>(47,990)</u>	<u>450</u>
Total other financing sources (uses)	<u>(46,511)</u>	<u>(46,511)</u>	<u>(46,510)</u>	<u>1</u>
Net change in fund balances	(3,226)	(3,226)	18,461	21,687
Fund balances - January 1	<u>35,066</u>	<u>35,066</u>	<u>35,066</u>	<u>-</u>
Fund balances - December 31	<u>\$ 31,840</u>	<u>\$ 31,840</u>	<u>\$ 53,527</u>	<u>\$ 21,687</u>

**CONVENTION CENTER  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	Budgeted Amount		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Charges for services and sales	\$ 5,743	\$ 5,743	\$ 6,336	\$ 593
Investment earnings	68	68	(367)	(435)
Miscellaneous revenues	10,078	10,078	9,980	(98)
Total revenues	<u>15,889</u>	<u>15,889</u>	<u>15,949</u>	<u>60</u>
<b>EXPENDITURES:</b>				
Current:				
Community planning and economic development	<u>45,037</u>	<u>48,082</u>	<u>43,523</u>	<u>4,559</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(29,148)</u>	<u>(32,193)</u>	<u>(27,574)</u>	<u>4,619</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	31,159	31,159	31,159	-
Transfers to other funds	(6,465)	(6,465)	(6,448)	17
Total other financing sources (uses)	<u>24,694</u>	<u>24,694</u>	<u>24,711</u>	<u>17</u>
Net change in fund balances	(4,454)	(7,499)	(2,863)	4,636
Fund balances - January 1	<u>20,482</u>	<u>20,482</u>	<u>20,482</u>	<u>-</u>
Fund balances - December 31	<u>\$ 16,028</u>	<u>\$ 12,983</u>	<u>\$ 17,619</u>	<u>\$ 4,636</u>

**SELF-MANAGED SPECIAL SERVICE DISTRICTS  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Special assessments	\$ 7,119	\$ 7,119	\$ 7,115	\$ (4)
Investment earnings	-	-	(16)	(16)
Total revenues	<u>7,119</u>	<u>7,119</u>	<u>7,099</u>	<u>(20)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	<u>7,119</u>	<u>7,119</u>	<u>7,075</u>	<u>44</u>
Net change in fund balances	-	-	24	24
Fund balances - January 1	<u>481</u>	<u>481</u>	<u>481</u>	<u>-</u>
Fund balances - December 31	<u>\$ 481</u>	<u>\$ 481</u>	<u>\$ 505</u>	<u>\$ 24</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, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 17,110	\$ 17,110	\$ 17,053	\$ (57)
Intergovernmental revenues	4,780	4,780	5,597	817
Investment earnings	-	-	(517)	(517)
Miscellaneous revenues	3,254	3,254	3,466	212
Total revenues	<u>25,144</u>	<u>25,144</u>	<u>25,599</u>	<u>455</u>
<b>EXPENDITURES:</b>				
Current:				
General government	16,515	16,515	16,514	1
Public safety	7,679	7,679	7,679	-
Total expenditures	<u>24,194</u>	<u>24,194</u>	<u>24,193</u>	<u>1</u>
Net change in fund balances	950	950	1,406	456
Fund balances - January 1	<u>38,982</u>	<u>38,982</u>	<u>38,982</u>	<u>-</u>
Fund balances - December 31	<u>\$ 39,932</u>	<u>\$ 39,932</u>	<u>\$ 40,388</u>	<u>\$ 456</u>

**GRANTS - OTHER  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 70	\$ 70	\$ 119	\$ 49
Licenses and permits	-	-	11	11
Intergovernmental revenues	8,335	26,459	24,912	(1,547)
Charges for services and sales	950	950	774	(176)
Special assessments	-	1,930	18	(1,912)
Investment earnings	-	-	(56)	(56)
Miscellaneous revenues	591	2,012	4,008	1,996
Total revenues	<u>9,946</u>	<u>31,421</u>	<u>29,786</u>	<u>(1,635)</u>
<b>EXPENDITURES:</b>				
Current:				
General government	351	1,267	683	584
Public safety	1,327	5,521	1,676	3,845
Public works	-	-	54	(54)
Health and welfare	6,363	7,149	6,644	505
Community planning and economic development	2,000	19,349	17,900	1,449
Total expenditures	<u>10,041</u>	<u>33,286</u>	<u>26,957</u>	<u>6,329</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(95)</u>	<u>(1,865)</u>	<u>2,829</u>	<u>4,694</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	<u>-</u>	<u>4</u>	<u>4</u>	<u>-</u>
Net change in fund balances	(95)	(1,861)	2,833	4,694
Fund balances - January 1	<u>3,183</u>	<u>3,183</u>	<u>3,183</u>	<u>-</u>
Fund balances - December 31	<u>\$ 3,088</u>	<u>\$ 1,322</u>	<u>\$ 6,016</u>	<u>\$ 4,694</u>

**POLICE**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES:</b>				
Taxes	\$ 270	\$ 270	\$ 191	\$ (79)
Intergovernmental revenues	-	-	184	184
Charges for services and sales	560	1,074	725	(349)
Fines and forfeits	400	400	244	(156)
Total revenues	<u>1,230</u>	<u>1,744</u>	<u>1,344</u>	<u>(400)</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety	<u>1,230</u>	<u>1,744</u>	<u>946</u>	<u>798</u>
Net change in fund balances	-	-	398	398
Fund balances - January 1	<u>3,346</u>	<u>3,346</u>	<u>3,346</u>	<u>-</u>
Fund balances - December 31	<u>\$ 3,346</u>	<u>\$ 3,346</u>	<u>\$ 3,744</u>	<u>\$ 398</u>

**NEIGHBORHOOD AND COMMUNITY RELATIONS  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues:</b>				
Miscellaneous revenues	\$ 400	\$ 400	\$ -	\$ (400)
<b>EXPENDITURES:</b>				
Current:				
Community planning and economic development	8,934	8,934	6,327	2,607
Excess (deficiency) of revenues over (under) expenditures	(8,534)	(8,534)	(6,327)	2,207
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	5,134	5,134	5,134	-
Net change in fund balances	(3,400)	(3,400)	(1,193)	2,207
Fund balances - January 1	2,956	2,956	2,956	-
Fund balances - December 31	\$ (444)	\$ (444)	\$ 1,763	\$ 2,207

**REGULATORY SERVICES  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES:</b>				
Charges for services and sales	\$ -	\$ 3,315	\$ 314	\$ (3,001)
<b>EXPENDITURES:</b>				
Current:				
Public safety	-	-	13	(13)
Public works	-	3,315	299	3,016
Total expenditures	-	3,315	312	3,003
Net change in fund balances	-	-	2	2
Fund balances - January 1	327	327	327	-
Fund balances - December 31	\$ 327	\$ 327	\$ 329	\$ 2

DEBT SERVICE FUNDS  
 COMBINING BALANCE SHEET  
 NON-MAJOR FUNDS  
 December 31, 2022

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Community Development Agency</u>	<u>Development</u>	<u>General Debt Service</u>	<u>Total</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 66	\$ 6,533	\$ 25,365	\$ 31,964
Investments with trustees	3,083	-	-	3,083
Receivables:				
Taxes	-	-	633	633
Accrued interest	-	4	75	79
Total assets	<u>\$ 3,149</u>	<u>\$ 6,537</u>	<u>\$ 26,073</u>	<u>\$ 35,759</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 268	\$ 268
Advances from other funds	-	4,645	-	4,645
Total liabilities	<u>-</u>	<u>4,645</u>	<u>268</u>	<u>4,913</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	293	293
Fund balances:				
Restricted	<u>3,149</u>	<u>1,892</u>	<u>25,512</u>	<u>30,553</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,149</u>	<u>\$ 6,537</u>	<u>\$ 26,073</u>	<u>\$ 35,759</u>

**DEBT SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NON-MAJOR FUNDS**  
**For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	<b>Community Development Agency</b>	<b>Development</b>	<b>General Debt Service</b>	<b>Total</b>
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ 49,869	\$ 49,869
Intergovernmental revenues	-	-	52	52
Investment earnings	25	1	(601)	(575)
Miscellaneous revenues	-	3,816	1,148	4,964
Total revenues	<u>25</u>	<u>3,817</u>	<u>50,468</u>	<u>54,310</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Principal retirement	1,620	4,485	59,855	65,960
Interest and fiscal charges	573	5,157	11,123	16,853
Total expenditures	<u>2,193</u>	<u>9,642</u>	<u>70,978</u>	<u>82,813</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,168)</u>	<u>(5,825)</u>	<u>(20,510)</u>	<u>(28,503)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	4,151	12,875	2,840	19,866
Transfers to other funds	(1,931)	-	(3,953)	(5,884)
Total other financing sources (uses)	<u>2,220</u>	<u>12,875</u>	<u>(1,113)</u>	<u>13,982</u>
Net change in fund balances	52	7,050	(21,623)	(14,521)
Fund balances - January 1	<u>3,097</u>	<u>(5,158)</u>	<u>47,135</u>	<u>45,074</u>
Fund balances - December 31	<u>\$ 3,149</u>	<u>\$ 1,892</u>	<u>\$ 25,512</u>	<u>\$ 30,553</u>

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET POSITION  
December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	<b>Engineering Materials and Testing</b>	<b>Inter- governmental Services</b>	<b>Property Services</b>	<b>Equipment Services</b>	<b>Public Works Stores</b>	<b>Self- Insurance</b>	<b>Total</b>
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 2,102	\$ 7,390	\$ 9,836	\$ 21,952	\$ 820	\$ 135,503	\$ 177,603
Receivables:							
Accounts - net	28	3	95	-	-	3	129
Inventories	-	-	12	1,011	8,300	-	9,323
Prepaid items	-	3,757	-	-	-	-	3,757
Total current assets	<u>2,130</u>	<u>11,150</u>	<u>9,943</u>	<u>22,963</u>	<u>9,120</u>	<u>135,506</u>	<u>190,812</u>
Long-term assets:							
Capital assets:							
Non-depreciable/amortizable:							
Land and easements	-	-	20,821	2,186	-	-	23,007
Construction in progress	-	9,987	2,876	2,842	-	-	15,705
Depreciable/amortizable:							
Buildings and structures	-	-	26,275	30,061	-	-	56,336
Less accumulated depreciation/amortization	-	-	(23,064)	(13,892)	-	-	(36,956)
Public improvements	-	-	18,629	1,704	-	-	20,333
Less accumulated depreciation/amortization	-	-	(6,367)	(841)	-	-	(7,208)
Machinery and equipment	594	35,606	13,602	126,667	30	-	176,499
Less accumulated depreciation/amortization	(408)	(32,691)	(13,006)	(76,546)	(13)	-	(122,664)
Software	-	65,673	8	97	-	-	65,778
Less accumulated depreciation/amortization	-	(59,393)	(8)	(97)	-	-	(59,498)
Total long - term assets	<u>186</u>	<u>19,182</u>	<u>39,766</u>	<u>72,181</u>	<u>17</u>	<u>-</u>	<u>131,332</u>
Total assets	<u>\$ 2,316</u>	<u>\$ 30,332</u>	<u>\$ 49,709</u>	<u>\$ 95,144</u>	<u>\$ 9,137</u>	<u>\$ 135,506</u>	<u>\$ 322,144</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred outflows - other postemployment benefits	\$ 29	\$ 255	\$ 177	\$ 190	\$ 28	\$ 15	\$ 694
Deferred outflows - pensions	323	3,177	1,765	1,788	269	206	7,528
Total deferred outflows of resources	<u>\$ 352</u>	<u>\$ 3,432</u>	<u>\$ 1,942</u>	<u>\$ 1,978</u>	<u>\$ 297</u>	<u>\$ 221</u>	<u>\$ 8,222</u>
<b>LIABILITIES</b>							
Current liabilities:							
Salaries payable	\$ 40	\$ 399	\$ 261	\$ 194	\$ 30	\$ 61	\$ 985
Accounts payable	180	2,912	551	1,531	783	1,925	7,882
Intergovernmental payable	-	-	-	1	-	-	1
Deposits held for others	-	-	-	2	-	-	2
Unearned revenue	-	1,441	-	-	-	-	1,441
Compensated absences payable - current portion	75	728	487	398	59	3,058	4,805
Lease liability - current portion	-	501	247	-	-	-	748
Medical claims payable - current portion	-	-	-	-	-	10,406	10,406
Unpaid claims payable - current portion	-	-	-	-	-	57,472	57,472
Total current liabilities	<u>295</u>	<u>5,981</u>	<u>1,546</u>	<u>2,126</u>	<u>872</u>	<u>72,922</u>	<u>83,742</u>
Long-term liabilities:							
Compensated absences payable	25	241	161	132	20	14,455	15,034
Lease liability	-	1,035	201	-	-	-	1,236
Other postemployment benefits	146	1,297	899	965	141	77	3,525
Net pension liability	1,450	14,240	7,914	8,014	1,206	923	33,747
Unpaid claims payable	-	-	-	-	-	109,181	109,181
Total long - term liabilities	<u>1,621</u>	<u>16,813</u>	<u>9,175</u>	<u>9,111</u>	<u>1,367</u>	<u>124,636</u>	<u>162,723</u>
Total liabilities	<u>\$ 1,916</u>	<u>\$ 22,794</u>	<u>\$ 10,721</u>	<u>\$ 11,237</u>	<u>\$ 2,239</u>	<u>\$ 197,558</u>	<u>\$ 246,465</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred inflows - other postemployment benefits	\$ 2	\$ 15	\$ 10	\$ 11	\$ 2	\$ 1	\$ 41
Deferred inflows - pensions	44	430	238	242	36	28	1,018
Total deferred inflows of resources	<u>\$ 46</u>	<u>\$ 445</u>	<u>\$ 248</u>	<u>\$ 253</u>	<u>\$ 38</u>	<u>\$ 29</u>	<u>\$ 1,059</u>
<b>NET POSITION</b>							
Net investment in capital assets	\$ 186	\$ 17,647	\$ 39,317	\$ 72,182	\$ 17	\$ -	\$ 129,349
Unrestricted	520	(7,122)	1,365	13,450	7,140	(61,860)	(46,507)
Total net position	<u>\$ 706</u>	<u>\$ 10,525</u>	<u>\$ 40,682</u>	<u>\$ 85,632</u>	<u>\$ 7,157</u>	<u>\$ (61,860)</u>	<u>\$ 82,842</u>

