

Annual Comprehensive Financial Report



City of Minneapolis, Minnesota

For the fiscal Year Ended December 31, 2021



ANNUAL COMPREHENSIVE FINANCIAL REPORT



CITY OF
MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2021

FINANCE AND PROPERTY SERVICES DEPARTMENT

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July 19, 2022

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, 2021. This report presents the financial position of the City and the results of its operations for the year 2021. 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, 2021. The State Auditor's opinion is included as page one through three in the financial section of this report.

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

STEWARDSHIP

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

INTERNAL CONTROLS

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

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

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

THE REPORTING ENTITY

The City organizes its financial activities into a variety of funds. In accordance with GASB Statement No. 61, the City's financial statements include all funds of the City ("primary government") as well as its component units. The primary government represents all funds under the ultimate control of the Mayor and City Council. Component units are separate legal entities. While legally separate, component units are in substance a part of City government. The City's financial statements would be misleading without incorporating component unit information. Some component units are reported in a separate column of the City's financial statements set apart from the rest of the primary government. These component units are discretely presented in the financial statements because, while the City is financially accountable for them, they do not meet the criteria for a blended component unit. The Minneapolis Parks 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 Parks & 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 429,954 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 and 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 3rd, 2021 and the specific details of the new government structure are still under consideration as of June 2022. 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 responsible for a variety of leadership duties, including: appointing representatives to a variety of agencies and commissions; nominating department head candidates for Executive Committee and Council approval; proposing the annual operating and capital budgets; and reviewing, approving, or vetoing all Council actions. The Mayor, however, does not vote on Council actions.

Departments

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

FINANCIAL POLICES

Each year during the budget process, the Council adopts a comprehensive set of financial policies. Of particular relevance to the City budget process is the policy to maintain a minimum unassigned fund balance in the General Fund equal to 17% of the following year's General Fund budgeted expenditures. This balance is to be used for cash flow purposes, unanticipated expenditures of a non-recurring nature, unexpected increases in service delivery costs, or unexpected revenue shortfalls. The unassigned fund balance of the General Fund at December 31, 2021, was \$142.8 million, which is \$52.6 million more than policy requires. Additional information regarding the 2021 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 2020 and 2021.

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, 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 our 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. A detailed discussion and analysis of the City's overall financial condition during the fiscal year ended 2020 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

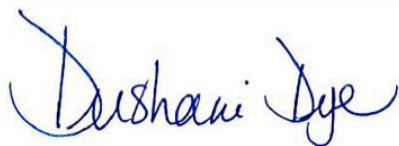
AWARDS AND ACKNOWLEDGEMENTS

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, 2020. A Certificate of Achievement is valid for a period of one year only. The City has received this prestigious award for 47 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 Coordinator for their interest in conducting the financial operations of this City in a responsible and progressive manner.

Respectfully submitted,



Dushani Dye
Chief Financial Officer

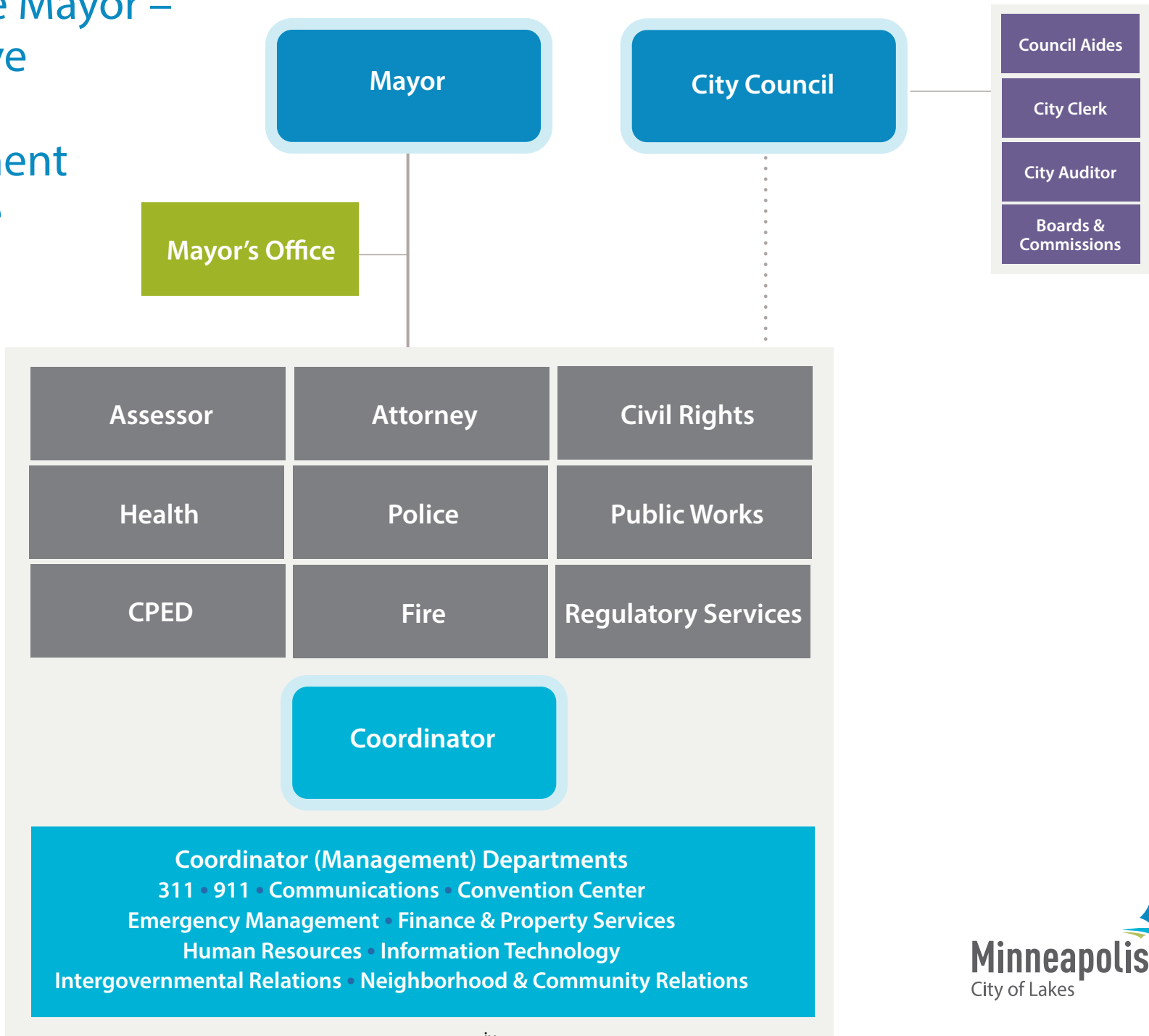


Lori Johnson
Deputy Chief Financial Officer



Lyle Hodges
Controller

Executive Mayor – Legislative Council Government Structure



**MAYOR AND COUNCIL
CITY OF MINNEAPOLIS, MINNESOTA
2021**

Mayor	JACOB FREY	
	CITY COUNCIL	
Ward 1	KEVIN REICH	
Ward 2	CAM GORDON	
Ward 3	STEVE FLETCHER	
Ward 4	PHILLIPE CUNNINGHAM	
Ward 5	JEREMIAH ELLISON	
Ward 6	JAMAL OSMAN	
Ward 7	LISA GOODMAN	
Ward 8	ANDREA JENKINS	Vice President
Ward 9	ALONDRA CANO	
Ward 10	LISA BENDER	President
Ward 11	JEREMY SCHROEDER	
Ward 12	ANDREW JOHNSON	
Ward 13	LINEA PALMISANO	

In 2022, the following changes were made:

Ward 1	ELLIOTT PAYNE	
Ward 2	ROBIN WONSLEY WORLOBAH	
Ward 3	MICHAEL RAINVILLE	
Ward 4	LATRISHA VETAW	
Ward 8	ANDREA JENKINS	President
Ward 9	JASON CHAVEZ	
Ward 10	AISHA CHUGHTAI	
Ward 11	EMILY KOSKI	
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, 2020

Christopher P. Morill

Executive Director/CEO



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INDEPENDENT AUDITOR'S REPORT

The Honorable Jacob Frey, Mayor,
and Members of 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, 2021, 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 the 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Meet Minneapolis, which is a discrete component unit and 1.7 percent, 1.5 percent, and 6.8 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of December 31, 2021, 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*.

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

Supplementary 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, Schedule 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.

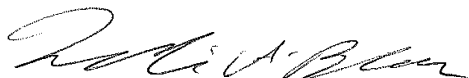
Other Information

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 July 19, 2022, 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



DIANNE SYVERSON, CPA
DEPUTY STATE AUDITOR

July 19, 2022

**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, 2021. 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 2021 calendar year, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$2,588,998 (net position). Of this amount, \$2,372,622 is the City's net investment in capital assets and \$357,377 is restricted for specific purposes (restricted net position) leaving a deficit of \$(141,001) 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 \$97,729 in 2021. Governmental activities increased the City's net position by \$69,889 and business-type activities increased the net position by \$27,840.
- As of December 31, 2021, total fund balance in the General Fund was \$142,828, all of which was unassigned.
- The City's total long-term bond and note liability increased by \$40,481 from the prior year. Total bonds and notes issued in 2021 was \$133,476. Total debt retirement was \$92,995. The primary debt issuance in 2021 included bonds of \$112,480 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 31-32 of this report.

Fund Financial Statements—A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All 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 Permanent Improvement Capital Projects Fund, and the Special Assessment Debt Service Fund, all of which are considered to be major funds. Data from the other 14 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the Other Supplemental Information section of this report beginning on page 124.

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

Proprietary Funds—The City of Minneapolis maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Minneapolis uses the enterprise funds to account for its sanitary sewer, stormwater, water

treatment and distribution services, municipal parking, solid waste and recycling, and community planning and economic development (CPED) activities. The City uses internal service funds to account for its property management services, fleet services, 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 37-40 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 41-42 of this report.

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

The notes to the financial statements can be found on pages 45-104 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 105-119 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 124.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position—The following table presents the primary government’s net position as of December 31, 2021 with a comparison to 2020.

Statement of Net Position						
December 31, 2021, and 2020						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 1,220,966	\$ 1,101,732	\$ 169,524	\$ 173,321	\$ 1,390,490	\$ 1,275,053
Capital assets	<u>1,815,222</u>	<u>1,760,799</u>	<u>1,297,061</u>	<u>1,248,683</u>	<u>3,112,283</u>	<u>3,009,482</u>
Total assets	<u>\$ 3,036,188</u>	<u>\$ 2,862,531</u>	<u>\$ 1,466,585</u>	<u>\$ 1,422,004</u>	<u>\$ 4,502,773</u>	<u>\$ 4,284,535</u>
Deferred outflows of resources	<u>\$ 251,043</u>	<u>\$ 113,136</u>	<u>\$ 20,546</u>	<u>\$ 5,373</u>	<u>\$ 271,589</u>	<u>\$ 118,509</u>
Current and other liabilities	\$ 350,045	\$ 204,940	\$ 69,729	\$ 56,864	\$ 419,774	\$ 261,804
Long-term liabilities	<u>1,026,726</u>	<u>1,122,922</u>	<u>343,697</u>	<u>346,023</u>	<u>1,370,423</u>	<u>1,468,945</u>
Total liabilities	<u>\$ 1,376,771</u>	<u>\$ 1,327,862</u>	<u>\$ 413,426</u>	<u>\$ 402,887</u>	<u>\$ 1,790,197</u>	<u>\$ 1,730,749</u>
Deferred inflows of resources	<u>\$ 366,984</u>	<u>\$ 174,218</u>	<u>\$ 28,183</u>	<u>\$ 6,808</u>	<u>\$ 395,167</u>	<u>\$ 181,026</u>
Net position						
Net investment in capital assets	\$ 1,375,177	\$ 1,365,745	\$ 997,445	\$ 983,131	\$ 2,372,622	\$ 2,348,876
Restricted net position	332,308	318,948	25,069	25,102	357,377	344,050
Unrestricted net position	<u>(164,009)</u>	<u>(211,106)</u>	<u>23,008</u>	<u>9,449</u>	<u>(141,001)</u>	<u>(201,657)</u>
Total net position	<u>\$ 1,543,476</u>	<u>\$ 1,473,587</u>	<u>\$ 1,045,522</u>	<u>\$ 1,017,682</u>	<u>\$ 2,588,998</u>	<u>\$ 2,491,269</u>

The largest portion of the City’s net position reflects its \$2,372,622 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 increased \$13,327 to \$357,377 in 2021 in part due to the \$25,114 increase in debt service restrictions in governmental funds as additional bonds were outstanding in those funds. This was offset by decreases in community and economic development and capital project restrictions as net positions fell 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).

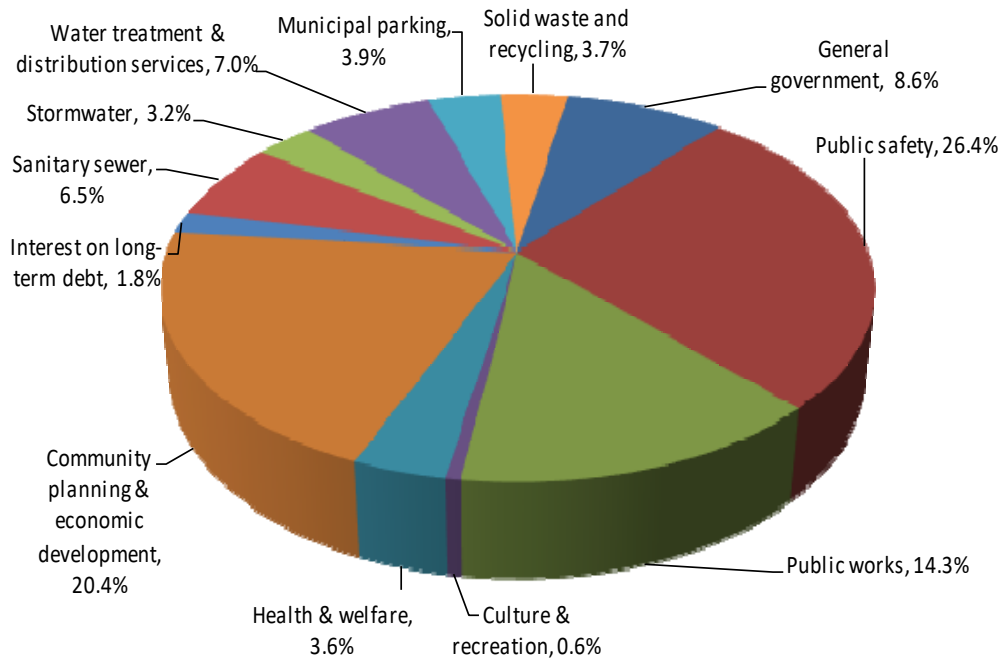
The remaining deficit of \$(141,001) represents the unrestricted portion of the City’s net position. This is an increase of \$60,656 from the 2020 unrestricted net position. The increase in unrestricted net position is the result of a multitude of factors, including additional restrictions to net position as noted above. As noted in the following section, overall net position of the City increased by \$97,729 in 2021.

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 \$69,889 while the business-type activities net position increased by \$27,840.