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	<b>Engineering Materials and Testing</b>	<b>Inter- governmental Services</b>	<b>Property Services</b>	<b>Equipment Services</b>	<b>Public Works Stores</b>	<b>Self- Insurance</b>	<b>Total</b>
Operating revenues:							
Intergovernmental revenues	\$ -	\$ 134	\$ -	\$ -	\$ -	\$ -	\$ 134
Charges for services and sales	10,107	44,936	3,305	16,840	2,042	114,636	191,866
Rents and commissions	-	-	22,652	8,642	-	-	31,294
<b>Total operating revenues</b>	<b>10,107</b>	<b>45,070</b>	<b>25,957</b>	<b>25,482</b>	<b>2,042</b>	<b>114,636</b>	<b>223,294</b>
Operating expenses:							
Personnel costs	1,412	12,847	9,023	7,991	1,083	20,463	52,819
Contractual services	996	24,277	13,159	9,348	385	91,539	139,704
Materials, supplies, services and other	7,590	6,284	2,171	7,963	242	(5,605)	18,645
Depreciation and amortization	16	3,298	2,078	10,284	3	-	15,679
<b>Total operating expenses</b>	<b>10,014</b>	<b>46,706</b>	<b>26,431</b>	<b>35,586</b>	<b>1,713</b>	<b>106,397</b>	<b>226,847</b>
Operating income (loss)	93	(1,636)	(474)	(10,104)	329	8,239	(3,553)
Nonoperating revenues (expenses):							
Intergovernmental	8	76	42	43	6	5	180
Other revenues	-	-	5	-	28	5,788	5,821
<b>Total nonoperating revenues (expenses)</b>	<b>8</b>	<b>76</b>	<b>47</b>	<b>43</b>	<b>34</b>	<b>5,793</b>	<b>6,001</b>
Income (loss) before transfers	101	(1,560)	(427)	(10,061)	363	14,032	2,448
Transfers in (out):							
Transfers from other funds	-	414	1,104	-	-	24,075	25,593
Transfers to other funds	-	-	-	(2,920)	-	-	(2,920)
<b>Total transfers</b>	<b>-</b>	<b>414</b>	<b>1,104</b>	<b>(2,920)</b>	<b>-</b>	<b>24,075</b>	<b>22,673</b>
Change in net position	101	(1,146)	677	(12,981)	363	38,107	25,121
Net position - January 1	605	11,671	40,005	98,613	6,794	(99,967)	57,721
Net position - December 31	\$ 706	\$ 10,525	\$ 40,682	\$ 85,632	\$ 7,157	\$ (61,860)	\$ 82,842

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	Total
<b>Cash flows from operating activities:</b>							
Cash received from customers	\$ 163	\$ 134	\$ 281	\$ 1	\$ 67	\$ 8,034	\$ 8,680
Cash received from interfund activities	9,940	44,851	25,666	25,482	8,123	106,601	220,663
Payments to suppliers	(7,901)	(27,564)	(13,834)	(12,217)	(7,036)	(95,628)	(164,180)
Payments to employees	(1,429)	(13,176)	(8,908)	(7,986)	(1,190)	(23,630)	(56,319)
Payments for interfund activities	(648)	(2,809)	(1,426)	(4,844)	(397)	(493)	(10,617)
Other nonoperating revenues	-	-	5	-	28	5,788	5,821
Net cash provided (used) by operating activities	125	1,436	1,784	436	(405)	672	4,048
<b>Cash flows from non-capital financing activities:</b>							
Transfers from other funds	-	414	1,104	-	-	24,075	25,593
Transfers to other funds	-	-	-	(2,920)	-	-	(2,920)
Intergovernmental receipts	8	76	42	43	6	5	180
Net cash provided (used) by non-capital financing activities	8	490	1,146	(2,877)	6	24,080	22,853
<b>Cash flows from capital and related financing activities:</b>							
Acquisition and construction of capital assets	(58)	(3,699)	(2,020)	(10,308)	-	-	(16,085)
Net cash provided (used) by capital and related financing activities	(58)	(3,699)	(2,020)	(10,308)	-	-	(16,085)
Net increase (decrease) in cash and cash equivalents	75	(1,773)	910	(12,749)	(399)	24,752	10,816
Cash and cash equivalents, beginning of year	2,027	9,163	8,926	34,701	1,219	110,751	166,787
Cash and cash equivalents, end of year	\$ 2,102	\$ 7,390	\$ 9,836	\$ 21,952	\$ 820	\$ 135,503	\$ 177,603
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>							
Operating income (loss)	\$ 93	\$ (1,636)	\$ (474)	\$ (10,104)	\$ 329	\$ 8,239	\$ (3,553)
Adjustment to reconcile change in net position to net cash provided (used) by operating activities:							
Depreciation and amortization	16	3,298	2,078	10,284	3	-	15,679
Accounts receivable	(1)	138	(12)	-	-	-	125
Inventories	-	-	1	190	(1,097)	-	(906)
Prepaid items	-	2,013	-	-	-	-	2,013
Deferred outflows - other postemployment benefits	5	21	7	34	9	134	210
Deferred outflows - pensions	104	1,109	536	541	114	2,090	4,494
Salaries payable	3	54	45	2	2	(171)	(65)
Accounts payable	36	(1,822)	68	62	440	94	(1,122)
Intergovernmental payable	-	(2)	-	-	-	-	(2)
Unearned revenue	-	(224)	-	-	-	-	(224)
Compensated absences payable	9	71	56	64	5	1,912	2,117
Other postemployment benefits	(1)	102	102	(1)	(17)	(569)	(384)
Net pension liability	455	4,269	2,560	2,595	314	(4,419)	5,774
Unpaid claims payable	-	-	-	-	-	(11,615)	(11,615)
Medical claims payable	-	-	-	-	-	2,589	2,589
Deferred inflows - other postemployment benefits	(1)	(2)	(1)	(4)	(1)	(9)	(18)
Deferred inflows - pensions	(593)	(5,953)	(3,187)	(3,227)	(534)	(3,391)	(16,885)
Other nonoperating revenue	-	-	5	-	28	5,788	5,821
Net cash provided (used) by operating activities	\$ 125	\$ 1,436	\$ 1,784	\$ 436	\$ (405)	\$ 672	\$ 4,048

CUSTODIAL FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
December 31, 2022

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Minneapolis Youth Coordinating Board	Joint Board	Total
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 1,870	\$ 189	\$ 2,059
Receivables:			
Accounts - net	5	-	5
Accrued interest	6	1	7
Prepaid items	2	-	2
Total assets	<u>\$ 1,883</u>	<u>\$ 190</u>	<u>\$ 2,073</u>
<b><u>LIABILITIES</u></b>			
Salaries payable	\$ 14	\$ -	\$ 14
Accounts payable	-	1	1
Unearned revenue	1,312	-	1,312
Total liabilities	<u>\$ 1,326</u>	<u>\$ 1</u>	<u>\$ 1,327</u>
<b><u>NET POSITION</u></b>			
Restricted for:			
Other governments	<u>\$ 557</u>	<u>\$ 189</u>	<u>\$ 746</u>

**CUSTODIAL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	<b>Minneapolis Youth Coordinating Board</b>	<b>Joint Board</b>	<b>Total</b>
<b><u>ADDITIONS</u></b>			
Intergovernmental revenues	\$ 1,728	\$ -	\$ 1,728
Development fees	-	95	95
Investment earnings	(59)	(6)	(65)
Miscellaneous revenues	105	10	115
	<u>1,774</u>	<u>99</u>	<u>1,873</u>
<b><u>DEDUCTIONS</u></b>			
General government	2,095	-	2,095
Legal services	-	70	70
	<u>2,095</u>	<u>70</u>	<u>2,165</u>
Net increase (decrease) in fiduciary net position	(321)	29	(292)
Net Position - January 1	<u>878</u>	<u>160</u>	<u>1,038</u>
Net Position - December 31	<u>\$ 557</u>	<u>\$ 189</u>	<u>\$ 746</u>

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2022

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2023	Interest Due in 2023
<u>Property Tax Supported General Obligation Bonds</u>								
General Infrastructure Bonds								
Bridges	3.00%	10/02/20	12/01/25	4,480	1,255	3,225	1,200	97
	4.00%	10/27/21	12/01/25	2,857	570	2,287	1,335	91
	5.00%	08/17/22	12/01/22	888	888	-	-	-
Park Improvements	3.00% to 5.00%	05/15/18	12/01/26	3,650	1,850	1,800	450	72
	4.00%	05/21/19	12/01/23	13,296	10,646	2,650	2,650	106
	2.00% to 3.00%	10/02/20	12/01/27	7,934	3,385	4,549	1,695	130
	4.00%	10/27/21	12/01/26	6,315	631	5,684	632	227
	5.00%	08/17/22	12/01/26	13,647	11,647	2,000	500	100
Parkway Improvements	4.00%	10/27/21	12/01/22	742	742	-	-	-
	5.00%	08/17/22	12/01/22	672	672	-	-	-
Public Buildings	3.00%	10/27/21	12/01/33	16,070	1,072	14,998	1,071	576
	5.00%	08/17/22	12/01/26	8,864	6,864	2,000	500	100
Municipal Buildings	5.00%	05/21/19	12/01/22	3,183	3,183	-	-	-
	4.00%	10/27/21	12/01/23	904	827	77	77	3
	5.00%	08/17/22	12/01/26	7,324	5,724	1,600	400	80
Street Improvements	3.00% to 5.00%	05/15/18	12/01/26	17,050	11,060	5,990	1,240	238
	4.00%	05/21/19	12/01/26	35,321	30,946	4,375	700	131
	2.00% to 3.00%	10/02/20	12/01/29	15,241	10,060	5,181	3,545	147
	2.00% to 3.00%	10/02/20	12/01/29	2,050	435	1,615	225	39
	2.13% to 4.00%	10/27/21	12/01/40	21,127	1,112	20,015	1,112	649
	3.50% to 5.00%	08/17/22	12/01/41	30,345	4,200	26,145	275	1,147
Public Safety Radios	4.00%	05/21/19	12/01/22	2,700	2,700	-	-	-
	4.00%	10/27/21	12/01/24	1,980	396	1,584	1,188	63
Sub-total General Infrastructure Bonds				216,640	110,865	105,775	18,795	3,996

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2022

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2023	Interest Due in 2023
Public Service Center Bonds	4.00% to 5.00%	10/31/18	12/01/46	68,215	-	68,215	1,655	2,841
	2.00% to 3.00%	11/20/19	12/01/46	114,400	4,745	109,655	3,235	3,199
Sub-total Public Service Center Bonds				182,615	4,745	177,870	4,890	6,040
Total Property Tax Supported General Obligation Bonds				399,255	115,610	283,645	23,685	10,036
<u>Self-Supporting General Obligation Bonds</u>								
Convention Center	0.60%	10/02/20	12/01/25	26,000	-	26,000	-	156
Parade Ice & Other Facility Energy Improvements	2.00%	10/02/20	12/01/30	2,675	-	2,675	-	54
Parade Ice & Other Facility Energy Improvements	2.00% to 3.80%	12/03/13	12/01/26	7,000	3,000	4,000	950	141
Downtown East	0.95% to 4.63%	03/04/14	03/01/44	61,905	3,690	58,215	1,065	2,562
Target Center (Sales Tax) Refunding	3.25% to 4.25%	05/17/17	12/01/35	39,915	8,570	31,345	1,940	1,090
Target Center (Sales Tax) Refunding	3.40% to 5.00%	05/15/18	12/01/30	31,560	5,965	25,595	1,680	986
Total Self-Supporting General Obligation Bonds				169,055	21,225	147,830	5,635	4,989
<u>Special Assessment General Obligation Bonds, and Notes</u>								
Improvements	3.00%	10/02/20	12/01/23	740	490	250	250	8
	2.00%	10/20/16	12/01/26	4,440	2,350	2,090	420	42
	2.00% to 3.00%	10/02/20	12/01/30	2,295	455	1,840	230	44
	2.00% to 3.50%	12/02/14	12/01/34	5,930	5,570	360	30	11
	2.00%	10/20/16	12/01/26	7,185	6,325	860	80	17
	3.00% to 4.00%	05/17/17	12/01/27	8,820	6,070	2,750	250	85
	5.00%	05/15/18	12/01/27	8,545	4,245	4,300	400	145
	4.00%	05/21/19	12/01/33	12,245	6,760	5,485	1,770	176
	2.00% to 3.00%	10/02/20	12/01/29	12,860	3,160	9,700	1,580	229
	2.13% to 4.00%	10/27/21	12/01/40	7,005	1,330	5,675	880	195
	3.50% to 5.00%	08/17/22	12/01/41	7,565	1,310	6,255	1,275	306

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2022

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2023	Interest Due in 2023
Housing Improvement Area Bonds	3.00% to 4.30%	12/03/13	12/01/32	1,260	460	800	60	33
Housing Improvement Area Bonds-Wellington	3.40% to 5.00%	05/15/18	12/01/30	1,210	230	980	50	37
Housing Improvement Area Bonds-Blaisdell	3.00% to 3.30%	05/21/19	12/01/37	4,055	680	3,375	165	105
Housing Improvement Area Bonds-Summit	1.00% to 2.60%	10/27/21	12/01/40	15,860	670	15,190	690	323
Nicollet Mall Improvement	3.00% to 4.00%	05/17/17	12/01/27	16,095	4,830	11,265	805	346
Nicollet Mall Improvement - (Refunding)	Variable - Note	12/18/15	06/17/21	8,000	8,000	-	-	-
Park Diseased Trees	5.00%	12/05/17	12/01/22	300	300	-	-	-
	5.00%	05/15/18	12/01/23	300	240	60	60	3
	4.00%	05/21/19	12/01/23	300	240	60	60	2
	3.00%	10/02/20	12/01/24	285	175	110	55	3
	4.00%	10/27/21	12/01/25	270	120	150	50	6
	5.00%	08/17/22	12/01/26	800	160	640	160	32
Total Special Assessment General Obligation Bonds and Notes				126,365	54,170	72,195	9,320	2,148
<u>Tax Increment Revenue Bonds</u>								
2015 Village at St. Anthony Falls-Tax Exempt Refunding	1.60% to 4.00%	12/13/05	03/01/27	8,245	4,100	4,145	695	152
2015 Ivy Tower Refunding	1.25% to 5.00%	09/24/15	03/01/29	6,085	2,350	3,735	430	165
2015 Grant Park Tax Increment Revenue Refunding	1.55% to 4.00%	03/12/15	03/01/30	7,460	2,805	4,655	470	173
2015 East River Unocal Site Refunding	1.25% to 4.00%	09/24/15	03/01/25	920	575	345	95	12
Total Tax Increment Revenue Bonds				22,710	9,830	12,880	1,690	502
<u>Tax Increment Revenue Notes</u>								
Section 108 - Midtown Exchange	Variable - Note	12/01/04	08/01/24	6,500	5,275	1,225	595	25
Total Revenue Notes				6,500	5,275	1,225	595	25
Total Governmental Activity Bonds and Notes				723,885	206,110	517,775	40,925	17,700

SCHEDULE OF BUSINESS-TYPE ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2022

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2023	Interest Due in 2023
<u>Sanitary Sewer Fund General Obligation Bonds</u>								
	2.00%	10/20/16	12/01/23	20,750	16,850	3,900	3,900	78
	5.00%	12/05/17	12/01/22	5,960	5,960	-	-	-
	2.00% to 4.00%	05/21/19	12/01/28	15,730	4,300	11,430	1,905	343
	2.00% to 3.00%	10/02/20	12/01/29	14,865	1,345	13,520	1,660	324
	3.00% to 4.00%	10/27/21	12/01/31	14,730	1,475	13,255	1,475	501
	3.50% to 5.00%	08/17/22	12/01/41	10,840	-	10,840	575	487
Total Sanitary Sewer Fund General Obligation Bonds				82,875	29,930	52,945	9,515	1,733
<u>Stormwater Fund General Obligation Bonds</u>								
	4.00%	05/21/19	12/01/23	4,670	3,240	1,430	1,430	57
	3.00%	10/02/20	12/01/23	1,425	1,025	400	400	12
	4.00%	10/27/21	12/01/26	9,420	1,885	7,535	1,885	301
	3.50% to 5.00%	08/17/22	12/01/41	24,020	-	24,020	1,265	1,079
Total Stormwater Fund General Obligation Bonds				39,535	6,150	33,385	4,980	1,449
<u>Water Treatment and Distribution Services Fund General Obligation Bonds and Notes</u>								
	2.00%	10/20/16	12/01/23	11,245	10,000	1,245	1,245	25
	2.00%	10/20/16	12/01/24	11,500	7,950	3,550	2,000	71
	5.00%	12/05/17	12/01/22	11,320	11,320	-	-	-
	2.00% to 4.00%	05/21/19	12/01/33	21,545	1,420	20,125	1,005	569
	2.00% to 3.00%	10/02/20	12/01/29	18,565	245	18,320	520	428
	2.13% to 4.00%	10/27/21	12/01/36	15,960	1,065	14,895	1,065	512
	3.50% to 5.00%	08/17/22	12/01/41	16,580	-	16,580	875	745
<u>Drinking Water Program - Notes Payable</u>								
	2.82%	12/17/02	08/20/22	27,400	27,400	-	-	-
	2.80%	02/21/04	08/20/23	25,000	18,900	6,100	6,100	171
	2.60%	08/23/06	08/20/26	13,500	11,500	2,000	500	52
	2.69%	12/09/09	08/20/27	19,558	1,858	17,700	200	476
	1.01%	05/18/18	08/20/32	28,900	5,750	23,150	2,150	233
	1.47%	11/21/18	08/20/35	25,312	5,560	19,752	1,500	320
Total Water Treatment and Distribution Services Fund General Obligation Bonds and Notes				246,385	102,968	143,417	17,160	3,602

SCHEDULE OF BUSINESS-TYPE ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2022

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2023	Interest Due in 2023
<u>Municipal Parking Fund General Obligation Bonds and Notes</u>								
	Variable - Note	01/03/12	12/01/33	27,980	1,355	26,625	290	799
	2.00%	10/20/16	12/01/26	17,600	7,900	9,700	2,900	194
	1.50% to 2.50%	10/02/20	12/01/29	12,975	335	12,640	2,065	284
	2.00% to 3.00%	10/02/20	12/01/28	3,720	230	3,490	360	84
	4.00%	10/27/21	12/01/26	9,000	1,800	7,200	1,800	288
Total Municipal Parking Fund General Obligation Bonds and Notes				71,275	11,620	59,655	7,415	1,649
<u>Solid Waste and Recycling Fund General Obligation Bonds</u>								
	4.55% to 4.75%	10/31/18	12/01/36	13,960	310	13,650	160	582
	4.55% to 4.75%	10/31/18	12/01/22	14,045	14,045	-	-	-
	2.00% to 4.00%	05/21/09	12/01/24	6,100	410	5,690	410	196
Total Solid Waste and Recycling Fund General Obligation Bonds				34,105	14,765	19,340	570	778
Total Business-type Activity Bonds and Notes				474,175	165,433	308,742	39,640	9,211

**SCHEDULE OF INTERGOVERNMENTAL REVENUE**  
**For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**  
**(in thousands)**

	General Fund	Community Planning and Economic Development	Grants-Federal	HUD Consolidated Plan	Permanent Improvement	Non-Major Governmental	Total Governmental Funds	Sanitary Sewer	Stormwater	Water Treatment and Distribution	Municipal Parking	Solid Waste and Recycling	Total Enterprise Funds	Total Internal Service Funds	Total Inter-governmental Revenue
<b>Appropriations and Shared revenue</b>															
State															
Local government aid	\$ 68,844	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,844	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,844
Police state aid	6,976	-	-	-	-	5,581	12,557	-	-	-	-	-	-	-	12,557
Fire state aid	2,791	-	-	-	-	-	2,791	-	-	-	-	-	-	-	2,791
PERA pension aid	2,967	-	-	-	-	-	2,967	-	-	-	-	-	-	-	2,967
Other aid	-	-	-	-	-	-	-	35	69	122	34	66	326	180	506
Municipal state aid	5,478	-	-	-	-	13,485	18,963	-	1,300	-	-	-	1,300	-	20,263
Total shared revenue	87,056	-	-	-	-	13,485	106,122	35	1,369	122	34	66	1,626	180	107,928
<b>Payments</b>															
Local															
County state aid	814	-	-	-	812	-	1,626	-	243	-	-	-	243	-	1,869
County grants	-	-	6,000	-	-	414	6,414	-	-	-	-	1,507	1,507	-	7,921
Other local governments	-	-	-	-	-	5	5	-	-	-	-	-	-	134	139
Mississippi watershed management organization	-	-	-	-	-	-	-	-	1,174	-	-	-	1,174	-	1,174
Metropolitan council	-	-	-	-	-	8,068	8,068	-	-	-	-	-	-	-	8,068
Minneapolis public schools	-	-	-	-	-	222	222	-	-	-	-	-	-	-	222
Other local payments	-	-	-	-	-	357	357	-	-	-	-	-	-	-	357
Payments in lieu of tax	282	-	-	-	8	67	357	-	-	-	-	-	-	-	357
Total local	1,096	-	6,000	-	820	9,133	17,049	-	1,417	-	-	1,507	2,924	134	20,107
<b>Grants</b>															
State															
Department of commerce	-	-	-	-	-	539	539	-	-	-	-	-	-	-	539
Department of employment and economic development	-	-	-	-	1	8,178	8,179	-	-	-	-	-	-	-	8,179
Department of health	-	-	-	-	-	5,526	5,526	-	-	-	-	-	-	-	5,526
Department of human services	-	-	-	-	-	40	40	-	-	-	-	-	-	-	40
Department of public safety	-	-	-	-	-	959	959	-	-	-	-	-	-	-	959
Department of transportation	733	-	-	-	596	7	1,336	-	89	-	-	9	98	-	1,434
Minnesota bridge bonds	-	-	-	-	1,594	-	1,594	-	-	-	-	-	-	-	1,594
Minnesota historical society	4	-	-	-	-	-	4	-	-	-	-	-	-	-	4
Minnesota housing finance agency	-	246	-	-	-	314	560	-	-	-	-	-	-	-	560
Minnesota pollution control agency	-	-	-	-	-	76	76	-	-	-	-	-	-	-	76
Minnesota state arts board	-	-	-	-	-	57	57	-	-	-	-	-	-	-	57
Minnesota judicial branch	-	-	-	-	-	33	33	-	-	-	-	-	-	-	33
Minnesota board of firefighter training and education	-	-	-	-	-	118	118	-	-	-	-	-	-	-	118
Peace officer standards and training board	597	-	-	-	-	-	597	-	-	-	-	-	-	-	597
Total state grants	1,334	246	-	-	2,191	15,847	19,618	-	89	-	-	9	98	-	19,716
Federal															
Department of health and human services	-	-	7,391	-	-	-	7,391	-	-	-	-	-	-	-	7,391
Department of homeland security	-	-	988	-	-	-	988	-	-	-	-	-	-	-	988
Department of housing and urban development	-	-	1,201	30,941	-	-	32,142	-	-	-	-	-	-	-	32,142
Department of the interior	-	-	20	-	-	-	20	-	-	-	-	-	-	-	20
Department of justice	-	-	1,290	-	-	42	1,332	-	-	-	-	-	-	-	1,332
Department of labor	-	-	3,532	-	-	-	3,532	-	-	-	-	-	-	-	3,532
Department of transportation	-	-	105	-	3,311	-	3,416	-	-	-	-	-	-	-	3,416
Environmental protection agency	-	-	107	-	-	-	107	-	-	-	-	-	-	-	107
Federal emergency management agency	-	-	102	-	-	-	102	-	-	-	-	-	-	-	102
Department of treasury	-	-	114,231	-	-	142	114,373	-	-	-	-	-	-	-	114,373
Total federal grants	-	-	128,967	30,941	3,311	184	163,403	-	-	-	-	-	-	-	163,403
Total state and federal grants	1,334	246	128,967	30,941	5,502	16,031	183,021	-	89	-	-	9	98	-	183,119
Total intergovernmental revenue	\$ 89,486	\$ 246	\$ 134,967	\$ 30,941	\$ 19,807	\$ 30,745	\$ 306,192	\$ 35	\$ 2,875	\$ 122	\$ 34	\$ 1,582	\$ 4,648	\$ 314	\$ 311,154

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 ALL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2022

CITY OF MINNEAPOLIS  
 (in thousands)

Federal Grantor Pass Through Agency Program or Cluster Title	Federal ALN	Pass-through Grant Numbers	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Housing and Urban Development</b>				
Direct				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218		\$ 14,592	\$ 1,944
COVID-19 Community Development Block Grants/Entitlement Grants	14.218		2,626	2,051
Total ALN 14.218			17,218	3,995
Total CDBG - Entitlement Grants Cluster (\$17,218)				
Emergency Solutions Grant Program	14.231		1,079	802
COVID-19 Emergency Solutions Grant Program	14.231		7,449	2,874
Total ALN 14.231 (\$8,557)			8,528	3,676
Home Investment Partnerships Program	14.239		5,902	-
Housing Opportunities for Persons with AIDS	14.241		1,821	1,802
COVID-19 Housing Opportunities for Persons with AIDS	14.241		174	171
Total ALN 14.241			1,995	1,973
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900		1,188	-
Healthy Homes Production Program	14.913		68	-
Passed Through Minnesota Housing and Finance Agency				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	02-2009-09A-NSP	40	-
Passed Through Minnesota Department of Human Services				
COVID-19 Emergency Solutions Grant Program	14.231	184736	29	25
Total ALN 14.231 (\$8,557)				
<b>Total Department of Housing and Urban Development</b>			<b>\$ 34,968</b>	<b>\$ 9,669</b>
<b>U.S. Department of the Interior-National Park Service</b>				
Passed Through Minnesota Historical Society				
Historic Preservation Fund Grants-In-Aid	15.904	Not provided	\$ 20	\$ -
<b>U.S. Department of Justice</b>				
Direct				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034		\$ 55	\$ -
Public Safety Partnership and Community Policing Grants	16.710		184	-
National Sexual Assault Kit Initiative	16.833		549	549
Body Worn Camera Policy and Implementation	16.835		2	-
Comprehensive Opioid Abuse Site-Based Program	16.838		95	-
Equitable Sharing Program	16.922		70	-
Passed Through Hennepin County				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	PR00001610	133	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	PR00003163	200	-
Total ALN 16.738			333	-
Passed Through Minnesota Department of Public Safety				
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	A-NFSIA-2022-MPLSPD-003	2	-
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	A-NFSIA-2022-MPLSPD-007	5	-
Total ALN 16.742			7	-
<b>Total U.S. Department of Justice</b>			<b>\$ 1,295</b>	<b>\$ 549</b>
<b>U.S. Department of Labor</b>				
Passed Through Minnesota Department of Employment and Economic Development				
WIOA Cluster				
WIOA Adult Program	17.258	0103100	\$ 44	\$ 8
WIOA Adult Program	17.258	1103100	702	585
WIOA Adult Program	17.258	2103100_2	250	250
Total ALN 17.258			996	843
WIOA Youth Activities	17.259	0103600	125	118
WIOA Youth Activities	17.259	1103600	1,138	966
WIOA Youth Activities	17.259	2103600	227	181
Total ALN 17.259			1,490	1,265
WIOA Dislocated Workers Formula Grants	17.278	0108000	51	46
WIOA Dislocated Workers Formula Grants	17.278	1108000	416	363
WIOA Dislocated Workers Formula Grants	17.278	2108000	93	70
Total ALN 17.278			560	479
Total WIOA Cluster (\$3,046)				
COVID-19 Workforce Investment Act (WIA) National Emergency Grants	17.277	1100100	86	86
Total ALN 17.277 (\$382)				