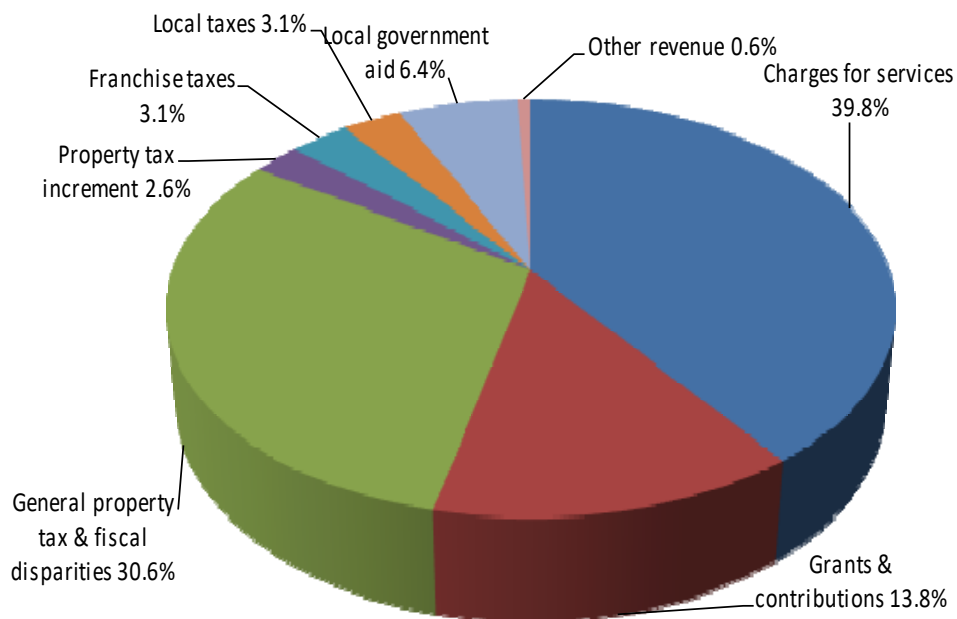
Statement of Activities						
For the Years Ended December 31, 2021, and 2020						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 122,168	\$ 121,725	\$ 304,567	\$ 298,753	\$ 426,735	\$ 420,478
Operating grants and contributions	139,521	124,193	3,561	4,573	143,082	128,766
Capital grants and contributions	5,526	37,366	-	1,664	5,526	39,030
General revenues:						
General property tax and fiscal disparities	329,021	308,146	-	-	329,021	308,146
Property tax increment	27,435	69,418	-	-	27,435	69,418
Franchise taxes	33,635	31,181	-	-	33,635	31,181
Local taxes	33,133	49,290	-	-	33,133	49,290
Other taxes	10	262	-	-	10	262
Local government aid - unrestricted	68,815	71,821	-	-	68,815	71,821
Grants and contributions not restricted to programs	5,087	3,436	108	168	5,195	3,604
Unrestricted interest and investment earnings	846	23,478	(88)	887	758	24,365
Other	-	-	238	154	238	154
Gain on sale of capital assets	758	910	-	-	758	910
Total revenues	765,955	841,226	308,386	306,199	1,074,341	1,147,425
Expenses						
General government	83,589	25,088	-	-	83,589	25,088
Public safety	258,226	341,681	-	-	258,226	341,681
Public works	139,454	208,981	-	-	139,454	208,981
Culture and recreation	6,027	11,901	-	-	6,027	11,901
Health and welfare	35,518	32,211	-	-	35,518	32,211
Community planning and economic development	196,234	186,579	2,906	3,887	199,140	190,466
Interest on long-term debt	17,497	20,555	-	-	17,497	20,555
Sanitary sewer	-	-	62,993	67,919	62,993	67,919
Stormwater	-	-	31,249	36,138	31,249	36,138
Water treatment and distribution services	-	-	68,657	67,124	68,657	67,124
Municipal parking	-	-	38,056	41,976	38,056	41,976
Solid waste and recycling	-	-	36,206	36,152	36,206	36,152
Total expenses	736,545	826,996	240,067	253,196	976,612	1,080,192
Excess (deficiency) before transfers	29,410	14,230	68,319	53,003	97,729	67,233
Transfers	40,479	43,149	(40,479)	(43,149)	-	-
Change in net position	69,889	57,379	27,840	9,854	97,729	67,233
Net position - Beginning	1,473,587	1,416,208	1,017,682	1,007,828	2,491,269	2,424,036
Net position - Ending	\$ 1,543,476	\$ 1,473,587	\$ 1,045,522	\$ 1,017,682	\$ 2,588,998	\$ 2,491,269

Below is a graph showing the breakdown of government-wide expenses and revenues by category for 2021:

Government-wide Expenses



Government-wide Revenues



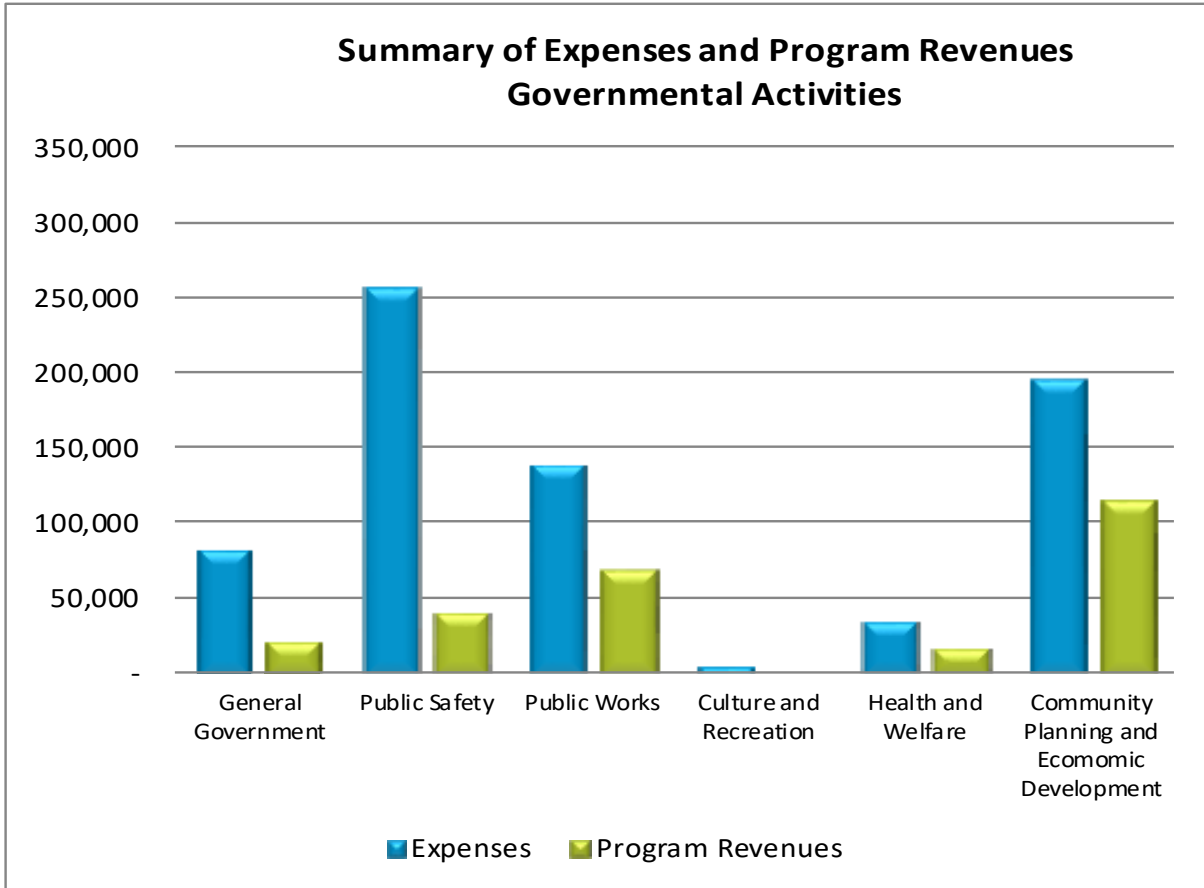
Governmental Activities—Governmental activities increased the City’s net position by \$69,889 compared to an increase of \$57,379 in 2020. Total governmental revenue decreased by 8.9% between 2020 to 2021 from \$841,226 to \$765,955. Total expenses decreased by 10.9% over that same period from \$826,996 in 2020 to \$736,545 in 2021.

The decrease in expenses is attributable mainly to reductions in public safety costs due to decreased personnel expense as the police department continued to see staffing shortages in the wake of the events of 2020 surrounding George Floyd’s murder. In addition, public works expenses were down due to decreased capital outlays for large projects. Development costs for community planning and economic development activities increased as additional investment in affordable housing and business support continued in a continued effort to recover from the pandemic. A significant expense in the statement of activities, compared to fund statements, is depreciation. Current year depreciation for governmental activities is \$77,082.

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 \$6,443 or 1.4% during 2021 after falling by 17.0% in 2020. Operating grants increased \$15,328 or 12.3% as the city received additional stimulus funding related to several American Rescue Plan Act funding sources. General revenues cover any net expense after program specific revenues are applied. General revenues decreased \$59,202 in total. Increased property tax revenues were offset by reductions in local tax collections and investment earnings. Local taxes are down due to a larger portion going 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, 2021**

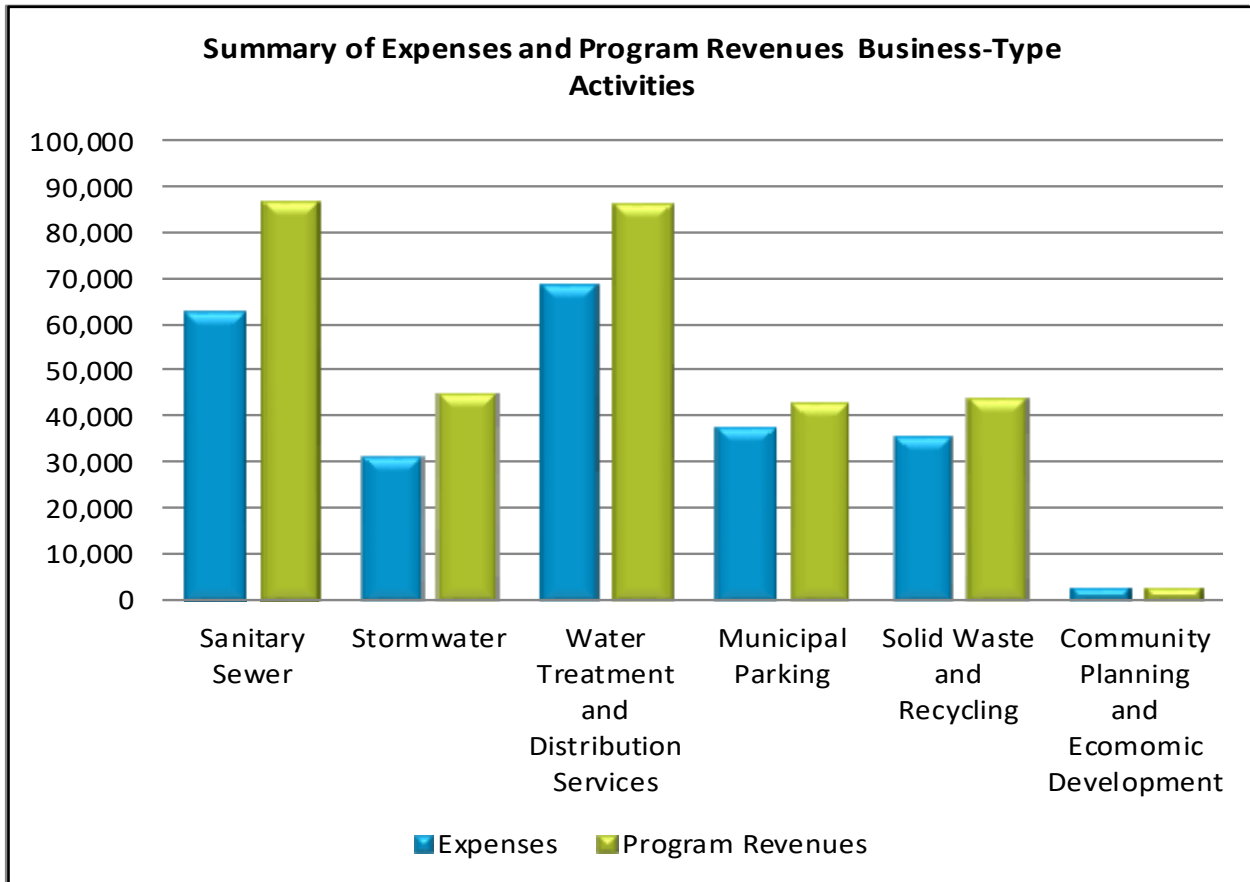
Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue by Program
General government	\$ 83,589	\$ 22,821	\$ (60,768)
Public safety	258,226	41,008	(217,218)
Public works	139,454	69,473	(69,981)
Culture and recreation	6,027	-	(6,027)
Health and welfare	35,518	18,503	(17,015)
Community planning and economic development	196,234	115,410	(80,824)
Interest on long-term debt	17,497	-	(17,497)
	<u>\$ 736,545</u>	<u>\$ 267,215</u>	<u>\$ (469,330)</u>
General revenues and transfers supporting governmental activities			<u>539,219</u>
Change in net position			69,889
Net position - January 1, 2021			<u>1,473,587</u>
Net position - December 31, 2021			<u>\$ 1,543,476</u>



Business-Type Activities—Business-type activities increased the City’s net position by \$27,840 compared with an increase of \$9,854 in 2020. Detailed analysis of the changes in expense in 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, 2021

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue by Program</u>
Sanitary sewer	\$ 62,993	\$ 86,481	\$ 23,488
Stormwater	31,249	45,297	14,048
Water treatment and distribution services	68,657	85,963	17,306
Municipal parking	38,056	43,247	5,191
Solid waste and recycling	36,206	44,233	8,027
Community planning and economic development	2,906	2,907	1
	<u>\$ 240,067</u>	<u>\$ 308,128</u>	<u>\$ 68,061</u>
General revenues and transfers supporting business-type activities			<u>(40,221)</u>
Change in net position			27,840
Net position - January 1, 2021			<u>1,017,682</u>
Net position - December 31, 2021			<u>\$ 1,045,522</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 2021, five governmental funds, including the General Fund, are presented as major funds. These funds include the Community Planning and Economic Development Fund, Grants Federal Fund, the Permanent Improvement Capital Project Fund, and the Special Assessment Debt Service Fund. At December 31, 2021, the City’s governmental funds reported a combined ending fund balance of \$641,919, a decrease of \$22,910 compared with the prior year. Approximately 21.4% of this total amount, or \$137,670, constitutes unassigned fund balance, which is available for spending at the City’s discretion.

The remainder of the fund balance is classified as follows: \$332,308 is restricted for debt service, community planning and economic development, capital improvements, grants, and law enforcement legal requirements; and \$171,941 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					
Revenues by Source	2021		2020		Increase/ (Decrease)
	Amount	Percent of Total	Amount	Percent of Total	Amount
Taxes	\$ 423,217	51.79 %	\$ 458,154	50.71 %	\$(34,937)
Licenses and permits	41,353	5.06	46,403	5.14	(5,050)
Intergovernmental revenues	198,872	24.33	233,867	25.89	(34,995)
Charges for services and sales	80,135	9.80	70,614	7.82	9,521
Fines and forfeits	5,055	0.62	4,701	0.52	354
Special assessments	30,004	3.67	29,744	3.29	260
Investment earnings	1,192	0.15	24,715	2.74	(23,523)
Miscellaneous revenue	37,460	4.58	35,104	3.89	2,356
Total revenues	<u>\$ 817,288</u>	<u>100.00 %</u>	<u>\$ 903,302</u>	<u>100.00 %</u>	<u>\$(86,014)</u>

Expenditures by Function Governmental Funds					
Expenditures by Function	2021		2020		Increase/ (Decrease)
	Amount	Percent of Total	Amount	Percent of Total	Amount
Current:					
General government	\$ 109,505	12.19 %	\$ 112,397	10.90 %	\$ (2,892)
Public safety	290,387	32.29	299,229	29.05	(8,842)
Public works	62,086	6.90	71,092	6.90	(9,006)
Health and welfare	34,238	3.81	31,689	3.08	2,549
Community planning and economic development	179,694	19.98	182,016	17.67	(2,322)
Capital outlay	146,964	16.34	191,240	18.56	(44,276)
Intergovernmental:					
General government	4,093	0.46	4,182	0.41	(89)
Public safety	26	-	48	-	(22)
Community planning and economic development	2,051	0.23	400	0.04	1,651
Culture and recreation	6,027	0.67	11,901	1.16	(5,874)
Debt service:					
Principal retirement	46,515	5.17	106,410	10.33	(59,895)
Interest and fiscal charges	17,639	1.96	19,542	1.90	(1,903)
Total expenditures	<u>\$ 899,225</u>	<u>100.00 %</u>	<u>\$ 1,030,146</u>	<u>100.00 %</u>	<u>\$(130,921)</u>

General Fund—The General Fund is the general operating fund of the City. As of December 31, 2021, the entire fund balance was classified as unassigned and totaled \$142,828. Total fund balance decreased by \$24,826 during 2021.

The following table provides changes in revenues by source from 2020 to 2021.