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 ALL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2022

CITY OF MINNEAPOLIS  
 (in thousands)  
 (continued)

Federal Grantor Pass Through Agency Program or Cluster Title	Federal ALN	Pass-through Grant Numbers	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Labor (Continued)</b>				
Passed Through Midwest Urban Strategies, Inc. Workforce Investment Act (WIA) National Emergency Grants Total ALN 17.277 (\$382)	17.277	MET-DW-37016-21-60-A-55	296	273
<b>Total U.S. Department of Labor</b>			<b>\$ 3,428</b>	<b>\$ 2,946</b>
<b>U.S. Department of Transportation</b>				
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	8825-964	\$ 51	\$ -
Highway Planning and Construction	20.205	1029973	2,890	-
COVID-19 - Highway Planning and Construction	20.205	8822183	6	-
Total ALN 20.205			<u>2,947</u>	<u>-</u>
Total Highway Planning and Construction Cluster (\$2,947)				
Passed Through Orono Police Department Highway Safety Cluster				
State and Community Highway Safety	20.600	A-ENFRC2-2022-ORONOPD-062	\$ 9	\$ -
National Priority Safety Programs	20.616	A-ENFRC2-2022-ORONOPD-062	3	-
Total Highway Safety Cluster (\$12)				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC2-2022-ORONOPD-062	3	-
Total ALN 20.608 (\$43)				
Passed Through Minnesota Department of Public Safety Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-DGCT22-2022-4TH-JD-008-DWI	28	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-DGCT23-2023-4th-JD004(1)	12	-
Total ALN 20.608 (\$43)			<u>40</u>	<u>-</u>
<b>Total U.S. Department of Transportation</b>			<b>\$ 3,002</b>	<b>\$ -</b>
<b>U.S. Department of the Treasury</b>				
Direct				
COVID-19 Emergency Rental Assistance Program	21.023		\$ 12,300	\$ 12,285
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		102,024	1,545
Total ALN 21.027 (\$102,084)				
Passed Through Minnesota Department of Health COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	168358	60	-
Total ALN 21.027 (\$102,084)				
<b>Total U.S. Department of the Treasury</b>			<b>114,384</b>	<b>\$ 13,830</b>
<b>U.S. Environmental Protection Agency</b>				
Direct				
State Environmental Justice Cooperative Agreement Program	66.312		\$ 107	\$ -
Passed Through the Minnesota Public Facilities Authority Drinking Water State Revolving Fund (DWSRF) Cluster Capitalization Grants for Drinking Water State Revolving Funds	66.468	MPFA-DWRF-L-049-FY19	3,488	-
<b>Total U.S. Environmental Protection Agency</b>			<b>\$ 3,595</b>	<b>\$ -</b>
<b>U.S. Department of Health and Human Services</b>				
Direct				
Food and Drug Administration Research	93.103		\$ 14	\$ -
Injury Prevention and Control Research and State and Community Based Programs	93.136		121	-
COVID-19 Community Programs to Improve Minority Health Grant Program	93.137		452	-
COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391		1,895	369
PPHF: Racial and Ethnic Approaches to Community Health Program Financed Solely by Public Prevention and Health Funds	93.738		457	12
COVID-19 PPHF: Racial and Ethnic Approaches to Community Health Program Financed Solely by Public Prevention and Health Funds	93.738		51	-
Total ALN 93.738			<u>508</u>	<u>12</u>

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 ALL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2022

CITY OF MINNEAPOLIS  
 (in thousands)  
 (continued)

Federal Grantor Pass Through Agency Program or Cluster Title	Federal ALN	Pass-through Grant Numbers	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Health and Human Services (continued)</b>				
Passed Through Minnesota Department of Employment and Economic Development				
Temporary Assistance for Needy Families	93.558	1107400	2	2
Temporary Assistance for Needy Families	93.558	2107400	57	55
Total Temporary Assistance for Needy Families (ALN 93.558, \$851)			59	57
Passed Through Minnesota Department of Health				
Public Health Emergency Preparedness	93.069	161418	318	-
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	136481	96	-
Immunization Cooperative Agreements	93.268	168722	60	-
COVID-19 Immunization Cooperative Agreements	93.268	191800	109	-
Total ALN 93.268			169	-
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	191800	191	-
COVID-19-Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	204270	59	-
COVID-19-Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	204774	398	-
Total ALN 93.354			457	-
Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease and Stroke-	93.435	152495	101	63
Temporary Assistance for Needy Families	93.558	1801MNTANF	792	731
Total Temporary Assistance for Needy Families (ALN 93.558, \$851)				
Maternal, Infant, and Early Childhood Home Visiting Grant	93.870	118492	754	740
Maternal and Child Health Services Block Grant to the States	93.994	167257	842	323
Passed Through Hennepin County				
Teenage Pregnancy Prevention Program	93.297	HS00000867	454	-
Passed Through Minnesota Department of Human Services				
Opioid STR	93.788	191971	139	-
Opioid STR	93.788	193541	100	-
Total ALN 93.788			239	-
Passed Through National Association of County and City Health Officials (NACCHO)				
COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT)				
Health Department Response to Public Health or Healthcare Crises	93.391	2019-052901	12	-
Strengthening Public Health Systems and Services Through National Partnerships to Improve and Protect the Nation's Health	93.421	2022-031602	10	-
COVID-19 Strengthening Public Health Systems and Services Through National Partnerships to Improve and Protect the Nation's Health	93.421	2022-032114	35	35
Total ALN 93.421			45	35
<b>Total U.S. Department of Health and Human Services</b>			<b>\$ 7,519</b>	<b>\$ 2,330</b>
<b>U.S. Department of Homeland Security</b>				
Direct				
COVID-19 Assistance to Firefighters Grant	97.044		\$ 102	\$ -
Passed Through Minnesota Department of Public Safety				
Emergency Management Performance Grants	97.042	A-EMPG-2021-MPLSEMER-050	30	-
Homeland Security Grant Program	97.067	A-SHSP-2020-MPLSBOMB-014	12	-
Homeland Security Grant Program	97.067	A-SHSP-2021-MPLSBOMB-016	10	-
Homeland Security Grant Program	97.067	A-UASI-2019-MPLSEMER-008	45	-
Homeland Security Grant Program	97.067	A-UASI-2020-MPLSEMER-008	580	-
Homeland Security Grant Program	97.067	A-UASI-2021-MPLSEMER-010	311	-
Total ALN 97.067			958	-
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 1,090</b>	<b>\$ -</b>
<b>Total Federal Awards</b>			<b>\$ 169,301</b>	<b>\$ 29,324</b>

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

**For the Fiscal Year Ended December 31, 2022**

**(Dollar Amounts Expressed in Thousands)**

---

**NOTE 1 – REPORTING ENTITY**

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the City of Minneapolis. It does not include \$653 in federal awards expended by the Minneapolis Park and Recreation Board component unit, which is legally separate from the primary government and expended less than \$750,000 of federal awards for the year ended December 31, 2022; therefore, was not subject to the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The City's reporting entity is defined in Note 1 to the basic financial statements.

**NOTE 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, 2022. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. 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.

**NOTE 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*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10.0 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**This Section Left Blank Intentionally**

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

**CITY OF MINNEAPOLIS, MINNESOTA**

**For the Fiscal Year Ended December 31, 2022**

**(Dollar Amounts Expressed in Thousands)**

**NOTE 4 – RECONCILIATION TO SCHEDULE OF INTERGOVERNMENTAL REVENUE**

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 163,403
Federal Fixed Price Contracts	
Minnesota Family Investment Program	(45)
Police Task Force Agreements	
Minnesota Cold Case Investigations Task Force	(2)
Drug Enforcement Admin Task Force	(14)
Minnesota Cyber Crime Task Force	(23)
Violent Crimes Investigation - ATF	(7)
Violent Crimes Investigation - FBI	(14)
Timing differences between expenditures and related reimbursements	387
Minnesota Public Facility Agency Loans	3,489
Expenditures occurring in prior year reimbursed in 2022	(415)
Revenue received in prior year and expended in 2022	28
Revenue received in 2022 for expenditures in future years	(142)
Federal Program Income	
Community Development Block Grants/Entitlement Grants	881
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	16
HOME Investment Partnerships Program	1,651
Neighborhood Stabilization Program-ARRA	18
Lead-Based Paint Hazard Control in Privately-Owned Housing	90
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 169,301</u>

**MUNICIPAL BUILDING COMMISSION  
BALANCE SHEET  
December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 1,719	\$ 140	\$ 1,859
Receivables:			
Intergovernmental	1,240	949	2,189
Due from other funds	500	-	500
Total assets	<u>\$ 3,459</u>	<u>\$ 1,089</u>	<u>\$ 4,548</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u></b>			
Liabilities:			
Salaries payable	\$ 181	\$ -	\$ 181
Accounts payable	399	41	440
Deposits held for other	12	-	12
Due to other funds	-	500	500
Total liabilities	<u>592</u>	<u>541</u>	<u>1,133</u>
Fund balances:			
Assigned	<u>2,867</u>	<u>548</u>	<u>3,415</u>
Total fund balances	<u>2,867</u>	<u>548</u>	<u>3,415</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,459</u>	<u>\$ 1,089</u>	<u>\$ 4,548</u>
<b>Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position - Governmental Activities</b>			
Fund balances - total governmental funds			\$ 3,415
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Non-depreciable		45,769	
Depreciable		75,182	
Accumulated depreciation		<u>(72,415)</u>	<u>48,536</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		(917)	
Net pension liability		(4,916)	
Compensated absences		<u>(229)</u>	<u>(6,062)</u>
Deferred outflows and deferred inflows resulting from pension obligations and other postemployment benefits obligations are recorded only on the government-wide statement of net position. Balances at year end are:			
Deferred outflows of resources - other postemployment benefits		160	
Deferred outflows of resources - pensions		999	
Deferred inflows of resources - other postemployment benefits		(5)	
Deferred inflows of resources - pensions		<u>(62)</u>	<u>1,092</u>
Net position of governmental activities			<u>\$ 46,981</u>

**MUNICIPAL BUILDING COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
For the Fiscal Year Ended December 31, 2022**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<b>REVENUES:</b>			
Intergovernmental revenues	\$ 235	\$ 1,067	\$ 1,302
Charges for services and sales	9,194	2,902	12,096
Total revenues	<u>9,429</u>	<u>3,969</u>	<u>13,398</u>
<b>EXPENDITURES:</b>			
Current:			
General government	8,913	-	8,913
Capital outlay	-	4,545	4,545
Total expenditures	<u>8,913</u>	<u>4,545</u>	<u>13,458</u>
Net change in fund balances	<u>516</u>	<u>(576)</u>	<u>(60)</u>
Fund balances - January 1	<u>2,351</u>	<u>1,124</u>	<u>3,475</u>
Fund balances - December 31	<u>\$ 2,867</u>	<u>\$ 548</u>	<u>\$ 3,415</u>
<b>Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Governmental Activities</b>			
Net increase (decrease) in fund balances - total governmental funds			\$ (60)
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:		4,563	
Less current year depreciation		<u>(692)</u>	<u>3,871</u>
Revenues not collected for several months after the Municipal Building Commission'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		-	
Deferred inflows of resources - January 1		<u>250</u>	<u>(250)</u>
Some expenses and revenues reported in the statement of activities are not related to current financial resources and, therefore, are not reported as expenditures or revenues in governmental funds:			
Change in other postemployment benefits payable		10	
Change in net pension liability		160	
Change in compensated absences		<u>(1)</u>	<u>169</u>
Increase (decrease) in net position of governmental activities			<u>\$ 3,730</u>



THIS PAGE IS INTENTIONALLY BLANK

## STATISTICAL SECTION

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends:</b> These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>158-162</b>
<b>Revenue Capacity:</b> These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes	<b>163-166</b>
<b>Debt Capacity:</b> 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.	<b>167-175</b>
<b>Demographic and Economic Information:</b> These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	<b>176-177</b>
<b>Operation Information:</b> 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.	<b>178-181</b>

Schedule 1  
City of Minneapolis  
Net Position by Component (In Thousands)  
Last 10 Fiscal Years  
December 31, 2022

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net investment in capital assets	\$ 845,638	\$ 890,622	\$ 968,927	\$ 1,057,445	\$ 1,190,812	\$ 1,311,190	\$ 1,203,135	\$ 1,365,745	\$ 1,375,177	\$ 1,421,756
Restricted	198,251	195,322	168,304	215,143	254,967	329,487	390,189	318,948	332,308	305,614
Unrestricted	190,018	192,384	(146,805)	(337,534)	(331,419)	(365,071)	(177,116)	(211,106)	(164,009)	(46,330)
Total governmental activities net position	<u>\$ 1,233,907</u>	<u>\$ 1,278,328</u>	<u>\$ 990,426</u>	<u>\$ 935,054</u>	<u>\$ 1,114,360</u>	<u>\$ 1,275,606</u>	<u>\$ 1,416,208</u>	<u>\$ 1,473,587</u>	<u>\$ 1,543,476</u>	<u>\$ 1,681,040</u>
Business-type Activities										
Net investment in capital assets	\$ 731,372	\$ 760,038	\$ 778,150	\$ 800,274	\$ 876,141	\$ 895,158	\$ 930,589	\$ 983,131	\$ 997,445	\$ 1,031,775
Restricted	33,529	34,457	34,856	35,336	36,082	36,821	30,598	25,102	25,069	24,811
Unrestricted	89,137	101,258	78,959	80,745	57,000	50,217	46,641	9,449	23,008	31,296
Total business-type activities net position	<u>\$ 854,038</u>	<u>\$ 895,753</u>	<u>\$ 891,965</u>	<u>\$ 916,355</u>	<u>\$ 969,223</u>	<u>\$ 982,196</u>	<u>\$ 1,007,828</u>	<u>\$ 1,017,682</u>	<u>\$ 1,045,522</u>	<u>\$ 1,087,882</u>
Primary government										
Net investment in capital assets	\$ 1,577,010	\$ 1,650,660	\$ 1,747,077	\$ 1,857,719	\$ 2,066,953	\$ 2,206,348	\$ 2,133,724	\$ 2,348,876	\$ 2,372,622	\$ 2,453,531
Restricted	231,780	229,779	203,160	250,479	291,049	366,308	420,787	344,050	357,377	330,425
Unrestricted	279,155	293,642	(67,846)	(256,789)	(274,419)	(314,854)	(130,475)	(201,657)	(141,001)	(15,034)
Total primary government net position	<u>\$ 2,087,945</u>	<u>\$ 2,174,081</u>	<u>\$ 1,882,391</u>	<u>\$ 1,851,409</u>	<u>\$ 2,083,583</u>	<u>\$ 2,257,802</u>	<u>\$ 2,424,036</u>	<u>\$ 2,491,269</u>	<u>\$ 2,588,998</u>	<u>\$ 2,768,922</u>

(UNAUDITED)

**Schedule 2**  
**City of Minneapolis**  
**Changes in Net Position (In Thousands)**  
**Last 10 Fiscal Years**  
**December 31, 2022**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General government	\$ 83,726	\$ 109,005	\$ 97,652	\$ 128,137	\$ 102,171	\$ 103,781	\$ 31,300	\$ 25,088	\$ 85,640	\$ 117,462
Public safety	225,332	244,482	275,495	390,053	323,498	294,822	295,247	341,681	258,226	305,773
Public works	86,795	126,689	122,472	106,705	58,174	96,934	154,329	208,981	139,454	122,374
Culture and recreation	11,993	8,836	4,570	7,544	11,252	9,103	9,531	11,901	6,027	9,487
Health and welfare	18,442	20,098	23,462	25,494	25,483	24,983	26,592	32,211	35,518	43,037
Community planning & economic development	153,877	140,604	192,957	181,537	149,145	173,362	196,477	186,579	194,183	228,526
Interest on long-term debt	16,549	17,581	16,329	13,611	15,121	18,054	18,958	20,555	17,497	19,042
<b>Total governmental activities expenses</b>	<b>\$ 596,714</b>	<b>\$ 667,295</b>	<b>\$ 732,937</b>	<b>\$ 853,081</b>	<b>\$ 684,844</b>	<b>\$ 721,039</b>	<b>\$ 732,434</b>	<b>\$ 826,996</b>	<b>\$ 736,545</b>	<b>\$ 845,701</b>
<b>Business-type Activities:</b>										
Sanitary sewer	\$ 44,868	\$ 47,710	\$ 53,185	\$ 54,030	\$ 58,250	\$ 65,209	\$ 63,066	\$ 67,919	\$ 62,993	\$ 68,932
Stormwater	27,816	27,305	32,331	36,009	34,518	34,182	34,524	36,138	31,249	34,453
Water treatment and distribution services	57,961	57,899	64,973	67,826	59,536	58,068	68,792	67,124	68,657	70,112
Municipal parking	45,868	43,418	49,086	50,020	48,758	64,727	50,532	41,976	38,056	46,072
Solid waste and recycling	34,446	30,013	34,166	33,312	36,087	36,528	33,295	36,152	36,206	34,363
Community planning & economic development	7,862	7,759	6,684	6,330	5,921	5,437	4,716	3,887	2,906	16,988
<b>Total business-type activities expenses</b>	<b>\$ 218,821</b>	<b>\$ 214,104</b>	<b>\$ 240,425</b>	<b>\$ 247,527</b>	<b>\$ 243,070</b>	<b>\$ 264,151</b>	<b>\$ 254,925</b>	<b>\$ 253,196</b>	<b>\$ 240,067</b>	<b>\$ 270,920</b>
<b>Total primary government expenses</b>	<b>\$ 815,535</b>	<b>\$ 881,399</b>	<b>\$ 973,362</b>	<b>\$ 1,100,608</b>	<b>\$ 927,914</b>	<b>\$ 985,190</b>	<b>\$ 987,359</b>	<b>\$ 1,080,192</b>	<b>\$ 976,612</b>	<b>\$ 1,116,621</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges for services:</b>										
General government	\$ 28,943	\$ 20,831	\$ 21,577	\$ 5,886	\$ 1,215	\$ 14,051	\$ 22,147	\$ 13,731	\$ 12,765	\$ 21,717
Public safety	14,382	17,604	16,357	17,051	17,681	19,764	21,300	15,902	18,707	16,346
Public works	16,298	14,522	26,976	43,236	60,640	25,397	51,362	32,971	28,416	42,462
Health and welfare	2,432	2,436	2,506	2,498	2,830	2,809	3,119	2,541	2,703	2,863
Community planning & economic development	63,606	72,896	71,117	71,370	69,946	87,235	86,790	56,580	59,577	77,531
Operating grants and contributions	115,838	103,219	127,515	132,535	137,377	130,724	122,641	124,193	139,521	256,696
Capital grants and contributions	15,466	3,885	5,228	14,255	11,356	9,054	15,529	37,366	5,526	812
<b>Total governmental activities program revenues</b>	<b>\$ 256,965</b>	<b>\$ 235,393</b>	<b>\$ 271,276</b>	<b>\$ 286,831</b>	<b>\$ 301,045</b>	<b>\$ 289,034</b>	<b>\$ 322,888</b>	<b>\$ 283,284</b>	<b>\$ 267,215</b>	<b>\$ 418,427</b>
<b>Business-type Activities:</b>										
<b>Charges for services:</b>										
Sanitary sewer	\$ 45,742	\$ 59,310	\$ 60,151	\$ 64,289	\$ 67,978	\$ 73,387	\$ 81,944	\$ 82,955	\$ 86,481	\$ 95,014
Stormwater	38,254	39,983	37,704	37,432	39,974	39,385	42,287	43,464	43,576	45,498
Water treatment and distribution services	73,506	71,881	72,624	78,963	81,070	82,500	81,940	84,753	85,963	88,399
Municipal parking	57,928	57,749	61,052	62,837	68,472	71,112	71,755	43,524	43,247	53,963
Solid waste and recycling	30,208	30,473	35,494	36,988	38,103	38,541	39,497	40,167	42,393	43,610
Community planning & economic development	2,350	1,842	6,494	6,101	5,735	4,792	4,703	3,890	2,907	16,453
Operating grants and contributions	3,435	4,696	5,468	5,089	6,988	5,771	3,996	4,573	3,561	4,323
Capital grants and contributions	2,972	157	-	-	-	-	-	1,664	-	-
<b>Total business-type activities program revenues</b>	<b>\$ 254,395</b>	<b>\$ 266,091</b>	<b>\$ 278,987</b>	<b>\$ 291,699</b>	<b>\$ 308,320</b>	<b>\$ 315,488</b>	<b>\$ 326,122</b>	<b>\$ 304,990</b>	<b>\$ 308,128</b>	<b>\$ 347,260</b>
<b>Total primary government program revenues</b>	<b>\$ 511,360</b>	<b>\$ 501,484</b>	<b>\$ 550,263</b>	<b>\$ 578,530</b>	<b>\$ 609,365</b>	<b>\$ 604,522</b>	<b>\$ 649,010</b>	<b>\$ 588,274</b>	<b>\$ 575,343</b>	<b>\$ 765,687</b>
<b>Net (Expenses) Revenue</b>										
Governmental Activities	\$ (339,749)	\$ (431,902)	\$ (461,661)	\$ (566,250)	\$ (383,799)	\$ (432,005)	\$ (409,546)	\$ (543,712)	\$ (469,330)	\$ (427,274)
Business-type Activities	35,574	51,987	38,562	44,172	65,250	51,337	71,197	51,794	68,061	76,340
<b>Total primary government net expense</b>	<b>\$ (304,175)</b>	<b>\$ (379,915)</b>	<b>\$ (423,099)</b>	<b>\$ (522,078)</b>	<b>\$ (318,549)</b>	<b>\$ (380,668)</b>	<b>\$ (338,349)</b>	<b>\$ (491,918)</b>	<b>\$ (401,269)</b>	<b>\$ (350,934)</b>

Schedule 2  
City of Minneapolis  
Changes in Net Position (In Thousands)  
Last 10 Fiscal Years  
December 31, 2022

(continued)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes										
General property tax and fiscal disparities	\$ 232,979	\$ 228,620	\$ 238,745	\$ 247,708	\$ 278,088	\$ 271,192	\$ 287,049	\$ 308,146	\$ 329,021	\$ 369,767
Property tax increment	41,159	48,568	45,205	49,616	55,666	62,129	66,303	69,418	27,435	1,108
Franchise taxes	29,620	33,531	30,118	29,515	32,143	34,772	32,370	31,181	33,635	40,758
Local taxes	70,634	76,292	78,293	80,851	83,266	89,794	89,182	49,290	33,133	66,666
Other taxes	165	180	313	212	267	298	329	262	10	-
Local government aid - unrestricted	56,379	66,860	68,022	68,391	68,543	69,683	69,754	71,821	68,815	68,845
Grants and contributions not restricted to programs	-	-	-	3,371	1,879	3,291	2,728	3,436	5,087	10,322
Unrestricted interest and investment earnings	(593)	4,213	3,399	7,754	6,651	14,764	30,539	23,478	846	(27,083)
Other	8,793	1,141	11,401	181	2,003	989	6,422	-	-	-
Gain on sale of capital assets	340	214	268	526	291	1,100	1,102	910	758	-
Transfers	3,066	16,704	14,604	22,753	31,102	36,002	46,850	43,149	40,479	34,455
Total governmental activities	<u>\$ 442,542</u>	<u>\$ 476,323</u>	<u>\$ 490,368</u>	<u>\$ 510,878</u>	<u>\$ 559,899</u>	<u>\$ 584,014</u>	<u>\$ 632,628</u>	<u>\$ 601,091</u>	<u>\$ 539,219</u>	<u>\$ 564,838</u>
Business-type Activities:										
Franchise taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 339
Grants and contributions not restricted to programs	-	-	-	-	16	425	151	168	108	326
Unrestricted interest and investment earnings	5,072	6,064	306	205	364	636	981	887	(88)	(348)
Other	244	119	21	910	20	155	153	154	238	-
Gain on sale of capital assets	25	249	-	1,856	20,660	212	-	-	-	158
Transfers	(3,066)	(16,704)	(14,604)	(22,753)	(31,102)	(36,002)	(46,850)	(43,149)	(40,479)	(34,455)
Transfer of capital asset	-	-	-	-	-	(4,000)	-	-	-	-
Total business-type activities	<u>\$ 2,275</u>	<u>\$ (10,272)</u>	<u>\$ (14,277)</u>	<u>\$ (19,782)</u>	<u>\$ (10,042)</u>	<u>\$ (38,574)</u>	<u>\$ (45,565)</u>	<u>\$ (41,940)</u>	<u>\$ (40,221)</u>	<u>\$ (33,980)</u>
Total primary government	<u>\$ 444,817</u>	<u>\$ 466,051</u>	<u>\$ 476,091</u>	<u>\$ 491,096</u>	<u>\$ 549,857</u>	<u>\$ 545,440</u>	<u>\$ 587,063</u>	<u>\$ 559,151</u>	<u>\$ 498,998</u>	<u>\$ 530,858</u>
<b>Changes in Net Position</b>										
Governmental Activities	\$ 102,793	\$ 44,421	\$ 28,707	\$ (55,372)	\$ 176,100	\$ 156,009	\$ 223,082	\$ 57,379	\$ 69,889	\$ 137,564
Business-type Activities	37,849	41,715	24,285	24,390	55,208	12,763	25,632	9,854	27,840	42,360
Total primary government	<u>\$ 140,642</u>	<u>\$ 86,136</u>	<u>\$ 52,992</u>	<u>\$ (30,982)</u>	<u>\$ 231,308</u>	<u>\$ 168,772</u>	<u>\$ 248,714</u>	<u>\$ 67,233</u>	<u>\$ 97,729</u>	<u>\$ 179,924</u>

(UNAUDITED)

**Schedule 3**  
**City of Minneapolis**  
**Fund Balance, Governmental Funds (In Thousands)**  
**Last 10 Fiscal Years**  
**December 31, 2022**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ -	\$ -	\$ 1,251	\$ 1,261	\$ 1,263	\$ 1,250	\$ -	\$ -	\$ -	\$ -
Assigned	-	-	-	10,000	10,000	-	-	-	-	1,500
Unassigned	96,970	102,439	104,740	96,236	105,835	102,946	128,040	167,654	142,828	172,217
Total general fund	<u>\$ 96,970</u>	<u>\$ 102,439</u>	<u>\$ 105,991</u>	<u>\$ 107,497</u>	<u>\$ 117,098</u>	<u>\$ 104,196</u>	<u>\$ 128,040</u>	<u>\$ 167,654</u>	<u>\$ 142,828</u>	<u>\$ 173,717</u>
All Other Government Funds										
Nonspendable	\$ 45,871	\$ 45,706	\$ 41,931	\$ 33,754	\$ -	\$ 263	\$ -	\$ -	\$ -	\$ 31
Restricted	198,251	195,322	168,304	215,143	254,967	329,487	390,189	318,948	332,308	305,614
Committed	125	-	-	-	-	-	-	-	-	-
Assigned	128,085	143,134	152,874	149,360	146,671	168,577	181,841	186,706	171,941	194,951
Unassigned	(169)	(145)	-	(25,195)	(2,039)	(1,818)	(13,822)	(8,479)	(5,158)	-
Total all other governmental funds	<u>\$ 372,163</u>	<u>\$ 384,017</u>	<u>\$ 363,109</u>	<u>\$ 373,062</u>	<u>\$ 399,599</u>	<u>\$ 496,509</u>	<u>\$ 558,208</u>	<u>\$ 497,175</u>	<u>\$ 499,091</u>	<u>\$ 500,596</u>