Revenues by Source	General Fund Revenues By Source				Increase/ (Decrease)
	2021		2020		Amount
	Amount	Percent of Total	Amount	Percent of Total	
Taxes	\$ 282,911	56.08 %	\$ 263,438	48.92 %	\$ 19,473
Licenses and permits	40,982	8.12	45,795	8.50	(4,813)
Intergovernmental revenues	90,851	18.01	126,111	23.42	(35,260)
Charges for services and sales	56,475	11.19	53,178	9.87	3,297
Fines and forfeits	4,934	0.98	4,490	0.83	444
Special assessments	4,709	0.93	3,183	0.59	1,526
Investment earnings	(1,147)	-0.23	12,144	2.26	(13,291)
Miscellaneous revenues	5,125	1.02	4,287	0.80	838
Total revenues	\$ 484,840	96.10	\$ 512,626	95.19	\$ (27,786)
Transfers in	19,668	3.90	25,889	4.81	(6,221)
Total revenues and other financing sources	<u>\$ 504,508</u>	<u>100.00 %</u>	<u>\$ 538,515</u>	<u>100.00 %</u>	<u>\$ (34,007)</u>

In 2021, General Fund revenues and transfers decreased by 6.3% from the previous year. Some highlights include:

- Tax collections were higher in 2021 than 2020 due to an increase in the levy amount in the General Fund.
- Licenses and permits decreased for a second straight year while investment earnings decreased for the first time in recent years. Both of these reductions are attributable to current economic conditions related to the pandemic and economic slowdown.
- Intergovernmental revenues decreased by \$35,260 because the City deposited the \$32,282 of Coronavirus Relief Funds into the General Fund in 2020 and that funding was not repeated in 2021.
- Transfers in decreased by \$6,221. The City chose to decrease transfers from other funds to preserve the cash in other funds as the General Fund financial position is relatively stable.

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The following table provides the changes in expenditures by function from 2020 to 2021:

Expenditures by Function	General Fund Expenditures by Function				Increase/ (Decrease)
	2021		2020		Amount
	Amount	Percent of Total	Amount	Percent of Total	
Current and Intergovernmental:					
General government	\$ 80,199	15.15 %	\$ 81,877	16.41 %	\$ (1,678)
Public safety	275,937	52.13	282,817	56.69	(6,880)
Public works	61,104	11.54	62,441	12.52	(1,337)
Health and welfare	18,596	3.51	18,629	3.73	(33)
Community planning and economic development	31,691	5.99	36,188	7.25	(4,497)
Culture and recreation	2,051	0.39	2,000	0.40	51
Total expenditures	469,578	88.71	483,952	97.00	(14,374)
Transfers out	59,756	11.29	14,949	3.00	44,807
Total expenditures and other financing uses	<u>\$ 529,334</u>	<u>100.00 %</u>	<u>\$ 498,901</u>	<u>100.00 %</u>	<u>\$ 30,433</u>

Overall, General Fund expenditures and transfers out increased by 6.1% from the previous year. In 2020 the initial response to the COVID-19 pandemic resulted in a reduced budget, while 2021 saw a restoration of some budgets and increased spending. In addition, there was an additional \$27,000 transfer out to the Self-Insurance fund to cover the settlement reached with the Floyd family in the civil case against the police department.

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 2021, the following were significant budget actions:

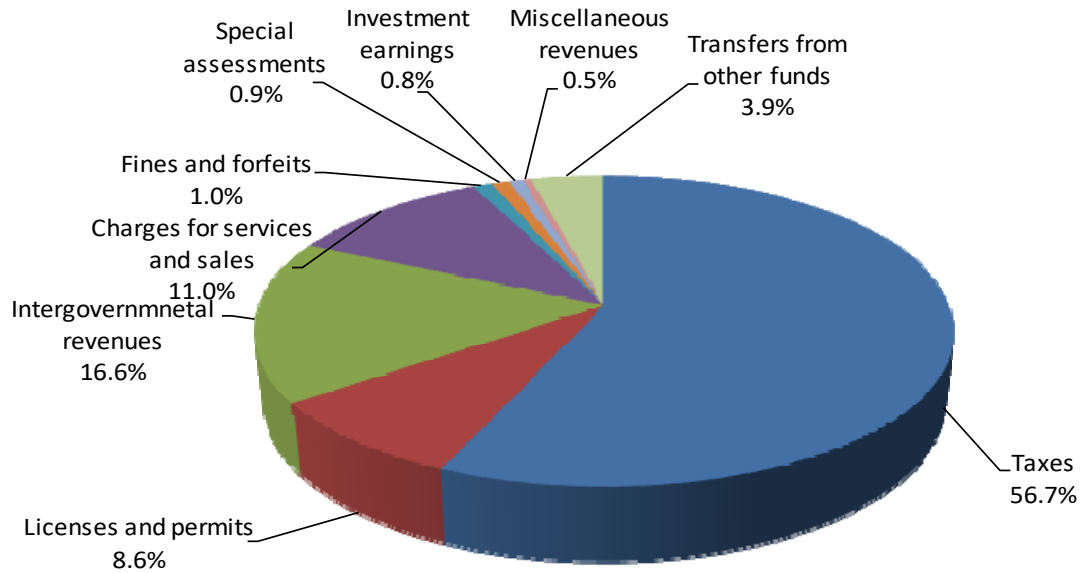
- The original General Fund appropriation for fiscal year 2021 was \$510,857, which included projected transfers out of \$23,707. The final appropriation was \$543,877 including transfers of \$59,756. General revenues and other resources were originally estimated at \$503,219, which included projected transfers in of \$19,668. The final revenue estimate was \$503,214 including transfers of \$19,668.
- Budgetary variances between the final amended budget and the actual results include:
 - 1) Overall, Public Works finished the year \$2,872 over budget primarily due to transportation maintenance and repair spending over budget on snow removal costs.
 - 2) The City Coordinator departments in total ended the year \$4,197 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 \$6,656 while the Fire department was over budget by \$3,124. 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 \$59,756 were made to support CPED special revenue fund projects, costs of capital projects, and the neighborhood parks funding plan. In addition, the City Council approved a transfer from the General Fund to the Self Insurance Funds for payment of the legal settlement with George Floyd's family.
- 5) Community Planning and Economic Development (CPED) has several projects that are expected to require ongoing funding resulting in current year budget savings of \$1,739.
- 6) Unspent contingency funding of \$4,809 and the underspending identified above offset any overspending, resulting in an overall underspending in the General Fund of \$14,543.

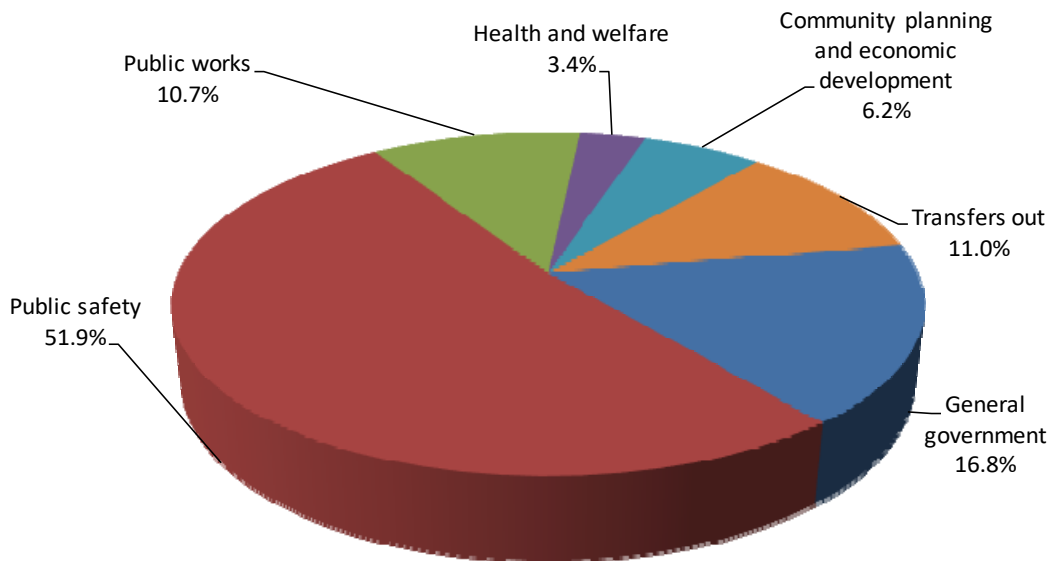
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Current fiscal year revenue and expenditure budgets for the General Fund by major category or function are as follows:

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 2021 were \$36,077, 54.0% less than the prior year. A majority, approximately 71.1%, of the fund’s revenue was derived from property tax increment, and 16.0% 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 2021 were \$49,377. 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 2021 due to refocused efforts to address community needs resulting from the pandemic and recent unrests. The expenditures in this fund will vary depending on the project activity in any given year.

The fund’s transfers to other funds of \$18,560 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 \$8,221 to the City’s Neighborhood and Community Relations Special Revenue Fund to support ongoing activities.

At year-end, the fund balance in the CPED Special Revenue Fund was \$242,397. This included \$193,238 restricted for specific programs by State law; and the remaining \$49,159 assigned to provide for community planning and economic development activities.

Grants – Federal Special Revenue Fund – This fund is used to account for federal grants from a variety of sources except HUD. This fund included the accounting for proceeds from the American Rescue Plan Act State Coronavirus State and Local Fiscal Recovery Funds.

Total revenue in 2021 was \$29,257, an increase of \$16,005 or 120.8% over the 2020 revenue of \$13,252. This increase is primarily due to COVID funding and increased programmatic activity in programs across the city, but especially in community planning and economic development (CPED) programs. Expenditures in 2021 totaled \$29,385, an increase of \$16,072 or 120.7% over the 2020 expenditures of \$13,313. Again, COVID funding and activity in CPED programs increased the expenditures, similar to the revenues. Total fund balance at year end 2021 was \$612, a decrease of \$128 from the 2020 year end fund balance of \$740.

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 2021, \$146,964 of capital outlay occurred which is a decrease of 26.2% from outlay of \$199,240 in 2020.

The key assets constructed with these funds include:

- Bridges - \$24,545
- Streets - \$57,376
- Traffic Signals and Street Lighting - \$13,451
- Bike Trails - \$3,525
- Property Service - \$6,227
- Consolidated Office Building - \$23,797

The fund balance decreased from \$103,744 in 2020 to \$80,361 in 2021. The decrease is mostly due to work on Capital Projects that utilized funds already on hand. Other than bond sales and transfers, revenues for the fund decreased from \$73,635 in 2020 to \$51,525 in 2021 due mainly to a decrease from State and Federal sources for a variety of capital projects.

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

At the end of 2021 the City had \$74,105 of debt outstanding for special assessment improvements. During 2021, the City received debt related assessment collections and interest earnings of \$14,572 and paid total principal of \$8,660 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 net position of \$1,083,820 at December 31, 2021, an increase of \$32,416 over the 2020 balance of \$1,051,404.

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 2020 and 2021:

Enterprise Funds
Key Balance Sheet Account Balances and Operating Activities
December 31, 2021 and 2020

	Sanitary		Water	Municipal	Solid	Community	Total	
	Sewer	Stormwater	Treatment and Distribution Services		Waste and Recycling	Planning and Economic Development	2021	2020
Cash	\$ 16,581	\$ 33,475	\$ 45,185	\$ 1,233	\$ 23,256	\$ 23,731	\$ 143,461	\$ 130,985
Assets	214,751	401,507	496,072	263,980	81,699	52,374	1,510,383	1,461,901
Deferred outflows of resources	2,313	4,202	7,650	1,965	4,416	-	20,546	5,373
Liabilities	66,359	32,178	172,523	81,752	40,627	25,487	418,926	409,062
Deferred inflows of resources	3,153	5,715	10,618	2,713	5,984	-	28,183	6,808
Operating income (loss)	10,112	13,014	17,504	1,661	(1,250)	2,230	43,271	38,897
Change in net position	8,184	12,401	17,331	(10,021)	4,596	(75)	32,416	22,200
Net position	147,552	367,816	320,581	181,480	39,504	26,887	1,083,820	1,051,404

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, 2021 was \$147,552 compared to \$139,368 for 2020, an increase of \$8,184. The operating revenues of \$86,709 for 2021 compared to \$83,554 for 2020 reflects an increase of \$3,155. The sanitary utility sales and service revenues account for \$3,360 of the increase due to increase in rates. These increases were offset by a \$1,608 decrease in SAC revenues. Decreases in SAC revenue are offset by equivalent decrease in SAC expenses.

The operating expense totaled \$76,597 compared to \$73,676 in 2020 resulting in an increase of \$2,921. The increase in operating expenses reflect an increase in Met Council charges of \$4,251 with decreases in other areas including SAC charges partially offsetting this increase. Met Council increased rates for MCES in 2021 resulting in an increased expense. 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, 2021 was \$367,816 which was an increase of \$12,401 from the beginning balance of \$355,415.

The 2021 operating revenues of \$44,132 compared to \$44,686 for 2020 reflected a decrease of \$554. The decrease is due mainly to a drop in intergovernmental revenue from 2020.

The operating expenses totaled \$31,118 compared to \$36,028 reported for 2020. This was a decrease of \$4,910 and reflects in large part a \$4,110 drop in pension expense as compared to 2020 amount. Other personnel costs also dropped due to staff vacancies.

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 \$17,331 for the year, resulting in a net position on December 31, 2021, of \$320,581. This planned increase allowed for net increases to long-term assets in the amount of \$15,029 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 \$1,942, when compared to 2020, due in large part to increased water sales due to higher demand and rates from both retail and wholesale customers. Operating expenses increased by \$4,593, when compared to 2020. This increase is made up of increases in contractual services and depreciation related to the investments in the water infrastructure system.

Municipal Parking Fund—The Municipal Parking Fund accounts for the operation and maintenance of parking ramps, lots, on-street parking meters, the municipal impound lot, and the traffic/parking control system. Net position at December 31, 2021 was \$181,480 which is a decrease of \$10,021 from the beginning balance.

Operating parking revenues were down \$231 from 2020. Both 2020 and 2021 revenues were down significantly due to the COVID-19 pandemic severely restricting both business and employment activity downtown. These revenue shortfalls were partially offset by \$2,780 less in operating expenses from the 2020 amount due to proactive reductions in fixed expenses, as well as some variable expenses being lower such as credit card fees.

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 107,200 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, 2021 totaled \$39,504, an increase of \$4,596 compared to the beginning balance of \$34,908. Operating revenues totaled \$42,420, an increase of \$2,220 over 2020. This increase can mainly be attributed to \$1,880 more in sales of equipment and scrap over 2020, the rates for scrap sales increased dramatically in 2021.

Operating expenses increased to \$43,670 compared to \$42,076 for 2020. This increase of \$1,594 reflects slight increases in costs of materials, supplies and contracted services.

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 \$75 during the year. Operating income was down from 2020 operating income of \$2,970 to \$2,230. The overall decrease in net position was due primarily to the loss in loan recapture.

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:

Internal Service Funds
Key Balance Sheet Account Balances and Operating Activities
December 31, 2021, and 2020

	Engineering Materials and Testing	Intergovern- mental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	Total	
							2021	2020
Cash	\$ 2,027	\$ 9,163	\$ 8,926	\$ 34,701	\$ 1,219	\$ 110,751	\$ 166,787	\$ 154,966
Assets	2,198	32,321	48,398	108,061	8,442	110,754	310,174	309,834
Deferred outflows of resources	462	4,563	2,485	2,553	419	2,446	12,928	3,340
Liabilities	1,416	18,813	7,440	8,519	1,494	209,739	247,421	247,781
Deferred inflows of resources	639	6,400	3,438	3,482	573	3,428	17,960	4,375
Operating income (loss)	87	(11,064)	2,985	4,288	496	(30,612)	(33,820)	(83,697)
Change in net position	90	(10,918)	3,728	5,052	878	(2,127)	(3,297)	(83,140)
Net position	\$ 605	\$ 11,671	\$ 40,005	\$ 98,613	\$ 6,794	\$ (99,967)	\$ 57,721	\$ 61,018

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 2021, the net position is \$0.6 million representing an increase of \$0.1 million from the 2020 ending net position of \$0.5 million. The increase in net position is primarily due to more construction projects resulting in more demand for testing services and materials. The fund maintains a positive cash balance at \$2.0 million at year-end 2021 which is similar to the 2020 ending balance of \$2.0 million.

Intergovernmental Services Fund—This fund accounts for operations of Information Technology (IT) and 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.

The fund's 2021 ending net position is \$11.7 million, representing a decrease of \$10.9 million from the year-end 2020 net position of \$22.6 million. This decrease to net position is partly due to efforts to contain costs and to limit projects for others. These efforts are to recover from losses in other funds due to the pandemic in 2020.

The cash balance at year-end 2021 is \$9.2 million, representing a decrease of \$1.5 million from the 2020 year-end cash balance of \$10.7 million. The decrease in cash is the result of operating expenses exceeding revenues as planned in the 2021 budget and noted above to help other funds reduce IT costs.

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 generally results in an operating loss each year and a decrease to net position. In 2021, the fund experienced an increase of \$3.7 million to net position resulting in an ending balance of \$40.0 million compared to the 2020 ending net position of \$36.3 million. The increase to net position in 2021 is primarily due to the timing of asset preservation projects budgeted for 2021 that will be completed in 2022 or future years. The cash balance increased from \$6.3 million at year-end 2020 to \$8.9 million at year-end 2021 for the same reason of deferred projects.

Equipment Services Fund—The Equipment Services Fund manages the acquisition, maintenance, and disposal of 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 2021, the fund reported an increase to net position of \$5.1 million, increasing the net position from a 2020 ending balance of \$93.6 million to a 2021 ending balance of \$98.7 million. The 2021 ending cash balance is \$34.7 million, an increase of \$8.0 million from the ending balance of \$26.7 million in 2020. Both cash and net position increased as the fund was unable to spend the planned amount on new vehicle purchases as a result of global supply chain issues impacting the vehicle market.

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 2021, the fund reported an increase to net position of \$0.9 million, increasing the net position from a 2020 ending balance of \$5.9 million to a 2021 ending balance of \$6.8 million. The fund's ending cash balance is \$1.2 million for 2021, an increase of \$0.1 from the 2020 ending cash balance of \$1.1 million. The increase in cash balance is primarily due to an increase 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, civil attorney services 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 2021 was negative \$99,967, a decrease of \$2,127 from the 2020 ending net position of negative \$97,840. The cash balance increased by \$2,620, from \$108,131 in 2020 to \$110,751 at year-end 2021. The increase in cash is primarily the result of an increase in medical insurance premiums collected compared to the medical claims payout of \$2.1 million and an increase in unused sick leave at retirement premiums compared to payout of \$0.7 million. As noted above, 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. Workers' Compensation payouts are often paid over many years allowing for revenue adjustments as needed.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets—As of December 31, 2021 the City's investment in capital assets for its governmental and business-type activities was \$3,112,283 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads, highways, and bridges. The increase in the City's investment in capital assets for the current fiscal year included a 3.1% increase in governmental activities and a 3.9% increase in business-type activities.

The following table summarizes capital assets for governmental and business-type activities for 2021 and 2020:

	Capital Assets (Net of depreciation)					
	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land and easements	\$ 114,788	\$ 114,788	\$ 130,321	\$ 130,321	\$ 245,109	\$ 245,109
Construction in progress	526,019	629,614	134,368	142,419	660,387	772,033
Infrastructure	600,482	540,369	-	-	600,482	540,369
Buildings and structures	481,996	375,778	293,574	305,602	775,570	681,380
Public improvements	19,898	20,327	658,386	597,610	678,284	617,937
Machinery and equipment	61,203	66,851	77,372	70,111	138,575	136,962
Computer equipment	2,507	3,422	2,597	2,102	5,104	5,524
Software	8,329	9,650	9	13	8,338	9,663
Other capital outlay	-	-	434	505	434	505
Total	<u>\$ 1,815,222</u>	<u>\$ 1,760,799</u>	<u>\$ 1,297,061</u>	<u>\$ 1,248,683</u>	<u>\$ 3,112,283</u>	<u>\$ 3,009,482</u>

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

- Construction of the new City Office Building was substantially completed and employees are operating out of the facility. In 2021, final work cost \$23,797, bringing the total cost to date to \$185,791.
- Completion of major projects related to lighting and traffic signals, paving of City streets, and bridges, combined to reduce construction in progress by a net of \$98,903. 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.
- Water distribution assets including pipes, mains, and hydrant infrastructure with a combined value of \$40,971 were added in 2021.

Additional information on the City’s capital assets can be found in Note 4 on pages 71-73 of this report.

Long-term debt—As of December 31, 2021, the City had total long-term bonds and notes outstanding of \$842,494 compared to \$802,012 in the prior year. Of this amount, \$523,905 is related to governmental activities and \$318,588 is related to business-type activities. The City had \$28,700 or approximately 3.4% of the long-term debt in variable rate mode at year-end. Long-term notes of \$104,208 are included in the above total, of which \$1,785 is for governmental activities and \$102,423 is for business-type activities.

The following table shows various classifications of the City’s long-term debt at December 31, 2021, and the amount of principal due in 2021.

<u>Summary of Outstanding Bonds and Notes</u>	<u>Balance 1/1/2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/2021</u>	<u>Due in 2022</u>
General Obligation (GO) Bonds and Notes:					
Property Tax Supported GO Bonds	\$ 259,450	\$ 49,995	\$ (29,170)	\$ 280,275	\$ 28,375
Self-Supporting GO Bonds	158,365	-	(5,125)	153,240	5,410
Special Assessment GO Bonds	58,630	23,135	(7,660)	74,105	8,805
Special Assessment GO Notes	1,000	-	(1,000)	-	-
Tax Increment GO Bonds	1,495	-	(1,495)	-	-
Enterprise Fund Related GO Bonds	155,090	55,210	(18,775)	191,525	29,550
Enterprise Fund Related GO Notes	<u>109,082</u>	<u>5,137</u>	<u>(11,795)</u>	<u>102,424</u>	<u>10,585</u>
Total General Obligation Bonds and Notes	743,112	133,477	(75,020)	801,569	82,725
Revenue Bonds and Notes:					
Economic Development Revenue Bonds	16,040	-	(1,540)	14,500	1,620
Other Community Development Related Bonds	40,550	-	(15,910)	24,640	1,065
Revenue Notes	<u>2,310</u>	<u>-</u>	<u>(525)</u>	<u>1,785</u>	<u>560</u>
Total Revenue Bonds and Notes	58,900	-	(17,975)	40,925	3,245
Total Outstanding Bonds and Notes	<u>\$ 802,012</u>	<u>\$ 133,477</u>	<u>\$ (92,995)</u>	<u>\$ 842,494</u>	<u>\$ 85,970</u>

The City maintained an “AAA” rating from Standard & Poor’s and an “AA+” from Fitch Ratings for its general obligation debt in 2021. Additional information on the City’s Long-term debt can be found in Note 5 starting on page 74 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 2021 is \$57.7 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 adopted long-term financial plans for three of the internal service funds (Intergovernmental Services, Equipment Services, and Self-Insurance) to increase net position and to achieve and maintain a positive cash balance. To meet the goals of the adopted long-term financial plans, transfers from the

General Fund to all three funds are necessary. By year-end 2015, all three internal service funds had positive net position and cash balances.

- Similar to other jurisdictions, employee wages and benefits make up over 62.1% of the City's General Fund 2021 expenditure budget, increases to which are driven by growth in wages, cost of living, and overtime costs.
- In June of 2009, the Governor exercised his authority to "unallot" or unilaterally reduce various state appropriations. The appropriation directly impacting the City of Minneapolis was Local Government Aid (LGA). Following several years of uncertainty in funding from the State of Minnesota in the form of LGA, including the loss of over \$70 million from 2008-2011, the State increased the amount of LGA appropriated to the City of Minneapolis from \$76.1 million in 2014 to \$81.6 million in 2020. For 2021, the state reduced the City's allocation to \$77.7 million and that amount will be consistent into 2022. 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.
- Since 2000, the City continues to lay a foundation for a wave of development including large projects associated with building a new stadium in partnership with the State and the Minnesota Vikings and adjacent areas. For 2021, the City marked its tenth 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. Due to legislative changes in 2019, the 2020 budget does not project any growth in the cost of closed pension obligations from the prior year. 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.

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

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

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

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

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

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

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

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

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

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 2022, the Council Adopted Budget for all City funds was \$1.57 billion which represents a \$123.0 million or 8.5% increase from the 2021 Council Adopted Budget of \$1.45 billion.
- At the same time, the Council adopted a 2022 property tax levy of \$417.4 million, which results in a 5.5%, or \$21.6 million increase, from the 2021 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 FTE counts in a staggered approach.
- A primary feature of the 2022 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) remained the same as 2021 at \$14.8 million.

- For 2022 – 2027, the six-year capital program totals \$1.2 billion including all funding sources. The 2022 portion of the six-year capital program is \$233.7 million which funds accelerated improvements to the City's infrastructure by continuing support for the expanded net debt bond program put in place in 2012.

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 tax capacity for 2021 was \$256.2 million and is expected to decrease slightly to \$247.1 million in 2022.

Even with the significant economic impacts of the COVID-19 pandemic, developers were able to continue with significant construction projects throughout downtown. A number of notable projects were permitted or submitted in 2021, Elliot Park 240-unit mixed residential project, RBC Gateway mixed use office tower, condo and hotel project and the Lowry Hill East 143-unit mixed use building. Although the number of easily developed sites for major construction in Minneapolis is shrinking, development continues at a notable pace established in recent years.

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 2022 *U.S. Office Marketbeat Report* published by Cushman & Wakefield, the office space vacancy rate for the Minneapolis/St. Paul metro area is up to 23.7% at the end of 2021 as compared to a vacancy rate of 19.9% at the end of 2020.

Employment

The City of Minneapolis typically experiences an unemployment level less than that of the State of Minnesota and the national average. However, as we continue to see unprecedented employment conditions because of the COVID-19 pandemic, the specific unemployment rates for all areas are creating significant variations on a monthly basis. At the end of the first quarter of 2022, the Minnesota unemployment rate was 2.9% while the City of Minneapolis was at 3.0%.

REQUESTS FOR INFORMATION

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



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STATEMENT OF NET POSITION
December 31, 2021

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

	Primary Government			Discrete Component	
	Governmental Activities	Business-type Activities	Total	Units	Total
ASSETS					
Cash and pooled investments	\$ 910,046	\$ 119,730	\$ 1,029,776	\$ 87,932	\$ 1,117,708
Investments with trustees	3,030	23,731	26,761	-	26,761
Receivables - net	162,297	34,212	196,509	6,666	203,175
Due from other governmental agencies	29,946	3,163	33,109	2,168	35,277
Capital leases	-	1,065	1,065	-	1,065
Prepays and other assets	5,771	4,091	9,862	737	10,599
Inventories	8,417	3,755	12,172	41	12,213
Internal balances	43,798	(43,798)	-	-	-
Long-term portion of capital lease receivable	-	23,575	23,575	-	23,575
Properties held for resale	57,661	-	57,661	-	57,661
Capital assets:					
Nondepreciable	640,807	264,689	905,496	189,402	1,094,898
Depreciable, net	1,174,415	1,032,372	2,206,787	255,104	2,461,891
Total assets	\$ 3,036,188	\$ 1,466,585	\$ 4,502,773	\$ 542,050	\$ 5,044,823
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - other postemployment benefits	\$ 9,243	\$ 1,690	\$ 10,933	\$ 415	\$ 11,348
Deferred outflows - pensions	241,800	18,856	260,656	24,495	285,151
Total deferred outflows of resources	\$ 251,043	\$ 20,546	\$ 271,589	\$ 24,910	\$ 296,499
LIABILITIES					
Accrued salaries and benefits	\$ 16,874	\$ 1,519	\$ 18,393	\$ 2,631	\$ 21,024
Accounts payable	33,941	20,448	54,389	8,374	62,763
Retainage payable	5,214	-	5,214	-	5,214
Interest payable	2,388	1,159	3,547	-	3,547
Unpaid claims payable	-	-	-	117	117
Due to other governmental agencies	39	423	462	-	462
Unearned revenue	148,858	359	149,217	-	149,217
Deposits held for others	7,807	2,079	9,886	-	9,886
Compensated absences:					
Due within one year	24,533	2,542	27,075	3,781	30,856
Due beyond one year	17,864	1,586	19,450	3,949	23,399
Long-term liabilities:					
Due within one year	110,391	41,200	151,591	130	151,721
Due beyond one year	622,954	290,948	913,902	5,768	919,670
Other postemployment benefits	39,914	7,299	47,213	1,795	49,008
Net pension liability	345,994	43,864	389,858	46,895	436,753
Total liabilities	\$ 1,376,771	\$ 413,426	\$ 1,790,197	\$ 73,440	\$ 1,863,637
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - service concession arrangement	\$ -	\$ -	\$ -	\$ 3,971	\$ 3,971
Deferred inflows - other postemployment benefits	580	106	686	23	709
Deferred inflows - pensions	366,404	28,077	394,481	34,344	428,825
Total deferred inflows of resources	\$ 366,984	\$ 28,183	\$ 395,167	\$ 38,338	\$ 433,505
NET POSITION					
Net investment in capital assets	\$ 1,375,177	\$ 997,445	\$ 2,372,622	\$ 444,224	\$ 2,816,846
Restricted:					
Debt service	66,225	25,069	91,294	-	91,294
Community and economic development	158,374	-	158,374	-	158,374
Law enforcement	2,633	-	2,633	-	2,633
Grants	2,537	-	2,537	-	2,537
Properties held for resale	57,661	-	57,661	-	57,661
Capital improvements	44,878	-	44,878	5,295	50,173
Project and grant programs	-	-	-	24,690	24,690
Special trust	-	-	-	186	186
Special reserves	-	-	-	7,760	7,760
Donor restrictions	-	-	-	322	322
Unrestricted	(164,009)	23,008	(141,001)	(27,295)	(168,296)
Total net position	\$ 1,543,476	\$ 1,045,522	\$ 2,588,998	\$ 455,182	\$ 3,044,180

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

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2021

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Discrete Component Units	Total
					Governmental Activities	Business-type Activities	Total		
Primary government									
Governmental Activities:									
General government	\$ 85,640	\$ 12,765	\$ 10,056	\$ -	\$ (62,819)	\$ -	\$ (62,819)	\$ -	\$ (62,819)
Public safety	258,226	18,707	21,123	1,178	(217,218)	-	(217,218)	-	(217,218)
Public works	139,454	28,416	36,709	4,348	(69,981)	-	(69,981)	-	(69,981)
Culture and recreation	6,027	-	-	-	(6,027)	-	(6,027)	-	(6,027)
Health and welfare	35,518	2,703	15,800	-	(17,015)	-	(17,015)	-	(17,015)
Community planning and economic development	194,183	59,577	55,833	-	(78,773)	-	(78,773)	-	(78,773)
Interest on long-term debt	17,497	-	-	-	(17,497)	-	(17,497)	-	(17,497)
Total governmental activities	736,545	122,168	139,521	5,526	(469,330)	-	(469,330)	-	(469,330)
Business-type Activities:									
Sanitary sewer	62,993	86,481	-	-	-	23,488	23,488	-	23,488
Stormwater	31,249	43,576	1,721	-	-	14,048	14,048	-	14,048
Water treatment and distribution services	68,657	85,963	-	-	-	17,306	17,306	-	17,306
Municipal parking	38,056	43,247	-	-	-	5,191	5,191	-	5,191
Solid waste and recycling	36,206	42,393	1,840	-	-	8,027	8,027	-	8,027
Community planning and economic development	2,906	2,907	-	-	-	1	1	-	1
Total business-type activities	240,067	304,567	3,561	-	-	68,061	68,061	-	68,061
Total primary government	\$ 976,612	\$ 426,735	\$ 143,082	\$ 5,526	(469,330)	68,061	(401,269)	-	(401,269)
Component units:									
Discrete component units	\$ 150,462	\$ 43,524	\$ 6,487	\$ 25,105				(75,346)	(75,346)
General Revenues:									
Taxes:									
General property tax and fiscal disparities					329,021	-	329,021	69,815	398,836
Property tax increment					27,435	-	27,435	36	27,471
Museum (county-wide levy)					-	-	-	15,951	15,951
Franchise taxes					33,635	-	33,635	-	33,635
Local taxes					33,133	-	33,133	-	33,133
Other taxes					10	-	10	-	10
Local government aid - unrestricted					68,815	-	68,815	9,297	78,112
Grants and contributions not restricted to programs					5,087	108	5,195	149	5,344
Unrestricted interest and investment earnings					846	(88)	758	6	764
Other					-	238	238	6	244
Gain on sale of capital assets					758	-	758	315	1,073
Transfers					40,479	(40,479)	-	-	-
Total general revenues and transfers					539,219	(40,221)	498,998	95,575	594,573
Change in net position					69,889	27,840	97,729	20,229	117,958
Net position - January 1					1,473,587	1,017,682	2,491,269	434,953	2,926,222
Net position - December 31					\$ 1,543,476	\$ 1,045,522	\$ 2,588,998	\$ 455,182	\$ 3,044,180