(UNAUDITED)

Schedule 4  
City of Minneapolis  
Changes in Fund Balance, Governmental Funds (In Thousands)  
Last 10 Fiscal Years  
December 31, 2022

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Taxes	\$ 375,006	\$ 387,322	\$ 393,015	\$ 408,195	\$ 428,271	\$ 458,711	\$ 475,364	\$ 458,154	\$ 423,217	\$ 477,737
Licenses and permits	40,735	50,996	45,878	48,267	46,398	48,658	56,547	46,403	41,353	54,885
Intergovernmental revenues	155,756	136,432	160,953	181,477	183,797	165,366	187,273	233,867	198,872	306,192
Charges for services and sales	63,028	62,863	71,609	90,626	110,799	80,785	92,324	70,614	80,135	78,309
Fines and forfeits	8,014	7,519	6,853	6,705	7,783	7,417	7,573	4,701	5,055	5,096
Special assessments	24,379	25,529	25,780	28,220	29,516	28,279	30,853	29,744	30,004	31,784
Investment earnings	(645)	4,067	3,903	7,916	6,679	14,776	30,287	24,715	1,192	(28,637)
Miscellaneous revenues	44,466	35,923	35,467	36,054	33,609	54,092	36,131	35,104	37,460	37,112
Total revenues	<u>710,739</u>	<u>710,651</u>	<u>743,458</u>	<u>807,460</u>	<u>846,852</u>	<u>858,084</u>	<u>916,352</u>	<u>903,302</u>	<u>817,288</u>	<u>962,478</u>
<b>Expenditures</b>										
Current:										
General government	97,469	99,330	102,556	106,212	100,772	107,988	108,097	112,397	109,505	132,220
Public safety	232,311	245,341	256,981	269,020	284,155	298,052	296,996	299,229	290,387	306,856
Public works	54,915	56,173	54,084	56,978	59,804	65,648	68,567	71,092	81,183	63,927
Culture and recreation	4,106	3,238	2,363	1,560	780	-	-	-	-	-
Health and welfare	17,993	20,029	21,235	21,705	23,797	24,104	26,106	31,689	34,238	41,979
Community planning & economic development	148,082	142,326	161,868	174,858	155,783	172,556	198,316	182,016	179,694	219,076
Capital outlay	63,414	102,422	76,361	151,681	193,489	107,091	174,674	191,240	127,867	115,520
Intergovernmental:										
General government	898	297	647	616	968	1,000	2,229	4,182	6,144	1,069
Public safety	169	176	168	154	111	132	126	48	26	-
Community planning & economic development	-	-	-	-	-	-	-	400	-	-
Culture and recreation	7,887	5,598	2,207	5,984	10,472	9,103	9,531	11,901	6,027	9,487
Debt Service:										
Principal retirement	58,386	77,391	83,871	84,027	154,711	153,750	140,725	106,410	46,515	76,491
Interest and fiscal charges	16,712	17,065	16,194	13,711	15,104	17,882	20,437	19,542	17,639	19,140
Bond issuance costs	-	-	482	4	-	-	-	-	-	-
Payments to refunded bond escrow agents	-	-	22,753	4,440	-	-	-	-	-	-
Total expenditures	<u>702,342</u>	<u>769,386</u>	<u>801,770</u>	<u>890,950</u>	<u>999,946</u>	<u>957,306</u>	<u>1,045,804</u>	<u>1,030,146</u>	<u>899,225</u>	<u>985,765</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,397</u>	<u>(58,735)</u>	<u>(58,312)</u>	<u>(83,490)</u>	<u>(153,094)</u>	<u>(99,222)</u>	<u>(129,452)</u>	<u>(126,844)</u>	<u>(81,937)</u>	<u>(23,287)</u>
<b>Other Financing Sources (Uses)</b>										
Transfers from other funds	60,967	105,459	114,054	110,883	131,389	166,304	264,881	97,918	128,568	176,259
Transfers to other funds	(92,941)	(126,862)	(115,943)	(110,336)	(120,300)	(149,809)	(246,105)	(80,781)	(149,039)	(196,339)
Premium (discount)	1,522	451	135	920	5,780	7,210	7,294	3,678	6,368	3,489
Leases issued	-	-	-	-	-	-	-	-	-	2,167
Bonds issued	47,805	97,010	22,710	53,860	58,835	107,250	188,930	84,610	73,130	70,105
Refunding bonds issued	18,430	-	-	4,440	56,010	47,275	-	-	-	-
Refunding notes issued	-	-	-	-	2,449	-	-	-	-	-
Loans and notes issued	-	-	20,000	35,182	55,069	5,000	-	-	-	-
Payments to escrow agents	(18,430)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>17,353</u>	<u>76,058</u>	<u>40,956</u>	<u>94,949</u>	<u>189,232</u>	<u>183,230</u>	<u>215,000</u>	<u>105,425</u>	<u>59,027</u>	<u>55,681</u>
Net change in fund balance	<u>\$ 25,750</u>	<u>\$ 17,323</u>	<u>\$ (17,356)</u>	<u>\$ 11,459</u>	<u>\$ 36,138</u>	<u>\$ 84,008</u>	<u>\$ 85,548</u>	<u>\$ (21,419)</u>	<u>\$ (22,910)</u>	<u>\$ 32,394</u>
Debt service as a percentage of noncapital expenditures	11.9%	13.6%	16.4%	13.8%	21.1%	20.4%	18.5%	15.0%	8.3%	11.0%

(UNAUDITED)

**Schedule 5**  
**City of Minneapolis**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
*(in thousands of dollars)*  
**December 31, 2022**

Fiscal Year Ended December 31,	Commercial Property	Apartment Property	Residential Property	Industrial Property	Personal & Other Property	Tax-Exempt Property	Total Taxable Assessed Value <sup>1</sup>	Total Direct Tax Rate	Estimated Actual Taxable Value <sup>2</sup>	Taxable Assessed Value as a % of Actual Taxable Value
2013	\$ 5,982,739	\$ 3,363,752	\$ 21,512,948	\$ 1,281,968	\$ 426,840	\$ 9,927,053	\$ 32,568,247	9.55	\$ 34,459,013	95%
2014	6,166,615	3,690,983	21,634,886	1,313,800	430,582	10,482,230	33,236,866	8.82	45,164,553	74%
2015	6,534,226	4,723,778	23,516,623	1,339,382	430,523	11,679,375	36,544,532	8.29	43,879,415	83%
2016	7,596,673	6,090,411	24,958,025	1,215,531	436,040	12,726,043	40,296,680	8.11	45,025,954	89%
2017	8,469,151	7,196,358	26,608,421	1,295,694	494,630	13,923,130	44,064,254	7.93	49,148,618	90%
2018	9,195,030	8,117,143	28,671,360	1,418,993	545,408	15,218,503	47,947,934	7.62	53,685,280	89%
2019	9,849,039	9,174,208	31,579,460	1,565,868	556,830	15,481,603	52,725,405	7.59	59,242,028	89%
2020	10,368,096	10,387,637	33,385,795	1,618,603	569,749	18,401,743	56,329,880	7.51	60,589,378	93%
2021	11,156,098	11,635,121	34,287,581	1,688,725	585,511	15,498,136	59,353,036	7.44	64,274,169	92%
2022	10,533,396	12,321,392	35,747,876	1,744,541	267,927	17,469,944	60,615,132	7.62	65,576,351	92%

Notes:

<sup>1</sup>Total of the first five property types.

<sup>2</sup>Calculated 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.

The last two columns data have been updated for 2020 & 2021

2021 Total Direct Tax Rate has been updated

Source: Finance and Property Services Department calculations, using Assessor data

(UNAUDITED)

**Schedule 6**  
**City of Minneapolis**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
**December 31, 2022**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>City Direct Rates</b>										
<i>Tax Capacity Based Rates</i>										
General	5.36	4.76	4.48	4.59	4.55	4.40	4.61	4.61	4.69	4.79
Estimate and Taxation	0.01	0.01	-	-	-	-	-	-	-	-
Building Commission	0.16	0.14	0.13	0.13	0.12	0.11	0.11	0.11	0.07	0.10
Permanent Improvement	0.03	0.03	0.03	0.01	-	-	-	-	-	0.14
Bond Redemption	1.00	1.11	1.06	0.98	0.95	0.91	0.91	0.88	0.92	0.92
Firefighter's Relief Association	0.09	0.08	0.08	0.04	0.04	0.05	0.04	0.04	0.04	0.04
Police Relief Association	0.22	0.20	0.18	0.24	0.19	0.28	0.02	0.02	0.02	0.02
Minneapolis Employees Retirement Fund	0.62	0.56	0.51	0.29	0.31	0.19	0.23	0.23	0.22	0.21
Parks	1.69	1.56	1.52	1.55	1.50	1.44	1.43	1.43	1.44	1.36
Teacher's Retirement Association	0.08	0.07	0.06	0.06	0.06	0.05	0.05	0.04	0.04	0.04
<i>Market Value Based Rates</i>										
Library Referendum	0.29	0.30	0.24	0.22	0.22	0.20	0.19	0.15	-	-
<b>Total City Direct Rates</b>	<u>9.55</u>	<u>8.82</u>	<u>8.29</u>	<u>8.11</u>	<u>7.94</u>	<u>7.63</u>	<u>7.59</u>	<u>7.51</u>	<u>7.44</u>	<u>7.62</u>
<b>Overlapping Rates</b>										
<i>Tax Capacity Based Rates</i>										
Watershed Districts	0.23	0.22	0.22	0.22	0.22	0.20	0.19	0.18	0.18	0.16
Hennepin County	6.33	5.92	5.78	5.64	5.49	5.37	5.25	4.89	4.96	4.40
Minneapolis Public Schools	3.29	2.85	2.72	2.63	2.88	2.87	2.72	2.41	2.65	2.44
Other Special Taxing Districts	0.73	0.71	0.67	0.68	0.68	0.64	0.61	0.58	0.58	0.50
<i>Market Value Based Rates</i>										
Minneapolis Public Schools Referendum	0.01	0.02	0.02	0.02	0.01	0.02	0.01	0.01	0.01	0.01
<b>Total Overlapping Rates</b>	<u>10.59</u>	<u>9.72</u>	<u>9.41</u>	<u>9.19</u>	<u>9.28</u>	<u>9.10</u>	<u>8.78</u>	<u>8.07</u>	<u>8.38</u>	<u>7.51</u>
<b>Grand Total</b>	<u>20.14</u>	<u>18.54</u>	<u>17.70</u>	<u>17.30</u>	<u>17.22</u>	<u>16.73</u>	<u>16.37</u>	<u>15.58</u>	<u>15.82</u>	<u>15.13</u>

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.

2021 Total City Direct Rates has been updated

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, 2022**

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
BRI 1855 IDS Center LLC	\$ 290,260	1	0.77%			
WFM Office Owner LLC	266,000	2	0.70%			
SRI Eleven Minneapolis 225 L	254,570	3	0.67%			
33 City Center 33 South Property LLC	241,470	4	0.64%			
Target Corporation	208,600	5	0.55%	209,113	2	1.12%
Wells REIT-800 Nicolett	207,900	6	0.55%			
US Bank Corp RE Tax Department	200,350	7	0.53%			
South Sixth Office LLC	160,000	8	0.42%			
BAM 701 LLC	158,280	9	0.42%			
KBS CAPITAL ADVISORS LLC	114,831	10	0.30%			
Riversource Life Insurance Company						
Northern States Power				\$ 332,197	1	1.78%
MB Mpls. 8th St LLC				177,600	3	0.95%
NWC Limited Partnership				165,300	4	0.88%
Minneapolis 225 Holdings LLC				162,600	5	0.87%
SRI Ten Center LLC				152,400	6	0.82%
Wells Operating Partnership LP				135,900	7	0.73%
First Minneapolis-Hines Co.				133,500	8	0.71%
Hilton Hotels Corp.				120,200	9	0.64%
Hines Global REIT				110,300	10	0.59%
<b>Total</b>	<b>\$ 2,102,261</b>		<b>5.56%</b>	<b>\$ 1,699,110</b>		<b>9.09%</b>

Source: Bond Official Statement 08/17/2022 and 11/01/13

(UNAUDITED)

**Schedule 8**  
**City of Minneapolis**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
*(in thousands of dollars)*  
**December 31, 2022**

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
2013	\$ 284,409	\$ 280,888	98.76%	\$ 2,219	\$ 283,107	99.54%
2014	281,874	278,320	98.74%	2,229	280,549	99.53%
2015	287,630	285,190	99.15%	1,618	286,808	99.71%
2016	297,580	294,605	99.00%	1,334	295,939	99.45%
2017	313,941	310,480	98.90%	774	311,254	99.14%
2018	331,208	327,272	98.81%	1,550	328,822	99.28%
2019	349,971	345,887	98.83%	1,743	347,630	99.33%
2020	374,309	368,655	98.49%	3,015	371,670	99.29%
2021	395,827	390,211	98.58%	1,161	391,372	98.87%
2022	417,419	413,005	98.94%	-	413,005	98.94%