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

**GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	General	Community Planning and Economic Development	Grants- Federal	Permanent Improvement	Special Assessment	Non-Major Governmental	Total
ASSETS							
Cash and cash equivalents	\$ 159,400	\$ 209,656	\$ 135,464	\$ 74,200	\$ 16,359	\$ 148,180	\$ 743,259
Investments with trustees	-	-	-	-	-	3,030	3,030
Receivables:							
Accounts - net	6,427	74	38	3,548	6	1,481	11,574
Taxes	2,481	217	-	1	-	827	3,526
Special assessments	272	8,676	-	1,381	61,801	572	72,702
Intergovernmental	1,944	60	4,306	10,562	-	13,074	29,946
Loans - net	-	41,464	-	-	-	29,908	71,372
Accrued interest	1,520	646	136	189	38	337	2,866
Due from other funds	-	-	-	-	-	250	250
Advances to other funds	-	-	-	30	-	10,705	10,735
Properties held for resale	-	34,864	612	16,312	-	5,873	57,661
Total assets	<u>\$ 172,044</u>	<u>\$ 295,657</u>	<u>\$ 140,556</u>	<u>\$ 106,223</u>	<u>\$ 78,204</u>	<u>\$ 214,237</u>	<u>\$ 1,006,921</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Salaries payable	\$ 14,686	\$ 31	\$ 175	\$ 320	\$ -	\$ 613	\$ 15,825
Accounts payable	7,973	1,419	1,529	6,263	13	7,727	24,924
Retainage payable	-	-	-	5,214	-	-	5,214
Due to other governmental agencies	39	-	-	-	-	-	39
Due to other funds	-	-	-	-	-	250	250
Deposits held for others	4,322	1,101	-	661	-	1,721	7,805
Advances from other funds	-	-	-	-	30	5,205	5,235
Unearned revenue	229	-	138,151	1,610	-	7,203	147,193
Total liabilities	<u>27,249</u>	<u>2,551</u>	<u>139,855</u>	<u>14,068</u>	<u>43</u>	<u>22,719</u>	<u>206,485</u>
Deferred Inflows of Resources:							
Unavailable revenue	<u>1,967</u>	<u>50,709</u>	<u>89</u>	<u>11,794</u>	<u>62,168</u>	<u>31,790</u>	<u>158,517</u>
Fund balances:							
Restricted	-	193,238	612	61,190	15,993	61,275	332,308
Assigned	-	49,159	-	19,171	-	103,611	171,941
Unassigned	<u>142,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,158)</u>	<u>137,670</u>
Total fund balances	<u>142,828</u>	<u>242,397</u>	<u>612</u>	<u>80,361</u>	<u>15,993</u>	<u>159,728</u>	<u>641,919</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 172,044</u>	<u>\$ 295,657</u>	<u>\$ 140,556</u>	<u>\$ 106,223</u>	<u>\$ 78,204</u>	<u>\$ 214,237</u>	<u>\$ 1,006,921</u>

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, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

Fund balances - total governmental funds		\$ 641,919
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>		
Non-depreciable	597,166	
Depreciable	2,060,388	
Accumulated depreciation	<u>(971,274)</u>	<u>1,686,280</u>
<p>Deferred inflows are not available to pay for current-period expenditures and, therefore, in the governmental funds, are unavailable revenue.</p>		
		158,517
<p>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.</p>		
		57,721
<p>Receivable from business-type funds for internal service fund activity.</p>		
		38,298
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Bonds and notes payable and any related unamortized premiums/discounts	(546,916)	
Other postemployment benefits payable	(36,006)	
Net pension liability	(318,023)	
Operating and capital leases payable	(342)	
Bond interest payable	(2,388)	
Compensated absences	<u>(24,675)</u>	<u>(928,350)</u>
<p>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:</p>		
Deferred outflows - other postemployment benefits	8,338	
Deferred inflows - other postemployment benefits	(522)	
Deferred outflows - pensions	229,777	
Deferred inflows - pensions	<u>(348,502)</u>	<u>(110,909)</u>
Net position of governmental activities		<u>\$ 1,543,476</u>

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

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended December 31, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	General	Community Planning and Economic Development	Grants- Federal	Permanent Improvement	Special Assessment	Non-Major Governmental	Total
REVENUES:							
Taxes	\$ 282,911	\$ 25,680	\$ -	\$ 7,026	\$ -	\$ 107,600	\$ 423,217
Licenses and permits	40,982	-	-	347	-	24	41,353
Intergovernmental revenues	90,851	275	28,312	22,303	-	57,131	198,872
Charges for services and sales	56,475	6,251	56	12,559	-	4,794	80,135
Fines and forfeits	4,934	9	-	-	-	112	5,055
Special assessments	4,709	540	-	3,270	14,431	7,054	30,004
Investment earnings	(1,147)	(353)	718	372	141	1,461	1,192
Miscellaneous revenues	5,125	3,675	171	5,648	-	22,841	37,460
Total revenues	<u>484,840</u>	<u>36,077</u>	<u>29,257</u>	<u>51,525</u>	<u>14,572</u>	<u>201,017</u>	<u>817,288</u>
EXPENDITURES:							
Current:							
General government	80,199	-	2,824	-	-	26,482	109,505
Public safety	275,937	-	2,389	-	-	12,061	290,387
Public works	61,104	-	104	-	-	878	62,086
Health and welfare	18,596	-	7,696	-	-	7,946	34,238
Community planning and economic development	31,691	49,377	16,346	-	-	82,280	179,694
Capital outlay	-	-	-	146,964	-	-	146,964
Intergovernmental:							
General government	2,051	-	-	4,093	-	-	6,144
Public safety	-	-	26	-	-	-	26
Culture and recreation	-	-	-	6,027	-	-	6,027
Debt Service:							
Principal retirement	-	-	-	-	8,660	37,855	46,515
Interest and fiscal charges	-	-	-	-	2,103	15,536	17,639
Total expenditures	<u>469,578</u>	<u>49,377</u>	<u>29,385</u>	<u>157,084</u>	<u>10,763</u>	<u>183,038</u>	<u>899,225</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,262</u>	<u>(13,300)</u>	<u>(128)</u>	<u>(105,559)</u>	<u>3,809</u>	<u>17,979</u>	<u>(81,937)</u>
OTHER FINANCING SOURCES (USES):							
Transfers from other funds	19,668	29,246	-	18,849	56	60,749	128,568
Transfers to other funds	(59,756)	(18,560)	-	(298)	(14,725)	(55,700)	(149,039)
Premium (discount)	-	-	-	6,355	13	-	6,368
Bonds issued	-	-	-	57,270	15,860	-	73,130
Total other financing sources (uses)	<u>(40,088)</u>	<u>10,686</u>	<u>-</u>	<u>82,176</u>	<u>1,204</u>	<u>5,049</u>	<u>59,027</u>
Net change in fund balances	(24,826)	(2,614)	(128)	(23,383)	5,013	23,028	(22,910)
Fund balances - January 1	<u>167,654</u>	<u>245,011</u>	<u>740</u>	<u>103,744</u>	<u>10,980</u>	<u>136,700</u>	<u>664,829</u>
Fund balances - December 31	<u>\$ 142,828</u>	<u>\$ 242,397</u>	<u>\$ 612</u>	<u>\$ 80,361</u>	<u>\$ 15,993</u>	<u>\$ 159,728</u>	<u>\$ 641,919</u>

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

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the
Statement of Activities - Governmental Activities
For the Fiscal Year Ended December 31, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

Net increase (decrease) in fund balances - total governmental funds	\$	(22,910)
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.		(3,297)
Transfers from business-type funds for internal service fund activity.		4,576
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:	127,867	
Less current year depreciation	<u>(60,826)</u>	<u>67,041</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	158,517	
Deferred inflows of resources - January 1	<u>(166,967)</u>	<u>(8,450)</u>
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Bonds principal payments	46,515	
Bond proceeds	(73,130)	
Premium/discount	<u>(6,368)</u>	<u>(32,983)</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	142	
Change in other postemployment benefits payable and related deferred outflows and inflows	(1,412)	
Change in compensated absences	614	
Change in net pension liability and related deferred outflows and inflows	64,018	
Change in other long-term liabilities	<u>2,550</u>	<u>65,912</u>
Increase (decrease) in net position of governmental activities	<u>\$</u>	<u>69,889</u>

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

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Internal Service Funds
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 16,581	\$ 33,475	\$ 45,185	\$ 1,233	\$ 23,256	\$ -	\$ 119,730	\$ 166,787
Investments with trustees	-	-	-	-	-	23,731	23,731	-
Receivables:								
Accounts - net	7,866	4,788	6,197	667	5,060	-	24,578	257
Special assessments:								
Current	1,325	725	1,497	543	991	-	5,081	-
Delinquent	22	20	86	-	25	-	153	-
Noncurrent	-	-	2,071	2,174	-	-	4,245	-
Intergovernmental	-	444	-	2,717	2	-	3,163	-
Accrued interest	-	-	-	-	-	155	155	-
Capital leases	-	-	-	-	-	1,065	1,065	-
Inventories	-	-	2,303	-	1,452	-	3,755	8,417
Prepaid items	3,886	205	-	-	-	-	4,091	5,771
Total current assets	<u>29,680</u>	<u>39,657</u>	<u>57,339</u>	<u>7,334</u>	<u>30,786</u>	<u>24,951</u>	<u>189,747</u>	<u>181,232</u>
Long-term assets:								
Capital leases	-	-	-	-	-	23,575	23,575	-
Capital assets:								
Nondepreciable:								
Land and easements	1	7,211	5,347	109,735	4,179	3,848	130,321	23,007
Construction in progress	32,696	36,372	50,836	14,282	182	-	134,368	20,634
Depreciable:								
Buildings and structures	-	-	253,313	276,458	35,957	12,743	578,471	55,649
Less accumulated depreciation	-	-	(111,890)	(157,144)	(3,120)	(12,743)	(284,897)	(35,951)
Public improvements	226,412	460,165	277,297	8,089	3,663	-	975,626	10,517
Less accumulated depreciation	(74,097)	(141,951)	(96,960)	(4,000)	(232)	-	(317,240)	(6,101)
Machinery and equipment	1,614	1,749	87,791	16,171	25,851	347	133,523	140,000
Less accumulated depreciation	(1,555)	(1,696)	(30,021)	(6,965)	(15,567)	(347)	(56,151)	(89,001)
Computer equipment	10	193	3,251	1,041	178	-	4,673	33,368
Less accumulated depreciation	(10)	(193)	(654)	(1,041)	(178)	-	(2,076)	(31,372)
Software	-	1,494	302	130	955	-	2,881	66,616
Less accumulated depreciation	-	(1,494)	(293)	(130)	(955)	-	(2,872)	(58,424)
Other capital outlay	-	-	693	38	-	-	731	36
Less accumulated depreciation	-	-	(279)	(18)	-	-	(297)	(36)
Total long - term assets	<u>185,071</u>	<u>361,850</u>	<u>438,733</u>	<u>256,646</u>	<u>50,913</u>	<u>27,423</u>	<u>1,320,636</u>	<u>128,942</u>
Total assets	<u>\$ 214,751</u>	<u>\$ 401,507</u>	<u>\$ 496,072</u>	<u>\$ 263,980</u>	<u>\$ 81,699</u>	<u>\$ 52,374</u>	<u>\$ 1,510,383</u>	<u>\$ 310,174</u>
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows - other postemployment benefits	\$ 204	\$ 380	\$ 542	\$ 149	\$ 415	\$ -	\$ 1,690	\$ 905
Deferred outflows - pensions	2,109	3,822	7,108	1,816	4,001	-	18,856	12,023
Total deferred outflows of resources	<u>\$ 2,313</u>	<u>\$ 4,202</u>	<u>\$ 7,650</u>	<u>\$ 1,965</u>	<u>\$ 4,416</u>	<u>\$ -</u>	<u>\$ 20,546</u>	<u>\$ 12,928</u>

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

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2021

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
LIABILITIES							
Current liabilities:							
Salaries payable	\$ 161	\$ 299	\$ 620	\$ 158	\$ 281	\$ -	\$ 1,519
Accounts payable	4,188	6,199	5,551	1,897	2,537	76	20,448
Intergovernmental payable	-	-	8	21	394	-	423
Deposits held for others	-	-	72	1,708	-	299	2,079
Interest payable	179	45	699	92	31	113	1,159
Unearned revenue	-	-	-	-	-	359	359
Bonds payable - current portion	9,505	3,670	7,020	5,045	4,310	1,065	30,615
Notes payable - current portion	-	-	10,295	290	-	-	10,585
Compensated absences payable - current portion	268	538	1,035	226	475	-	2,542
Medical claims payable - current portion	-	-	-	-	-	-	-
Unpaid claims payable - current portion	-	-	-	-	-	-	-
Total current liabilities	<u>14,301</u>	<u>10,751</u>	<u>25,300</u>	<u>9,437</u>	<u>8,028</u>	<u>1,912</u>	<u>69,729</u>
Long-term liabilities:							
Bonds payable	46,094	10,536	62,548	35,173	21,183	23,575	199,109
Notes payable	-	-	65,214	26,625	-	-	91,839
Advances from other funds	-	-	-	5,500	-	-	5,500
Compensated absences payable	178	358	583	151	316	-	1,586
Other postemployment benefits	881	1,642	2,342	642	1,792	-	7,299
Net pension liability	4,905	8,891	16,536	4,224	9,308	-	43,864
Unpaid claims payable	-	-	-	-	-	-	-
Total long-term liabilities	<u>52,058</u>	<u>21,427</u>	<u>147,223</u>	<u>72,315</u>	<u>32,599</u>	<u>23,575</u>	<u>349,197</u>
Total liabilities	<u>\$ 66,359</u>	<u>\$ 32,178</u>	<u>\$ 172,523</u>	<u>\$ 81,752</u>	<u>\$ 40,627</u>	<u>\$ 25,487</u>	<u>\$ 418,926</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows - other postemployment benefits	\$ 13	\$ 24	\$ 34	\$ 9	\$ 26	\$ -	\$ 106
Deferred inflows - pensions	3,140	5,691	10,584	2,704	5,958	-	28,077
Total deferred inflows of resources	<u>\$ 3,153</u>	<u>\$ 5,715</u>	<u>\$ 10,618</u>	<u>\$ 2,713</u>	<u>\$ 5,984</u>	<u>\$ -</u>	<u>\$ 28,183</u>
NET POSITION							
Net investment in capital assets	\$ 130,082	\$ 346,629	\$ 302,542	\$ 189,348	\$ 24,997	\$ 3,847	\$ 997,445
Restricted - debt service	-	-	-	-	-	25,069	25,069
Unrestricted	17,470	21,187	18,039	(7,868)	14,507	(2,029)	61,306
Total net position	<u>\$ 147,552</u>	<u>\$ 367,816</u>	<u>\$ 320,581</u>	<u>\$ 181,480</u>	<u>\$ 39,504</u>	<u>\$ 26,887</u>	<u>\$ 1,083,820</u>
Net position - total enterprise funds						\$ 1,083,820	
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.						(38,298)	
Net position of business-type activities						<u>\$ 1,045,522</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, 2021

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Internal Service Funds
Operating revenues:								
Licenses and permits	\$ -	\$ -	\$ 100	\$ 569	\$ -	\$ -	\$ 669	\$ -
Intergovernmental revenues	-	555	-	-	10	-	565	-
Charges for services and sales	85,385	42,886	84,861	42,668	41,396	670	297,866	173,526
Special assessments	1,324	691	892	-	1,014	-	3,921	-
Investment earnings	-	-	-	-	-	2,230	2,230	-
Rents and commissions	-	-	-	53	-	7	60	44,461
Total operating revenues	86,709	44,132	85,853	43,290	42,420	2,907	305,311	217,987
Operating expenses:								
Personnel costs	5,391	7,993	20,325	5,277	12,312	146	51,444	55,670
Contractual services	18,920	13,924	21,959	26,682	25,590	531	107,606	135,087
Materials, supplies, services and other	49,238	4,312	11,656	2,360	3,119	-	70,685	44,794
Depreciation	3,048	4,889	14,409	7,310	2,649	-	32,305	16,256
Total operating expenses	76,597	31,118	68,349	41,629	43,670	677	262,040	251,807
Operating income (loss)	10,112	13,014	17,504	1,661	(1,250)	2,230	43,271	(33,820)
Nonoperating revenues (expenses):								
Intergovernmental	12	1,189	41	10	1,855	-	3,107	233
Investment earnings	-	-	-	-	-	(88)	(88)	-
Interest expense	(859)	(131)	(2,492)	(948)	(618)	(2,229)	(7,277)	-
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	758
Special assessments	-	-	732	-	-	-	732	-
Other expenses	(9)	-	-	-	(2)	-	(11)	-
Other revenues	-	-	221	16	4	12	253	1,490
Total nonoperating revenues (expenses)	(856)	1,058	(1,498)	(922)	1,239	(2,305)	(3,284)	2,481
Income (loss) before transfers	9,256	14,072	16,006	739	(11)	(75)	39,987	(31,339)
Transfers in (out):								
Transfers from other funds	-	-	1,325	879	4,607	-	6,811	28,254
Transfers to other funds	(1,072)	(1,671)	-	(11,639)	-	-	(14,382)	(212)
Total transfers	(1,072)	(1,671)	1,325	(10,760)	4,607	-	(7,571)	28,042
Change in net position	8,184	12,401	17,331	(10,021)	4,596	(75)	32,416	(3,297)
Net position - January 1	139,368	355,415	303,250	191,501	34,908	26,962	1,051,404	61,018
Net position - December 31	\$ 147,552	\$ 367,816	\$ 320,581	\$ 181,480	\$ 39,504	\$ 26,887	\$ 1,083,820	\$ 57,721