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, 2022**

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Per Capita (1)
	General Obligation Bonds & Notes	Revenue Bonds	Notes Payable	Lease Liability	General Obligation Bonds & Notes	Revenue Bonds	Notes Payable	Lease Liability		
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
2015	437,357	22,710	13,695	-	214,125	84,790	-	-	772,677	1,879
2016	439,908	21,625	4,115	-	221,637	76,315	-	-	763,600	1,851
2017	460,116	20,305	3,705	-	216,456	64,300	-	-	764,882	1,849
2018	462,799	18,940	3,270	-	235,830	61,565	-	-	782,404	1,853
2019	517,235	17,520	2,805	-	255,579	58,835	-	-	851,974	2,003
2020	498,174	16,040	2,310	-	272,914	40,550	-	-	829,988	1,904
2021	530,631	14,500	1,785	-	307,508	24,640	-	-	879,064	2,045
2022	527,825	12,880	1,225	3,883	324,403	-	-	5,136	875,352	2,015

**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 - Investments 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, 2022**

Fiscal Year	Net General Bonded Debt Outstanding				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	Total		
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
2015	437,357	214,125	24,542	626,940	1.72%	1,524
2016	439,908	221,637	38,695	622,850	1.55%	1,510
2017	460,116	216,456	35,070	641,502	1.46%	1,551
2018	462,799	235,830	29,399	669,230	1.40%	1,585
2019	517,235	255,579	35,579	737,235	1.40%	1,733
2020	498,174	272,914	38,060	733,028	1.30%	1,682
2021	546,916	332,148	63,127	815,937	1.37%	1,898
2022	541,930	324,403	43,561	822,772	1.36%	1,894

**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 - Investments and Debt Management

(UNAUDITED)

**Schedule 11**  
**City of Minneapolis**  
**Direct and Overlapping Governmental Activities Debt**  
*(in thousands of dollars)*  
**December 31, 2022**

Governmental Unit	Governmental Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
City of Minneapolis - Direct Debt	\$ 541,930	100.00%	\$ 541,930
<u>Overlapping Debt:</u>			
Special School District No. 1	494,565	100.00%	494,565
Hennepin County	1,018,886	27.91%	284,371
Hennepin County Regional Railroad Authority	85,465	27.91%	23,853
Metropolitan Council	83,059	15.19%	12,617
Subtotal, Overlapping Debt			\$ 815,406
Total Direct and Overlapping Debt			\$ 1,357,336

**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.

(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.

Sources:

Minneapolis Finance and Property Services Department - Investments 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, 2022**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 1,102,298	\$ 1,117,046	\$ 1,226,826	\$ 1,350,986	\$ 1,472,354	\$ 1,598,184	\$ 1,754,691	\$ 1,871,515	\$ 2,169,516	\$ 2,215,147
Total net debt applicable to limit	155,494	146,506	114,260	109,926	106,843	141,957	261,336	241,735	241,475	265,267
Legal debt margin	<u>\$ 946,804</u>	<u>\$ 970,540</u>	<u>\$ 1,112,566</u>	<u>\$ 1,241,060</u>	<u>\$ 1,365,511</u>	<u>\$ 1,456,227</u>	<u>\$ 1,493,355</u>	<u>\$ 1,629,780</u>	<u>\$ 1,928,041</u>	<u>\$ 1,949,880</u>
Total net debt applicable to limit as a percentage of debt limit	14.11%	13.12%	9.31%	8.14%	7.26%	8.88%	14.89%	12.92%	11.13%	11.98%

**Legal Debt Margin Calculation for Fiscal Year 2022**

Real Property (2022 Assessed Market Value)	\$ 60,374,987
Personal Property (2022 Assessed Market Value)	240,146
Adjustment for Exempt Personal Property (1966 Market Value)	298,030
Adjustment for Net Fiscal Disparities (Contribution)/Distribution	(500,065)
Total 2022 Assessed Market Value (as adjusted)	<u>60,413,097</u>
Debt Limit (3-2/3% of Market Value Applicable to Debt Limit)	2,215,147
Debt applicable to limit:	
General Obligation Bonds Subject to Debt Limit	291,340
Less: Amount set aside to pay general obligation debt	(26,073)
Total Net Debt Applicable to Limit	<u>265,267</u>
Legal Debt Margin	<u>\$ 1,949,880</u>

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

(UNAUDITED)

**Schedule 13**  
**City of Minneapolis**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**  
*(in thousands of dollars)*  
**December 31, 2022**

WATER TREATMENT AND DISTRIBUTION SERVICES BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
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
2015	73,099	55,271	17,828	8,654	3,121	11,775	1.51
2016	80,454	57,544	22,910	9,635	2,212	11,847	1.93
2017	82,247	52,586	29,661	12,765	2,512	15,277	1.94
2018	83,913	53,838	30,075	14,790	2,751	17,541	1.71
2019	81,432	57,921	23,511	16,360	2,957	19,317	1.22
2020	84,002	51,254	32,748	16,175	2,938	19,113	1.71
2021	86,074	53,940	32,134	16,570	3,153	19,723	1.63
2022	88,312	56,362	31,950	17,315	3,433	20,748	1.54

**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 - Banking, Investments, and Debt

(UNAUDITED)

**Schedule 13**  
**City of Minneapolis**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**  
*(in thousands of dollars)*  
**December 31, 2022**

(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			Coverage Ratio
					Principal	Interest	Total	
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
2015	61,226	40,601	525	21,150	5,440	3,463	8,903	2.38
2016	65,916	43,608	690	22,998	16,285	2,361	18,646	1.23
2017	68,489	45,385	814	23,918	10,129	1,771	11,900	2.01
2018	71,184	47,365	749	24,568	17,640	1,650	19,290	1.27
2019	71,757	47,036	880	25,601	11,190	1,526	12,716	2.01
2020	43,522	37,446	216	6,292	3,445	988	4,433	1.42
2021	43,306	34,319	879	9,866	2,060	967	3,027	3.26
2022	54,324	42,937	1,175	12,562	5,335	1,519	6,854	1.83

**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 - Banking, Investments, and Debt

(UNAUDITED)

**Schedule 13**  
**City of Minneapolis**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**  
*(in thousands of dollars)*  
**December 31, 2022**

(Continued)

SANITARY SEWER BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
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
2015	60,358	56,245	4,113	3,500	320	3,820	1.08
2016	66,948	61,935	5,013	1,487	131	1,618	3.10
2017	69,357	63,674	5,683	2,700	662	3,362	1.69
2018	74,163	70,182	3,981	4,480	732	5,212	0.76
2019	82,491	72,419	10,072	4,990	916	5,906	1.71
2020	85,218	70,630	14,588	5,700	1,015	6,715	2.17
2021	86,709	73,549	13,160	6,355	1,242	7,597	1.73
2022	95,855	76,732	19,123	9,505	1,684	11,189	1.71

**Notes:**

(1) Operating revenue includes fees for services, as well as and other non-operating revenues and transfers available for debt service.

(2) Operating expenses are exclusive of depreciation.

Source: Minneapolis Finance and Property Services Department - Banking, Investment, and Debt

(UNAUDITED)

**Schedule 13**  
**City of Minneapolis**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**  
*(in thousands of dollars)*  
**December 31, 2022**

(Continued)

STORMWATER BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
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
2015	40,370	27,856	12,514	2,236	794	3,030	4.13
2016	38,380	31,617	6,763	2,500	62	2,562	2.64
2017	42,784	29,935	12,849	-	-	-	0.00
2018	41,958	29,322	12,636	-	-	-	0.00
2019	42,718	29,558	13,160	155	107	262	50.23
2020	44,686	30,923	13,763	600	186	786	17.51
2021	44,132	26,229	17,903	1,725	206	1,931	9.27
2022	47,004	28,763	18,241	3,670	779	4,449	4.10

**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 - Banking, Investments, and Debt

(UNAUDITED)

**Schedule 13**  
**City of Minneapolis**  
**Pledged-Revenue Coverage**  
**Last Ten Fiscal Years**  
*(in thousands of dollars)*  
**December 31, 2022**

(Continued)

SOLID WASTE AND RECYCLING BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Debt Service Transfers (3)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
					Principal	Interest	Total	
2013	-	-	-	-	-	-	-	0.00
2014	-	-	-	-	-	-	-	0.00
2015	-	-	-	-	-	-	-	0.00
2016	-	-	-	-	-	-	-	0.00
2017	-	-	-	-	-	-	-	0.00
2018	-	-	-	-	-	-	-	0.00
2019	39,587	39,898	3,994	3,683	2,760	1,412	4,172	0.88
2020	40,262	40,166	4,795	4,891	3,835	1,162	4,997	0.98
2021	42,424	41,021	4,607	6,010	3,860	989	4,849	1.24
2022	43,630	40,778	4,424	7,276	4,310	997	5,307	1.37

**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) Transfer from the General Debt Service Fund for shared facility.

Source: Minneapolis Finance and Property Services Department - Bnaking, Investments, and Debt

(UNAUDITED)

**Schedule 14**  
**City of Minneapolis**  
**Demographic and Economic Statistics**  
**Last 10 Fiscal Years**

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Personal Income (4)</u>	<u>Median Age (3)</u>	<u>Households (2)</u>	<u>Jobs (5)</u>	<u>Annual Average Unemployment Rate (6)</u>	<u>Median Household Income (2)</u>	<u>School Enrollment (7)</u>
2013	400,938	\$ 32,791	\$ 13,147,157,958	32.1	170,195	303,135	4.6%	\$ 50,563	35,356
2014	411,273	31,764	13,063,675,572	31.8	175,119	308,714	3.8%	50,791	35,400
2015	412,517	34,763	14,340,328,471	32.4	176,878	317,475	3.4%	54,571	35,649
2016	413,645	34,527	14,281,920,915	32.0	179,807	324,620	3.4%	56,255	35,597
2017	422,326	38,131	16,103,712,706	32.4	176,416	327,355	3.2%	60,789	35,402
2018	425,403	37,071	15,770,114,613	32.1	173,916	332,175	2.5%	58,993	34,572
2019	435,885	38,808	16,915,825,080	32.2	176,974	339,242	2.6%	62,583	33,593
2020	429,954	38,881	16,717,041,474	32.3	178,886	309,636	4.8%	66,068	32,023
2021	435,105	43,925	19,111,987,125	33.5	182,419	314,809	2.5%	70,099	29,580
2022	429,292	NA	NA	NA	NA	316,728	2.80%	NA	28,437

Sources:

- (1) Population - 2020 US Census. 2012 - 2019 Metropolitan Council.
- (2) Per Capita Income - U.S. Census Bureau - American Community Survey Table DP03 - 1 Year Estimate
- (3) Median Age - U.S. Census Bureau - American Community Survey Table DP05 - 1 Year Estimate
- (4) Personal Income = Population x Per Capita Income
- (5) Jobs data from MN DEED/QCEW tables; 2022 number reflects 3rd quarter, latest available data
- (6) Annual Average Unemployment Rate - from MN DEED/LAUS tables
- (7) School Enrollment - Minneapolis Public Schools/Student Accounting Office

NA - 2022 data is not yet available for these categories.

(UNAUDITED)

**Schedule 15  
City of Minneapolis  
Principal Employers  
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2022</u>				<u>2013 (d)</u>		
	Approximate Number of Employees	Rank	Percentage of Total Metro Employment		Approximate Number of Employees	Rank	Percentage of Total City Employment
University of Minnesota	24,336	1	7.7%	(a)	14,000	1	4.6%
Allina Health	10,717	2	3.4%	(b)	10,800	4	3.5%
Target Corporation	7,100	3	2.2%	(c)	12,100	2	4.0%
Hennepin Healthcare	6,993	4	2.2%	(c)	6,300	6	2.1%
Hennepin County	5,524	5	1.7%	(c)	6,000	7	2.0%
Wells Fargo Bank	5,500	6	1.7%	(c)	11,000	3	3.6%
Ameriprise Financial Services	4,501	7	1.4%	(c)	4,900	9	1.6%
US Bancorp	4,364	8	1.4%	(c)	(e)	(e)	(e)
Xcel Energy	2,686	9	0.8%	(c)	(e)	(e)	(e)
City of Minneapolis	1,954	10	0.6%	(c)	4,800	10	1.6%
Fairview Health Services	-	-	-		10,000	5	3.3%
Minneapolis Public Schools	-	-	-		5,800	8	1.9%
<b>Total</b>	<u>73,675</u>		<u>23.3%</u>		<u>85,700</u>		<u>28.1%</u>
	FTD		FTD				

Notes:

- a) Employment numbers are Twin Cities wide rounded to the nearest 100. Sources for City jobs: UMN Human Resources
- b) Employment numbers are Minneapolis wide rounded to the nearest 100. Sources for City jobs: Allina Public Relations Department
- c) Employment numbers are downtown Minneapolis only rounded to the nearest 100. Sources for City jobs: Mpls Downtown Council
- d) Source was from previously published 2013 City Annual Report
- e) Employer not part of top ten city-wide employers in 2013 City Annual Report.