Change in net position - total enterprise funds \$ 32,416

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. (4,576)

Change in net position of business-type activities \$ 27,840

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, 2021

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
Cash flows from operating activities:								
Cash received from customers	\$ 85,077	\$ 43,072	\$ 85,079	\$ 42,046	\$ 41,101	\$ 16,954	\$ 313,329	\$ 4,978
Intergovernmental receipts	-	396	-	-	11	-	407	-
Cash received from interfund activities	6	215	607	415	16	-	1,259	218,153
Payments to suppliers	(54,784)	(11,767)	(30,889)	(22,247)	(21,892)	(526)	(142,105)	(165,043)
Payments to employees	(11,380)	(9,285)	(20,693)	(5,772)	(12,647)	(146)	(59,923)	(61,099)
Payments for interfund activities	(5,474)	(7,099)	(4,868)	(6,409)	(7,873)	-	(31,723)	(12,054)
Other nonoperating revenues	-	-	221	15	5	-	241	1,491
Net cash provided (used) by operating activities	13,445	15,532	29,457	8,048	(1,279)	16,282	81,485	(13,574)
Cash flows from non-capital financing activities:								
Transfers from other funds	-	-	1,325	879	4,607	-	6,811	28,254
Principal paid on bonds and notes	-	-	-	-	-	(15,910)	(15,910)	-
Interest paid on bonds and notes	-	-	-	-	-	(2,298)	(2,298)	-
Transfers to other funds	(1,072)	(1,671)	-	(11,639)	-	-	(14,382)	(212)
Non-Capitalized Equipment	(8)	-	-	-	-	-	(8)	-
Intergovernmental receipts	12	1,189	41	10	1,855	-	3,107	233
Net cash provided (used) by non-capital financing activities	(1,068)	(482)	1,366	(10,750)	6,462	(18,208)	(22,680)	28,275
Cash Flows from capital and related financing activities:								
Bonds issued	16,733	10,408	17,787	9,944	6,798	-	61,670	-
Notes issued	-	-	5,136	-	-	-	5,136	-
Principal paid on bonds	(6,355)	(1,725)	(5,065)	(1,770)	(3,860)	-	(18,775)	-
Interest paid on bonds	(1,242)	(206)	(1,993)	(728)	(989)	-	(5,158)	-
Principal paid on notes	-	-	(11,505)	(290)	-	-	(11,795)	-
Interest paid on notes	-	-	(1,160)	(239)	-	-	(1,399)	-
Advance from other funds	-	-	-	(675)	-	-	(675)	-
Interest paid on advance from other funds	-	-	-	(204)	-	-	(204)	-
Special assessments	-	-	732	544	-	-	1,276	-
Acquisition and construction of capital assets	(18,380)	(18,686)	(30,410)	(8,764)	43	-	(76,197)	(3,638)
Bond issuance costs	(58)	(33)	-	(36)	-	-	(127)	-
Proceeds from sale of capital assets	-	-	-	-	-	-	-	758
Net cash provided (used) by capital and related financing activities	(9,302)	(10,242)	(26,478)	(2,218)	1,992	-	(46,248)	(2,880)
Cash flows from investing activities:								
Purchase of investments	-	-	-	-	-	(5,482)	(5,482)	-
Sale of investments	-	-	-	-	-	7,467	7,467	-
Interest	-	-	-	-	-	(81)	(81)	-
Net cash provided (used) by investing activities	-	-	-	-	-	1,904	1,904	-
Net increase (decrease) in cash and cash equivalents	3,075	4,808	4,345	(4,920)	7,175	(22)	14,461	11,821
Cash and cash equivalents, beginning of year	13,506	28,667	40,840	6,153	16,081	22	105,269	154,966
Cash and cash equivalents, end of year	\$ 16,581	\$ 33,475	\$ 45,185	\$ 1,233	\$ 23,256	\$ -	\$ 119,730	\$ 166,787
Reconciliation of operating income to net cash provided (used) by operating activities								
Operating income (loss)	\$ 10,112	\$ 13,014	\$ 17,504	\$ 1,661	\$ (1,250)	\$ 2,230	\$ 43,271	\$ (33,820)
Adjustment to reconcile change in net position to net cash provided (used) by operating activities:								
Depreciation	3,048	4,889	14,409	7,310	2,649	-	32,305	16,256
Accounts receivable	(418)	299	125	151	(450)	11	(282)	(794)
Intergovernmental receivable	-	-	-	(938)	-	-	(938)	627
Special assessments receivable	(1,207)	(588)	(331)	-	(842)	-	(2,968)	-
Capital leases receivable	-	-	-	-	-	15,910	15,910	-
Inventories	-	-	245	-	(96)	-	149	54
Prepaid items	111	6	-	-	-	-	117	(641)
Deferred outflows - other postemployment benefits	(88)	(148)	(214)	(56)	(158)	-	(664)	(5,234)
Deferred outflows - pensions	(1,636)	(2,894)	(5,506)	(1,399)	(3,075)	-	(14,510)	(4,354)
Salaries payable	(17)	(75)	75	28	18	-	29	172
Accounts payable	2,191	(40)	(1,212)	381	(288)	6	1,038	806
Intergovernmental payable	-	(159)	(7)	4	224	-	62	79
Deposits held for others	-	-	39	(40)	-	(1,853)	(1,854)	-
Unearned revenue	-	-	-	-	-	(22)	(22)	73
Compensated absences payable	18	(45)	37	-	4	-	14	(605)
Other postemployment benefits	191	255	383	2	258	-	1,089	654
Net pension liability	(1,272)	(3,243)	(4,421)	(1,219)	(2,809)	-	(12,964)	(8,582)
Unpaid claims payable	-	-	-	-	-	-	-	5,718
Medical claims payable	-	-	-	-	-	-	-	1,321
Deferred inflows - other postemployment benefits	8	14	20	92	15	-	149	33
Deferred inflows - pensions	2,404	4,247	8,090	2,056	4,516	-	21,313	13,553
Other nonoperating revenues	-	-	221	15	5	-	241	1,110
Net cash provided (used) by operating activities	\$ 13,445	\$ 15,532	\$ 29,457	\$ 8,048	\$ (1,279)	\$ 16,282	\$ 81,485	\$ (13,574)
Non-cash investing, capital and financing activities:								
Increase (decrease) in the value of investments reported at fair value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (984)	\$ (984)	\$ -
Capital assets purchased on account	893	5,246	2,125	-	423	-	8,687	-

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

**CUSTODIAL FUNDS
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

		Total Custodial Funds
	<u>ASSETS</u>	
Cash and cash equivalents		\$ 1,958
Receivables:		
Accounts - net		138
Accrued interest		4
Prepaid items		2
		<hr/>
Total assets		<u>\$ 2,102</u>
	<u>LIABILITIES</u>	
Salaries payable		\$ 30
Accounts payable		1
Intergovernmental payable		138
Unearned revenue		895
		<hr/>
Total liabilities		<u>\$ 1,064</u>
	<u>NET POSITION</u>	
Restricted for:		
Other governments		\$ 1,038
		<hr/>

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, 2021

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Total Custodial Funds</u>
<u>ADDITIONS</u>	
Intergovernmental revenues	\$ 1,377
Development fees	48
Investment earnings	15
Miscellaeneous revenues	<u>67</u>
Total additions	<u>1,507</u>
<u>DEDUCTIONS</u>	
General government	1,244
Legal services	<u>53</u>
Total deductions	<u>1,297</u>
Net increase (decrease) in fiduciary net position	210
Net Position - January 1	<u>828</u>
Net Position - December 31	<u><u>\$ 1,038</u></u>

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

**COMBINING STATEMENT OF NET POSITION
DISCRETE COMPONENT UNITS
December 31, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Minneapolis Park and Recreation Board	Municipal Building Commission	Meet Minneapolis	Total Discrete Component Units
<u>ASSETS</u>				
Cash and cash equivalents	\$ 79,776	\$ 2,759	\$ 5,397	\$ 87,932
Receivables	5,487	-	1,179	6,666
Due from other governmental agencies	-	2,168	-	2,168
Prepays and other assets	140	-	597	737
Inventories	39	-	2	41
Capital assets:				
Nondepreciable	148,196	41,206	-	189,402
Depreciable, net	249,716	3,459	1,929	255,104
Total assets	\$ 483,354	\$ 49,592	\$ 9,104	\$ 542,050
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows - other postemployment benefits	\$ 228	\$ 187	\$ -	\$ 415
Deferred outflows - pensions	23,212	1,283	-	24,495
Total deferred outflows of resources	\$ 23,440	\$ 1,470	\$ -	\$ 24,910
<u>LIABILITIES</u>				
Accrued salaries and benefits	\$ 1,743	\$ 6	\$ 882	\$ 2,631
Accounts payable	7,171	1,196	7	8,374
Unpaid claims payable	-	-	117	117
Compensated absences:				
Due within one year	3,393	196	192	3,781
Due beyond one year	2,696	32	1,221	3,949
Long-term liabilities:				
Due within one year	130	-	-	130
Due beyond one year	5,768	-	-	5,768
Other postemployment benefits	847	948	-	1,795
Net pension liability	43,405	3,490	-	46,895
Total liabilities	\$ 65,153	\$ 5,868	\$ 2,419	\$ 73,440
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows - service concession arrangement	\$ 3,971	\$ -	\$ -	\$ 3,971
Deferred inflows - other postemployment benefits	14	9	-	23
Deferred inflows - pensions	32,410	1,934	-	34,344
Total deferred inflows of resources	\$ 36,395	\$ 1,943	\$ -	\$ 38,338
<u>NET POSITION</u>				
Net investment in capital assets	\$ 397,709	\$ 44,665	\$ 1,850	\$ 444,224
Capital improvements	5,295	-	-	5,295
Project and grant programs	24,690	-	-	24,690
Special trust	186	-	-	186
Special reserves	7,760	-	-	7,760
Restricted - Donor restrictions	-	-	322	322
Unrestricted	(30,394)	(1,414)	4,513	(27,295)
Total net position	\$ 405,246	\$ 43,251	\$ 6,685	\$ 455,182

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, 2021**

CITY OF MINNEAPOLIS , MINNESOTA

(In Thousands)

	<u>Program Revenues</u>				<u>Net (Expenses) Revenues and Changes in Net Position</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Minneapolis Park and Recreation Board</u>	<u>Municipal Building Commission</u>	<u>Meet Minneapolis</u>	<u>Total Discrete Component Units</u>
FUNCTIONS/PROGRAMS								
Minneapolis Park and Recreation Board	\$ 131,888	\$ 27,150	\$ 4,314	\$ 15,615	\$ (84,809)	\$ -	\$ -	\$ (84,809)
Municipal Building Commission	8,564	6,874	-	9,490	-	7,800	-	7,800
Meet Minneapolis	10,010	9,500	2,173	-	-	-	1,663	1,663
Total discrete component unit activities	<u>\$ 150,462</u>	<u>\$ 43,524</u>	<u>\$ 6,487</u>	<u>\$ 25,105</u>	<u>(84,809)</u>	<u>7,800</u>	<u>1,663</u>	<u>(75,346)</u>
General Revenues:								
Taxes:								
General property tax and fiscal disparities					69,815	-	-	69,815
Property tax increment					36	-	-	36
Museum (county-wide levy)					15,951	-	-	15,951
Local government aid - unrestricted					9,297	-	-	9,297
Grants and contributions not restricted to specific programs					140	9	-	149
Unrestricted interest and investment earnings					6	-	-	6
Other					1	5	-	6
Gain on sale of capital assets					315	-	-	315
Total general revenues					<u>95,561</u>	<u>14</u>	<u>-</u>	<u>95,575</u>
Change in net position					10,752	7,814	1,663	20,229
Net position - January 1					<u>394,494</u>	<u>35,437</u>	<u>5,022</u>	<u>434,953</u>
Net position - December 31					<u>\$ 405,246</u>	<u>\$ 43,251</u>	<u>\$ 6,685</u>	<u>\$ 455,182</u>

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

For the fiscal year ended December 31, 2021

(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, 2021

(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 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, 2021

(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 MSFA 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, 2021

(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 505 Fourth Ave. S., 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 5th 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.

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

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

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For the fiscal year ended December 31, 2021

(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, 2021

(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 capital leases are reported as other financing sources in governmental fund financial statements.

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

The accounting and reporting treatment applied to the assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with a fund are determined by its measurement focus. All governmental funds are 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, 2021

(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.

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

For the fiscal year ended December 31, 2021

(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 on capital assets. All revenues and expenses not meeting this definition are reported as *nonoperating* revenues and expenses.

Enterprise Funds

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

The City reports the following major enterprise funds:

- **Sanitary Sewer Fund**
This fund is used to account for sewage fees collected from customers connected to the City's sanitary sewer system and for all expenses of operating this system.
- **Stormwater Fund**
This fund is used to account for stormwater fees collected from customers, and for the City's street cleaning and other stormwater management activities.
- **Water Treatment and Distribution Services Fund**
This fund is used to account for the operation, maintenance and construction projects related to the water delivery system. This fund also accounts for the operations related to the billings for water, sewage and solid waste fees.
- **Municipal Parking Fund**
This fund is used to account for the operation, maintenance and construction of the City's parking facilities as well as on-street parking and the Municipal Impound Lot.
- **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
- HUD Consolidated Plan
- 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, 2021

(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 2020 process for the 2021 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 1st 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C – Budgets (continued)

June – August

Mayor’s Recommended Budget

The 2021 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.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C – Budgets (continued)

December

City Council Budget Adoption

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

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

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

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

	Expenditure Budget at <u>Beginning of Year</u>	Changes <u>During Year</u>	Expenditure Budget at End <u>of Year</u>
General	\$ 487,150	\$ (3,029)	\$ 484,121
CPED Special Revenue	47,210	94,344	141,554
Grants – Federal Special Revenue	11,081	147,474	158,555
Arena Reserve Special Revenue	4,568	499	5,067
Convention Center Special Revenue	36,656	908	37,564
HUD Consolidated Plan Special Revenue	17,709	12,761	30,470
Grants – Other Special Revenue	9,201	31,711	40,912
Regulatory Services	100	4,040	4,140
Total	<u>\$ 613,675</u>	<u>\$ 288,708</u>	<u>\$ 902,383</u>

For the fiscal year ended December 31, 2021

(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.

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G – Receivables (continued)

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

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

Assessments receivable include current, delinquent and 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 and equipment. The City defines capital assets as assets with an individual cost of more than \$5; or \$35 per group of assets by year for bike paths, street signage, street lighting and traffic signals; and \$100 per group of assets for parking meters. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds. As of 2008 the City no longer uses salvage values and depreciates assets to zero.

The estimated useful lives are as follows:

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

Major outlays for capital assets and improvements, 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, 2021

(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, 2021

(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 City has two items that qualify for reporting in this category. The first, which arises under a modified accrual basis of accounting, is unavailable revenue reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from 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. The City also reports deferred inflows of resources associated with 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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P – Stewardship, Accountability and Compliance

The Development Debt Service Fund currently has a deficit fund balance of \$5,158 due to loans and advances from other funds. The Downtown Assets Fund's expenditures exceeded budget by \$31. This fund is supported by local taxes. Any overspending was covered by the \$46,452 January 1, 2021, fund balance. The Internal Service Self-Insurance Fund has a deficit fund balance of \$99,967. 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.