(UNAUDITED)

**Schedule 16**  
**City of Minneapolis**  
**Full-time Equivalent City Government Employees by Function**  
**Last 10 Fiscal Years**  
**December 31, 2022**

Function Program	Full-time Equivalent Employees as of December 31									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Assessor	35.00	36.00	36.00	37.00	38.00	38.00	38.00	38.00	38.00	37.00
Attorney	102.00	108.00	110.00	112.00	112.00	113.30	114.30	114.30	113.30	107.30
City Clerk/Council	66.00	66.00	70.00	71.00	71.00	71.00	71.00	72.00	75.00	83.00
City Coordinator	677.40	702.60	747.60	754.10	764.10	771.30	780.30	795.30	806.50	810.80
Civil Rights	21.00	22.00	23.00	25.00	29.00	30.00	32.00	35.00	35.00	39.00
Community Planning and Economic Development	224.80	228.00	230.00	239.00	240.00	243.00	251.00	252.00	251.00	236.00
Fire	413.00	413.00	413.00	413.00	418.00	421.00	426.00	428.00	428.00	427.00
Minneapolis Health Department	91.00	94.30	99.30	100.05	103.05	107.00	107.85	110.85	112.50	119.20
Internal Audit	2.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00	5.00
Mayor	11.00	11.00	12.00	13.00	13.00	13.00	14.00	14.00	14.00	14.00
Police	980.50	985.50	1,020.50	1,029.50	1,060.50	1,080.50	1,080.50	1,082.90	1,077.00	926.00
Public Works	911.65	946.98	1,004.50	1,005.90	1,097.90	1,134.60	1,151.85	1,161.65	1,143.40	1,124.10
Regulatory Services	141.00	149.00	156.50	173.00	177.00	177.00	181.00	179.40	178.40	177.40
	<u>3,676.35</u>	<u>3,765.38</u>	<u>3,925.40</u>	<u>3,975.55</u>	<u>4,127.55</u>	<u>4,203.70</u>	<u>4,251.80</u>	<u>4,287.40</u>	<u>4,276.10</u>	<u>4,105.80</u>
Independent Boards										
Board of Estimate & Taxation	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.50
Park & Recreation Board	814.72	819.24	832.00	859.26	924.36	956.91	957.52	972.85	973.00	1,009.00
Municipal Building Commission	55.00	55.00	55.00	55.00	55.00	59.00	59.00	59.00	44.00	43.00
Youth Coordinating Board	5.80	9.00	8.00	8.00	8.00	8.00	8.00	7.00	8.00	7.00
	<u>876.52</u>	<u>884.24</u>	<u>896.00</u>	<u>923.26</u>	<u>988.36</u>	<u>1,024.91</u>	<u>1,025.52</u>	<u>1,039.85</u>	<u>1,026.00</u>	<u>1,059.50</u>
Total	<u>4,552.87</u>	<u>4,649.62</u>	<u>4,821.40</u>	<u>4,898.81</u>	<u>5,115.91</u>	<u>5,228.61</u>	<u>5,277.32</u>	<u>5,327.25</u>	<u>5,302.10</u>	<u>5,165.30</u>

Source: City Management and Budget

(UNAUDITED)

**Schedule 17**  
**City of Minneapolis**  
**Operating Indicators by Function/Program - Last 10 Fiscal Years**  
**December 31, 2022**

Function/Description	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Government</b>										
Assessor										
Sales ratio, all classes aggregated	95%	95%	96%	95%	95%	95%	95%	96%	96%	95%
Number of parcels' valuations petitioned in tax court	607	586	559	643	638	974	1,133	1,140	1,116	1,188
Attorney - City litigation										
Liability payouts, millions \$	5	2	2	1	1	1	23	3	28	13
Civil litigation caseload	811	978	629	255	233	246	546	137	525	582
City Clerk - Elections										
Number of registered voters	233,351	227,660	225,027	246,185	239,750	249,298	250,529	272,617	254,380	243,789
Number of votes cast in election	80,099	137,362	no election	219,832	105,928	207,114	no election	238,104	145,337	178,848
Voter turnout, percentage of registered voters	33.0%	56.0%	no election	78.9%	42.5%	76.0%	no election	81.3%	54.0%	68.5%
Type of election, highest level of government	Municipal	State	no election	Federal	Municipal	State	no election	Federal	Municipal	State
Number of new voters registered at the polls	6,634	19,622	no election	32,406	9,762	24,218	no election	20,328	14,549	17,353
Number of spoiled ballots	3,358	2,971	no election	3,843	4,295	3,100	no election	3,126	5,689	2,514
Number of absentee ballots	4,954	12,279	no election	60,538	11,975	52,313	no election	170,631	29,572	45,871
Coordinator - Finance										
Bond rating - Fitch	AAA	AAA	AAA	AAA	AA+	AA+	AA+	AA+	AA+	AA+
Bond rating - Moody's	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1
Bond rating - Standard & Poor's	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Collections effectiveness indicator, utility revenues *	86.37%	88.54%	89.26%	84.33%	84.96%	89.85%	91.01%	74.97%	76.98%	84.62%
Civil Rights										
Number of new civil rights complaints	77	39	101	97	109	124	109	65	134	239
Number of new complaints of police misconduct	396	398	344	370	402	569	598	1,198	381	381
Community Planning and Economic Development										
Number of jobs added by City loan assisted businesses (projected)	602	414	484	464	NA	437	NA	NA	NA	NA
Multifamily housing investment: City funds, millions \$	6	18	12	20	11	2	15	20	29	36
Multifamily housing investment: Other public funds, millions \$	19	22	22	25	7	47	47	80	15	62
Multifamily housing investment: Private funds, millions \$	195	205	157	202	340	19	346	1,115	284	293
Business finance loans: City funds, millions \$	3	2	2	2	2	2	2	2	2	2
Number of foreclosure sales	879	640	502	343	243	NA	NA	NA	NA	NA
Convention Center										
Occupancy rate	54.0%	60.0%	56.8%	56.9%	60.0%	61.9%	56.9%	15.7%	17.2%	38.0%
Total attendance	777,446	963,364	786,790	749,760	819,052	839,794	863,877	316,243	356,305	478,871
Health										
Number of three-year old screenings conducted by the schools	1,758	1,483	1,483	1,490	1,707	1,638	1,552	575	802	1,069
Number of homicide deaths in Minneapolis, ages 0-24**	12	7	24	NAP	10	15	10	20	16	NAP
Percent of one and two year olds tested for lead	66.0%	72.0%	63.0%	66.0%	68.0%	63.0%	0.0%	53.0%	56.1%	57.0%
Number of children under age 6 with elevated lead levels	50	253	218	192	159	106	89	66	106	156
Public Safety										
Coordinator - 311 - 911										
911 answer time, seconds	10.43	6.76	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP
911 calls answered within 15 seconds	N/A	N/A	N/A	96%	95%	92%	92%	90%	100%	86%
911 calls answered within 40 seconds	N/A	N/A	N/A	99%	99%	98%	98%	96%	100%	96%
911 pending time to dispatch, high priority calls, minutes	0.07	2.05	NAP	0.11	0.12	3.03	2.48	3.56	4.37	5.13
Percent of 311 calls answered in 20 seconds or less	63.0%	64.0%	78.9%	78.6%	71.5%	54.2%	5.2%	42.0%	42.0%	22.4%
Percent of 311 calls resolved at first call	82.0%	83.0%	79.6%	82.5%	81.8%	81.7%	81.4%	84.1%	84.1%	87.8%
Attorney - Criminal Prosecution										
Number of chronic offenders convicted	139	130	99	155	156	90	N/A	N/A	N/A	N/A
Domestic violence conviction rate	64.0%	69.0%	68.0%	68.0%	68.0%	62.0%	66.0%	52.0%	N/A	N/A
Prosecution caseload	24,092	20,391	18,505	17,289	18,857	14,863	13,849	10,587	8,894	9,029

**Schedule 17**  
**City of Minneapolis**  
**Operating Indicators by Function/Program - Last 10 Fiscal Years**  
**December 31, 2022**

(Continued)

Function/Description	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Public Safety - Continued</b>										
<b>Fire</b>										
Number of emergency responses	38,137	40,662	41,343	49,898	47,190	45,962	49,017	45,835	51,233	55,383
Number of fires extinguished (all non EMS runs prior to 2002)	1,210	1,154	1,272	1,277	1,243	1,176	1,235	1,363	1,694	1,652
Number of hazmat, false alarms, and other non EMS/ fire runs	11,108	27,619	11,432	13,810	13,440	14,116	15,563	14,888	15,323	17,082
Number of inspections	3,083	921	3,529	3,762	3,751	3,708	NAP	NAP	NAP	NAP
Number of familiarizations	N/A	N/A	N/A	N/A	N/A	N/A	3,322	1,393	460	1,106
Percent of time response is five minutes or less	82.8%	92.0%	79.8%	76.6%	79.0%	73.5%	76.7%	71.0%	71.0%	65.0%
Lives lost due to fires	2	10	8	2	10	2	6	2	10	3
Civilian injuries due to fire	27	33	24	16	18	19	22	12	23	14
<b>Police</b>										
Total Part 1 Crimes - (Violent Crime + Property Crime)	23,726	23,496	22,000	22,369	23,845	20,883	24,010	25,500	24,111	NAP
Total Part II Crimes	30,808	28,587	33,127	25,992	19,288	19,614	18,585	18,786	18,166	NAP
Total Violent Crimes - (subset of Part 1 Crimes)	4,094	4,142	4,458	4,639	4,557	3,851	4,324	5,426	5,945	NAP
Number of guns seized	666	692	685	630	942	664	943	1,095	1,027	1,101
Homicides	N/A	N/A	N/A	N/A	N/A	N/A	48	85	93	79
Assaults	N/A	N/A	N/A	N/A	N/A	N/A	8,964	8,919	8,524	9,410
Robberies	N/A	N/A	N/A	N/A	N/A	N/A	1,325	1,833	2,226	1,804
Sex Offenses	N/A	N/A	N/A	N/A	N/A	N/A	981	826	817	791
Gun Shot Victims	N/A	N/A	N/A	N/A	N/A	N/A	269	550	657	544
Burglary	N/A	N/A	N/A	N/A	N/A	N/A	3,360	3,971	2,546	2,611
Auto Theft	N/A	N/A	N/A	N/A	N/A	N/A	2,990	4,099	4,262	6,282
Theft	N/A	N/A	N/A	N/A	N/A	N/A	13,367	12,180	11,806	13,894
<b>Community Planning and Economic Development - Building permits</b>										
Permits issued	12,100	11,796	15,127	12,651	11,455	11,870	12,523	11,474	12,790	11,641
Estimated value, in millions \$	1,212	2,001	1,389	1,758	1,495	1,811	2,164	1,737	1,622	2,177
<b>Public Works</b>										
<b>Refuse Collection</b>										
Refuse collected, tons	115,293	114,964	115,522	113,190	111,431	108,991	108,560	118,261	114,706	104,771
Compostable material collected, tons	18,635	17,577	20,160	21,015	22,235	23,263	24,962	26,942	22,884	20,887
Non-recyclable construction material collected, tons	4,479	5,213	5,112	5,089	5,723	4,965	5,294	5,004	4,629	4,022
Recyclables, tons	26,585	28,583	28,065	29,560	29,191	28,401	27,518	30,054	27,208	24,270
Percent of solid waste stream recycled, by weight	23.3%	25.0%	25.3%	26.3%	26.3%	26.2%	25.4%	25.0%	23.7%	25.4%
<b>Water</b>										
Average daily production, thousands of gallons	54,186	53,881	52,546	54,383	55,620	55,852	52,737	52,343	53,875	53,917
<b>Sewer</b>										
Number of sanitary sewer backups	8	11	15	4	15	10	11	14	19	12
<b>Streets</b>										
Safety and ride-ability pavement condition index (PCI), average of all city streets	71	69	69	69	72	71	NA	NA	NA	66
Number of traffic crashes	7,299	7,706	7,991	7,476	7,784	8,028	7,772	5,365	4,959	5,033
Number of injuries in traffic crashes	2,176	2,243	2,444	2,213	2,143	2,036	2,014	1,570	1,669	1,676

**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.

\* City stopped the delinquent water shut off process in 2020 resulting in lower CEI (Collection Effectiveness Indicator).

\*\* Not available yet

Source: Minneapolis Finance and Property Services Department using City Department reports/personnel.

(UNAUDITED)

**Schedule 18**  
**City of Minneapolis**  
**Capital Assets Statistics by Function/Program**  
**Last 10 Fiscal Years**  
**December 31, 2022**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Primary Government</u>										
Public Safety:										
Police stations	5	5	5	5	5	5	5	4	4	4
Patrol units	189	176	195	201	199	206	201	206	207	197
Unmarked, trucks, trailers, scooters, motorcycles	261	244	221	203	222	229	226	232	230	238
Fire Stations	19	19	19	19	19	19	19	19	19	19
Fire Trucks/Pumpers/Ladders/Engines/Cars	118	114	110	76	77	80	82	109	94	101
Regulatory Services Fleet	96	97	101	114	110	107	109	117	119	117
Public Works:										
Refuse collection trucks, heavy equipment, dumpsters	144	124	156	140	128	129	122	131	126	126
Streets (miles)	896	896	903	903	903	903	903	903	903	903
Alleys (miles)	380	380	380	380	378	378	378	378	378	378
Sidewalks (miles)	1,715	1,715	1,715	1,715	1,910	1,910	1,910	1,910	1,910	1,910
Streetlights	19,000	19,000	19,000	19,000	19,199	19,199	19,351	19,451	20,835	20,835
Traffic signals	916	916	916	916	809	809	810	820	820	820
Buildings/Plants/Garages	33	33	33	33	34	34	34	34	36	36
Equipment, cars, trucks, tractors, vans	1,046	1,137	1,395	1,260	1,252	1,219	1,214	1,269	1,257	1,253
Community and Economic Development:										
Convention Center	1	1	1	1	1	1	1	1	1	1
Target 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	147,000	147,000	147,000	147,000	147,000	147,000	147,000	147,000
Buildings	13	14	14	14	14	14	14	14	14	14
Reservoirs	3	3	8	8	8	8	8	8	8	8
Sanitary Sewer:										
Sanitary sewers (miles)	830	830	830	830	830	830	830	830	830	830
Sanitary Lift Stations	9	9	9	9	9	9	9	9	9	11
Stormwater:										
Storm sewers (miles)	581	581	581	581	581	581	581	581	581	581
Stormwater Pump Stations	25	23	23	23	23	23	23	23	23	23
Stormwater Ponds and Treatment Sites	18	27	27	29	29	29	29	29	29	29
Number of parking ramps	14	14	14	14	14	13	13	13	13	13

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

(UNAUDITED)