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For the fiscal year ended December 31, 2021

(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	\$ 266,682
Investments	879,725
Imprest cash held by City	<u>20</u>
Total	<u>\$ 1,146,427</u>
Primary Government:	
Cash and pooled investments	\$ 1,029,776
Cash and pooled investments in custodial funds	1,958
Investments with trustees	<u>26,761</u>
Total primary government	<u>\$ 1,058,495</u>
Discretely Presented Component Units:	
Park and Recreation Board:	
Cash and pooled investments	\$ 79,776
Municipal Building Commission:	
Cash and pooled investments	2,759
Meet Minneapolis:	
Cash and pooled investments	<u>5,397</u>
Total discretely presented component units	<u>\$ 87,932</u>
Total reporting entity	<u>\$ 1,146,427</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, 2021, totaled \$19,845. The City also had bank deposits in several banks through the investment program totaling \$251,948.

Reconciliation of bank cash balances to book cash balance:	
Bank balance, per December 31, 2021 bank statement	\$ 271,793
Reconciling items and outstanding checks	<u>(5,111)</u>
Deposits, per book	<u>\$ 266,682</u>

For the fiscal year ended December 31, 2021

(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, 2021, 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, 2021, 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, 2021

(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, 2021, and information relating to interest rate risks:

Investment Type	Average Maturity (Years)	Carrying (Fair) Value
U.S. Treasury obligations	2.3	\$ 124,601
U.S. Federal agency obligations	2.4	64,018
U.S. Mortgage obligations	4.4	163,375
Municipal bonds	2.4	95,839
Money market mutual funds	-	390,564
4M Fund	0.8	38,828
Negotiable certificates of deposit	0.2	2,500
Portfolio weighted average maturity	1.6	
Total investments		<u>\$ 879,725</u>
Deposits per book		266,682
Imprest cash		20
Total cash and investments		<u><u>\$ 1,146,427</u></u>

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
- (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.

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS

B – Investments (continued)

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, 2021, the City's investments were rated by Standard & Poor's and Moody's as follows:

Investment Type	Standard & Poor's		Moody's	
U.S. Treasury obligations	AA+	\$ 124,601	Aaa	\$ 124,601
U.S. Federal agency obligations	AAA	\$ -	Aaa	\$ 64,018
	AA+	64,018	Aa1	-
Total U.S. Federal agency obligations		<u>\$ 64,018</u>		<u>\$ 64,018</u>
U.S. Mortgage obligations	AAA	\$ 2,245	Aaa	\$ 162,420
	AA+	160,175	Aa1	-
	Not Available	955	Not Available	955
Total U.S. Mortgage obligations		<u>\$ 163,375</u>		<u>\$ 163,375</u>
Municipal bonds				
	AAA	\$ 30,139	Aaa	\$ 26,556
	AA+	15,434	Aa1	17,472
	AA	21,052	Aa2	23,919
	AA-	5,625	Aa3	11,557
	A+	696	A1	251
	A	308	A2	512
	Not Available	22,585	Not Available	15,572
Total municipal bonds		<u>\$ 95,839</u>		<u>\$ 95,839</u>
Mutual funds	AAAm	\$ 390,564	Aaa-mf	\$ 390,564
4M Fund	Not Available	\$ 38,828	Not Available	\$ 38,828
Negotiable certificates of deposit	FDIC Insured	\$ 2,500	FDIC Insured	\$ 2,500
Total		<u>\$ 879,725</u>		<u>\$ 879,725</u>

For the fiscal year ended December 31, 2021

(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, 2021.

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.

At December 31, 2021 the City had the following recurring fair value measurements:

	December 31, 2021	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)
Investments by fair value level				
Debt securities				
U.S. Treasury securities	\$ 124,601	\$ -	\$ 124,601	\$ -
U.S. Federal agency obligations	64,018	-	64,018	-
U.S. Mortgage obligations	163,375	-	163,375	-
Municipal bonds	95,839	-	95,839	-
Total investments by fair value level	\$ 447,833	\$ -	\$ 447,833	\$ -
Investments measured at net asset value (NAV)				
Government money market mutual funds	\$ 390,564			
4M Fund	38,828			
Negotiable certificates of deposit	2,500			
Total investments measured at the NAV	\$ 431,892			
Total investments measured at fair value and NAV	\$ 879,725			

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

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

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 \$390,564 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 holds \$38,828 in the Minnesota Municipal Money Market Fund (4M Fund) which is a local government investment pool. The 4M Fund allocation consists of investments in the 4M PLUS Fund, 4M Term Series Investment Pool, and 4M Limited Term Duration Fund in the amount of \$3,891, \$5,000, and \$29,937 respectively. The City invests in the 4M Fund for the purpose of enhancing, diversifying, and adding liquidity to the investment earnings. The 4M Fund was created by the League of Minnesota Cities and the investments are measured at net asset value. The 4M Plus Fund is redeemable at any time, the 4M Term Series Investment Pool consists of a fixed maturity investment expected to mature in approximately nine months, and the 4M Limited Term Duration Fund is redeemable monthly.

The City also holds \$2,500 in negotiable certificates of deposit, which will mature and be redeemed in less than one year from issuance. The fair value is measured based on current market conditions. The City invests in these certificates of deposit in order to diversify the portfolio.

For the fiscal year ended December 31, 2021

(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:

	General Fund	Community Planning and Economic Development	Grants-Federal	Permanent Improvement	Special Assessment	Non-Major Governmental Funds	Internal Service Funds	Total Governmental
Governmental Activities								
Accounts	\$ 6,538	\$ 74	\$ 38	\$ 3,568	\$ 6	\$ 1,481	\$ 260	\$ 11,965
Taxes	2,481	217	-	1	-	827	-	3,526
Special assessments	272	8,676	-	1,381	61,801	572	-	72,702
Intergovernmental	1,944	60	4,306	10,562	-	13,074	-	29,946
Loans	-	215,440	-	-	-	134,065	-	349,505
Accrued interest	1,520	646	136	189	38	337	-	2,866
Gross receivables	12,755	225,113	4,480	15,701	61,845	150,356	260	470,510
Less: Allowance for uncollectibles	(111)	(173,976)	-	(20)	-	(104,157)	(3)	(278,267)
Total receivables (due within one year)	<u>\$ 12,644</u>	<u>\$ 51,137</u>	<u>\$ 4,480</u>	<u>\$ 15,681</u>	<u>\$ 61,845</u>	<u>\$ 46,199</u>	<u>\$ 257</u>	<u>\$ 192,243</u>

	Sanitary Sewer	Water Treatment and Distribution	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development	Total Business-type
Business-type Activities						
Accounts	\$ 7,866	\$ 4,796	\$ 6,207	\$ 686	\$ -	\$ 24,615
Special assessments	1,347	745	3,654	2,717	-	9,479
Intergovernmental	-	444	-	2,717	-	3,163
Accrued interest	-	-	-	-	155	155
Gross receivables	9,213	5,985	9,861	6,120	155	37,412
Less: Allowance for uncollectibles	-	(8)	(10)	(19)	-	(37)
Total receivables (due within one year)	<u>\$ 9,213</u>	<u>\$ 5,977</u>	<u>\$ 9,851</u>	<u>\$ 6,101</u>	<u>\$ 155</u>	<u>\$ 37,375</u>

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 3 – RECEIVABLES (continued)

B – Business-type Activities – Leases

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

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

The future payment requirements for these agreements are as follows:

<u>Scheduled Lease Payments</u>	<u>Capitalized Leases</u>
2022	\$ 2,422
2023	2,420
2024	2,420
2025	2,421
2026	2,424
2027-2031	12,103
2032-2036	10,544
2037-2040	<u>2,571</u>
Subtotal	37,325
Less: Interest over lease term	<u>(12,685)</u>
Total Principal	24,640
Less: Current Portion	(1,065)
Noncurrent Portion	<u>\$ 23,575</u>

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

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

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021
Governmental activities				
<i>Capital assets, not being depreciated</i>				
Land and easements	\$ 114,788	\$ -	\$ -	\$ 114,788
Construction in progress	629,614	136,879	(240,474)	526,019
Total capital assets, not being depreciated	<u>744,402</u>	<u>136,879</u>	<u>(240,474)</u>	<u>640,807</u>
<i>Capital assets, being depreciated</i>				
Infrastructure	1,148,809	98,164	-	1,246,973
Buildings and structures	667,297	126,561	-	793,858
Public improvements	36,281	1,133	-	37,414
Machinery and equipment	181,503	5,902	(2,168)	185,237
Computer equipment	35,583	102	-	35,685
Software	64,040	3,331	-	67,371
Other capital outlay	36	-	-	36
Total capital assets, being depreciated	<u>2,133,549</u>	<u>235,193</u>	<u>(2,168)</u>	<u>2,366,574</u>
Less accumulated depreciation for:				
Infrastructure	(608,440)	(38,051)	-	(646,491)
Buildings and structures	(291,519)	(20,343)	-	(311,862)
Public improvements	(15,954)	(1,562)	-	(17,516)
Machinery and equipment	(114,652)	(11,457)	2,075	(124,034)
Computer equipment	(32,161)	(1,017)	-	(33,178)
Software	(54,390)	(4,652)	-	(59,042)
Other capital outlay	(36)	-	-	(36)
Total accumulated depreciation	<u>(1,117,152)</u>	<u>(77,082)</u>	<u>2,075</u>	<u>(1,192,159)</u>
Total capital assets, being depreciated, net	<u>1,016,397</u>	<u>158,111</u>	<u>(93)</u>	<u>1,174,415</u>
Governmental activities capital assets, net	<u>\$ 1,760,799</u>	<u>\$ 294,990</u>	<u>\$ (240,567)</u>	<u>\$ 1,815,222</u>

Some construction in progress amounts were expensed in the current year.

Depreciation expense was charged to governmental functions as follows:

General government	\$ (16,645)
Public safety	(1,744)
Public works	(38,931)
Health and welfare	(1)
Community planning and economic development	<u>(19,761)</u>
Total depreciation expense - governmental functions	<u>\$ (77,082)</u>

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS

A – Current Year Activity (continued)

	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021
Business-type activities				
<i>Capital assets, not being depreciated</i>				
Land and easements	\$ 130,321	\$ -	\$ -	\$ 130,321
Construction in progress	142,419	80,453	(88,504)	134,368
Total capital assets, not being depreciated	272,740	80,453	(88,504)	264,689
<i>Capital assets, being depreciated</i>				
Buildings and structures	578,173	298	-	578,471
Public improvements	902,449	73,177	-	975,626
Machinery and equipment	118,914	14,609	-	133,523
Computer equipment	4,023	650	-	4,673
Software	2,881	-	-	2,881
Other capital outlay	731	-	-	731
Total capital assets, being depreciated	1,607,171	88,734	-	1,695,905
Less accumulated depreciation for:				
Buildings and structures	(272,571)	(12,326)	-	(284,897)
Public improvements	(304,839)	(12,401)	-	(317,240)
Machinery and equipment	(48,803)	(7,348)	-	(56,151)
Computer equipment	(1,921)	(155)	-	(2,076)
Software	(2,868)	(4)	-	(2,872)
Other capital outlay	(226)	(71)	-	(297)
Total accumulated depreciation	(631,228)	(32,305)	-	(663,533)
Total capital assets, being depreciated, net	975,943	56,429	-	1,032,372
Business-type activities capital assets, net	\$ 1,248,683	\$ 136,882	\$ (88,504)	\$ 1,297,061

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

Sanitary sewer	\$ 3,048
Stormwater	4,889
Water treatment and distribution services	14,409
Municipal parking	7,310
Solid waste and recycling	2,649
Total depreciation expense - business-type functions	\$ 32,305

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS (continued)

B – Capital Project Commitments

For the year ended December 31, 2021, the City of Minneapolis made capital project commitments for the following:

Miscellaneous projects	\$ 863
Public grounds and facilities	17,821
Public works department	<u>185,424</u>
Total capital project commitments	<u>\$ 204,108</u>

C – Discretely Presented Component Units

Activity for the discretely presented component units for the year ended December 31, 2021, was as follows:

	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021
<u>Minneapolis Park and Recreation Board</u>				
Capital assets, not being depreciated	\$ 147,785	\$ 20,103	\$ (19,692)	\$ 148,196
Capital assets, being depreciated, net	<u>250,858</u>	<u>(920)</u>	<u>(222)</u>	<u>249,716</u>
	<u>\$ 398,643</u>	<u>\$ 19,183</u>	<u>\$ (19,914)</u>	<u>\$ 397,912</u>

Depreciation expense charged 18,116

	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021
<u>Municipal Building Commission</u>				
Capital assets, not being depreciated	\$ 33,014	\$ 8,192	\$ -	\$ 41,206
Capital assets, being depreciated, net	<u>4,089</u>	<u>(630)</u>	<u>-</u>	<u>3,459</u>
	<u>\$ 37,103</u>	<u>\$ 7,562</u>	<u>\$ -</u>	<u>\$ 44,665</u>

Depreciation expense charged \$ 692

For the fiscal year ended December 31, 2021

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

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

2021 Bond and Note Sales

In 2021, the City of Minneapolis issued general obligation bonds and notes totaling \$133,476. Below are details of the 2021 debt issuances.

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 5 – LONG-TERM DEBT (continued)

In November 2021, the City issued \$15,860 of Taxable General Obligation Housing Improvement Area Bonds, Series 2021. The bonds were issued to finance improvements and a debt service reserve fund for the Summit House (HIA) project. The project included replacement of equipment for heating, cooling, and ventilation, including completing related structural and electric work; replacement of building roofs; installation of new emergency generators; and renovation of parking garages and qualified for a Housing Improvement Area pursuant to Minnesota Statutes, Section 428A.16 and Chapter 475. Debt service for the bonds will be paid for by homeowner improvement area fees assessed against the individual condominium units. The City received net proceeds of \$15,747 including a \$13 bond premium offset by a \$126 underwriter discount. On December 6, 2021, the City used \$14,680 of the proceeds to reimburse itself for a short-term construction loan payoff to a bank and \$991 to establish a debt service reserve fund for the project. The remaining proceeds were used for costs of issuing the bonds and for City processing fees. The bonds were issued in fixed rate mode and had interest rates ranging from 1.00% to 2.60% and a final maturity date of December 1, 2040.

In November 2021, the City issued \$112,480 of General Obligation Bonds, Series 2021 to fund a variety of special assessment improvement projects, general infrastructure projects, sanitary and storm sewer projects, water enterprise projects, parking enterprise projects, and solid waste projects. The City received bond proceeds of \$125,015 including an original issue premium of \$12,815 offset by a \$280 underwriter's discount. The proceeds were used to reimburse design and construction costs of \$7,540 for special assessment projects related to street reconstruction and resurfacing, \$117,475 for a variety of other capital infrastructure and enterprise fund improvements, and \$14,730 for refunding four bond issues. With the net premium received, the par amount of bonds required for the purposes described above was reduced to \$7,005, and \$105,475 respectively. \$150 of the proceeds not required for projects were used to pay cost of issuance expenses. The bonds were dated November 05, 2021 and were issued with fixed interest rates ranging from 2.125% to 4.00% and a final maturity date of December 1, 2040.

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 \$154,912 on these notes in total and at December 31, 2021, the outstanding debt balance of the six remaining notes in this program is \$75,508 as of December 31, 2021. The interest rates range from 1.00% - 2.82% and the final maturity dates range from August 20, 2022 to August 20, 2035.

Discrete Component Unit Debt

Due to current debt issuance policies, the City issues debt on behalf of the Minneapolis Park & Recreation Board and the Municipal Building Commission and previously issued debt for the Minneapolis Library Board. The Minneapolis Public Library System was merged into the Hennepin County Library System on January 1, 2008. As of December 31, 2021, \$31,071 of the outstanding governmental debt is related to activities of these discretely presented component units and is reported within the debt balances of the primary government. Of this balance, \$0 is related to library improvements transferred to the Hennepin County Library System as the final payment on these bonds was made in 2021. The capital assets purchased with funds obtained from this debt issuance are held by the respective discrete component units and are reported with their capital assets on the Statement of Net Position, except for the library assets now held by Hennepin County.

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 5 – LONG-TERM DEBT (continued)

Long-term liabilities at December 31, 2021 (in thousands) are detailed below.

	Balance 1/1/2021	Additions	Retirements	Balance 12/31/2021	Due Within One Year
Governmental Activities:					
<u>Bonds and Notes</u>					
Property Tax Supported GO Bonds	\$ 259,450	\$ 49,995	\$ (29,170)	\$ 280,275	\$ 28,375
Self Supporting GO Bonds	158,365	-	(5,125)	153,240	5,410
GO Improvement Bonds	58,630	23,135	(7,660)	74,105	8,805
GO Improvement Notes	1,000	-	(1,000)	-	-
Tax Increment GO Bonds	1,495	-	(1,495)	-	-
Tax Increment Revenue Bonds	16,040	-	(1,540)	14,500	1,620
Tax Increment Revenue Notes	2,310	-	(525)	1,785	560
Total Governmental Bonds and Notes	<u>497,290</u>	<u>73,130</u>	<u>(46,515)</u>	<u>523,905</u>	<u>44,770</u>
<u>Other Long-term Liabilities</u>					
Unamortized Premium (Discount)	19,234	6,368	(2,591)	23,011	-
Total Long-term Liabilities Governmental	<u>516,524</u>	<u>79,498</u>	<u>(49,106)</u>	<u>546,916</u>	<u>44,770</u>
Business-type activities:					
<u>Bonds and Notes</u>					
Sanitary Sewer Fund GO Bonds	\$ 43,235	\$ 14,730	\$ (6,355)	\$ 51,610	\$ 9,505
Stormwater Fund GO Bonds	5,340	9,420	(1,725)	13,035	3,670
Water Treatment and Distribution Services Fund GO Bonds	54,260	15,960	(5,065)	65,155	7,020
Water Treatment and Distribution Services Fund GO Notes	81,877	5,136	(11,505)	75,508	10,295
Municipal Parking Fund GO Bonds	30,845	9,000	(1,770)	38,075	5,045
Municipal Parking Fund GO Notes	27,205	-	(290)	26,915	290
Solid Waste and Recycling Fund GO Bonds	21,410	6,100	(3,860)	23,650	4,310
CPED Related Non GO Fund General Agency Reserve Fund System Bonds	40,550	-	(15,910)	24,640	1,065
Total Business-type Bonds and Notes	<u>304,722</u>	<u>60,346</u>	<u>(46,480)</u>	<u>318,588</u>	<u>41,200</u>
<u>Other Long-term Liabilities</u>					
Unamortized Premium (Discount)	8,742	6,460	(1,642)	13,560	-
Total Long-term Liabilities Business-type	<u>313,464</u>	<u>66,806</u>	<u>(48,122)</u>	<u>332,148</u>	<u>41,200</u>

For the fiscal year ended December 31, 2021

(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, 2021, annual debt service requirements for Governmental activities to maturity are as follows:

Year Ending December 31:	Governmental Activities				Total Governmental Activities Bonds & Notes	
	Bonds		Notes		Principal	Interest
	Principal	Interest	Principal	Interest		
2022	\$ 44,210	\$ 17,293	\$ 560	\$ 33	\$ 44,770	\$ 17,326
2023	37,220	15,908	595	24	37,815	15,932
2024	29,600	14,527	630	13	30,230	14,540
2025	55,450	13,407	-	-	55,450	13,407
2026	28,150	12,195	-	-	28,150	12,195
2027 - 2031	122,755	47,476	-	-	122,755	47,476
2032 - 2036	72,995	31,187	-	-	72,995	31,187
2037 - 2041	68,090	18,776	-	-	68,090	18,776
2042 - 2046	63,650	6,182	-	-	63,650	6,182
	<u>\$ 522,120</u>	<u>\$ 176,951</u>	<u>\$ 1,785</u>	<u>\$ 70</u>	<u>\$ 523,905</u>	<u>\$ 177,021</u>

Amortization of Outstanding Business-type Activities City Debt

As of December 31, 2021, annual debt service requirements for Business-type Activities to maturity are as follows:

Year Ending December 31:	Business-type Activities				Total Business-type Activities Bonds and Notes	
	Bonds		Notes		Principal	Interest
	Principal	Interest	Principal	Interest		
2022	\$ 30,615	\$ 7,302	\$ 10,585	\$ 2,288	\$ 41,200	\$ 9,590
2023	27,305	6,147	10,740	2,050	38,045	8,197
2024	24,435	5,299	7,180	1,809	31,615	7,108
2025	21,190	4,480	11,435	1,670	32,625	6,150
2026	21,915	3,723	11,885	1,434	33,800	5,157
2027 - 2031	63,785	10,807	40,185	3,634	103,970	14,441
2032 - 2036	24,574	3,381	10,414	484	34,988	3,865
2037 - 2040	2,345	226	-	-	2,345	226
	<u>216,164</u>	<u>41,365</u>	<u>102,424</u>	<u>13,369</u>	<u>318,588</u>	<u>54,734</u>

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 5 – LONG-TERM DEBT (continued)

Discretely Presented Component Unit

Activity for the Minneapolis Park and Recreation Board for the year ended December 31, 2021 was as follows:

	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021	Amounts Due Within One Year
Notes payable	\$ 1,206	\$ -	\$ (1,076)	\$ 130	\$ 130
	Year Ending December 31: 2022	Principal <u>130</u>	Interest <u>5</u>		

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

As of December 31, 2021, outstanding industrial, commercial, and housing revenue bonds and notes approximated \$1,847,382. 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:

	General Fund	Community Planning and Economic Development	Grants- Federal	Permanent Improvement	Special Assessment	Non-Major Governmental Funds	Total Governmental
Deferred Inflows of Resources							
Property taxes	\$ 994	\$ 217	\$ -	\$ 1	\$ -	\$ 383	\$ 1,595
Special assessments	147	13,481	-	1,363	62,146	576	77,713
Intergovernmental	-	-	-	10,321	-	-	10,321
Loans receivable	-	36,659	-	-	-	29,908	66,567
Interest	826	352	89	109	22	186	1,584
Other unavailable revenue	-	-	-	-	-	737	737
Total deferred inflows of resources	<u>\$ 1,967</u>	<u>\$ 50,709</u>	<u>\$ 89</u>	<u>\$ 11,794</u>	<u>\$ 62,168</u>	<u>\$ 31,790</u>	<u>\$ 158,517</u>

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 8 – LEASES

A – Operating Leases

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

<u>Year Ending December 31</u>	<u>Governmental Activities Amount</u>
2022	\$ 2,331
2023	2,103
2024	2,046
2025	1,838
2026	1,821
2027-2031	8,644
2032-2036	3,795
Total	<u>\$ 22,578</u>

B – Operating Leases with Scheduled Rent Increases

The City leases office space for various operations. The leases contain scheduled rent increases with terms varying from three to fifteen years. The operating lease transactions are measured on a straight-line basis over the lease term per GASB Statement No. 13 – *Accounting for Operating Leases with Scheduled Rent Increases*. During 2021, the lease expense on these leases totaled \$291. Application of the straight-line basis to the future minimum lease expenditures of \$1,872 over the lease terms results in a total annual lease amount of \$342.

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

<u>Year Ending December 31</u>	<u>Governmental Activities Amount</u>
2022	\$ 327
2023	337
2024	343
2025	177
2026	182
2027-2031	506
Total	<u>\$ 1,872</u>

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 9 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables

The composition of interfund balances as of December 31, 2021 are as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Non-Major Governmental Funds	Non-Major Governmental Funds	<u>\$ 250</u>

Interfund balances are either due to timing differences or to the elimination of negative cash balances within the various funds. All interfund balances are expected to be repaid within one year.

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Permanent Improvement Fund	Special Assessment Debt Service Fund	\$ 30
Non-Major Governmental Funds	Municipal Parking Fund	5,500
Non-Major Governmental Funds	Non-Major Governmental Funds	<u>5,205</u>
	Total	<u><u>\$ 10,735</u></u>

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

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For the fiscal year ended December 31, 2021

(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>
Governmental Funds:		
General Fund	CPED Special Revenue Fund	\$ 782
	Non-Major Governmental Funds	11,136
	Stormwater Fund	110
	Municipal Parking Fund	<u>7,640</u>
		<u>19,668</u>
CPED Special Revenue Fund	General Fund	12,346
	Special Assessment Debt Service Fund	14,680
	Non-Major Governmental Funds	<u>2,220</u>
		<u>29,246</u>
Permanent Improvement Fund	General Fund	17,287
	Non-Major Governmental Funds	1
	Stormwater Fund	<u>1,561</u>
		<u>18,849</u>
Special Assessment Fund	Permanent Improvement Fund	<u>56</u>
		<u>56</u>
Non-Major Governmental Funds	General Fund	1,503
	CPED Special Revenue Fund	16,899
	Permanent Improvement Fund	242
	Special Assessment Debt Service Fund	45
	Non-Major Governmental Funds	38,207
	Municipal Parking Fund	<u>3,853</u>
		<u>60,749</u>
	Total Governmental Funds	<u>\$ 128,568</u>

For the fiscal year ended December 31, 2021

(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>
Proprietary Funds:		
Business-type Activities		
Water Treatment and Distribution Services Fund	General Fund	\$ 41
	Internal Service Funds	212
	Sanitary Sewer Fund	<u>1,072</u>
		<u>1,325</u>
Municipal Parking Fund	CPEd Special Revenue Fund	<u>879</u>
		<u>879</u>
Solid Waste & Recycling Fund	General Fund	325
	Non-Major Governmental Funds	4,136
	Municipal Parking Fund	<u>146</u>
		<u>4,607</u>
	Total Business-type Activities	<u>\$ 6,811</u>
Governmental Activities		
Internal Service Funds	General Fund	<u>\$ 28,254</u>
		<u>28,254</u>
	Total Governmental Activities	<u>\$ 28,254</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.

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.

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 10 – NET POSITION/FUND BALANCES (continued)

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, 2021

(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	Permanent Improvement	Special Assessment	Non-Major Governmental	Total
<u>Restricted for</u>							
Debt service:							
Community development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,097	\$ 3,097
General debt service	-	-	-	-	-	47,135	47,135
Special assessment	-	-	-	-	15,993	-	15,993
Community and economic development	-	158,374	-	-	-	-	158,374
Law enforcement:							
Gambling compliance	-	-	-	-	-	133	133
Forfeitures	-	-	-	-	-	2,500	2,500
Grants	-	-	-	-	-	2,537	2,537
Properties held for resale	-	34,864	612	16,312	-	5,873	57,661
Capital improvements	-	-	-	44,878	-	-	44,878
Total restricted	-	193,238	612	61,190	15,993	61,275	332,308
<u>Assigned to</u>							
General government	-	-	-	-	-	740	740
Public safety:							
Police	-	-	-	-	-	713	713
Compliance and regulation	-	-	-	-	-	110	110
Community and economic development	-	49,159	-	-	-	60,110	109,269
Neighborhood and community relations	-	-	-	-	-	2,956	2,956
Pension obligations	-	-	-	-	-	38,982	38,982
Capital improvements	-	-	-	19,171	-	-	19,171
Total assigned	-	49,159	-	19,171	-	103,611	171,941
<u>Unassigned</u>	142,828	-	-	-	-	(5,158)	137,670
Total fund balances	\$ 142,828	\$ 242,397	\$ 612	\$ 80,361	\$ 15,993	\$ 159,728	\$ 641,919

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

Governmental Activities: Law Enforcement \$2,633

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

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

All full-time and certain part-time employees of the City, Park Board, and MBC are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (the General Employees Plan) and the Public Employees Police and Fire Plan (the Police and Fire Plan), which are cost sharing, multiple employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 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. PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January.

General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 1.50 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 the Rule of 90 are exempt from the delay to normal retirement.

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

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

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.

TRA: Postretirement benefit increases are provided to eligible benefit recipients each January. The 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 following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

1. PERA Benefits

Benefits are based on a member's highest average salary for any 60 consecutive months of allowable service, age, and years of credit at termination of service. In the General Employees Plan, two methods are used to compute benefits for Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.20 percent of average salary for each of the first ten years of service and 1.70 percent of average salary for each remaining year. Under Method 2, the annuity accrual rate is 1.70 percent for Coordinated Plan members for each year of service. Only Method 2 is used for members hired after June 30, 1989. For Police and Fire Plan members, the annuity accrual rate is 3.00 percent of average salary for each year of service.

For General Employees Plan 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 Police and Fire Plan members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits are available for vested members and are based on years of service and average high five salary.

2. TRA Benefits

The Teachers Retirement Association (TRA) covers teachers and other related professionals employed by school districts or by the state. Approximately 609 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.

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

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

1. GERP Contributions

Basic Plan members, Coordinated Plan members, and Minneapolis Employee Retirement Fund members, were required to contribute 9.10 percent, 6.50 percent, and 9.75 percent respectively, of their annual covered salary in calendar year 2021. Participating employers are required to contribute 11.78 percent of pay for Basic Plan members, 7.50 percent for Coordinated Plan members, and 9.75 percent for Minneapolis Employee Retirement Fund members in calendar year 2021. The City, Park Board, and MBC contributions related to payroll to the GERP for the year ended December 31, 2021, were \$15,288, \$3,119, and \$217, respectively. The City, Park Board, and MBC fixed contributions to the GERP for the year ended December 31, 2021, were \$11,869, \$2,169, and \$227 respectively. Total contributions were equal to the required contractual contribution 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 2021. Employers were required to contribute 17.70 percent of pay for PEPFP members in calendar year 2021. Contributions to the PEPFP related to payroll for the year ended December 31, 2021, were \$21,034 for the City and \$572 for the Park Board. The City also made fixed contributions to PEPFP, non-payroll related, of \$7,679 for the year ended December 31, 2021. 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, 2021, 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, 2021, the City, Park Board, and MBC reported a liability of \$120,829, \$23,827, and \$1,664 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, 2021, 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, 2020, through June 30, 2021, relative to the total employer payroll related contributions received from all of PERA's participating employers. At June 30, 2021, the City's proportionate share related to payroll contributions was 3.0416 percent, which was a decrease of 0.2335 percent from its proportion measured as of June 30, 2020. At June 30, 2021 the Park Board's proportionate share related to payroll contributions was 0.5998 percent, which was a decrease of 0.0085 percent from its proportion measured as of June 30, 2021. At June 30, 2021, MBC's proportionate share related to payroll contributions was 0.0419 percent, which was an increase of 0.0001 percent from its proportion measured as of June 30, 2020.

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 11 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

1. GERP Pension Costs (continued)

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 \$95,558, \$17,465, and \$1,826 respectively as of the June 30, 2021 measurement date. The resulting combined net pension liability reported by the City, Park Board, and MBC as of December 31, 2021 is \$216,387, \$41,292, and \$3,490, respectively. The combined liability represents a proportionate share of the Plan’s net pension liability equal to 5.0671 percent for the City, 0.9669 percent for Park Board, and 0.0817 percent for MBC.

For the year ended December 31, 2021, the City, Park Board, and MBC recognized pension expense of (\$32,917), (\$5,061), and (\$555), respectively for the proportionate share of the GERP’s pension expense.

In addition, the City, Park Board, and MBC also recognized \$533, \$101, and \$9, 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.

	City Governmental Activities	City Business- type Activities	City Total	Park Board	MBC
Payroll related proportionate share of the net pension liability	\$ 96,336	\$ 24,493	\$ 120,829	\$ 23,827	\$ 1,664
Net present value of fixed pension contributions	76,187	19,371	95,558	17,465	1,826
State of Minnesota’s proportionate share of the net pension liability associated with the entity	5,264	1,338	6,602	1,255	106
Total	<u>\$ 177,787</u>	<u>\$ 45,202</u>	<u>\$ 222,989</u>	<u>\$ 42,547</u>	<u>\$ 3,596</u>

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 11 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

1. GERP Pension Costs (continued)

At December 31, 2021, 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	\$ 827	\$ 155	\$ 11	\$ 3,999	\$ 785	\$ 55
Changes in actuarial assumptions	82,323	16,190	1,151	3,007	569	40
Difference between projected and actual investment earnings	-	-	-	111,888	22,107	1,552
Changes in proportion	1,562	800	4	19,614	2,728	287
Contributions paid to PERA subsequent to the measurement date	8,302	1,741	117	-	-	-
Total	\$ 93,014	\$ 18,886	\$ 1,283	\$138,508	\$ 26,189	\$ 1,934

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, 2022. These contributions total \$8,302 for the City, \$1,741 for the Park Board, and \$117 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
2022	\$ (18,727)	\$ (2,788)	\$ (333)
2023	(2,381)	(81)	(19)
2024	(2,007)	(125)	7
2025	(30,681)	(6,050)	(423)

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

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

At December 31, 2021, the City reported a liability of \$81,620 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, 2021, 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, 2020, through June 30, 2021, relative to the total employer payroll related contributions received from all of PERA's participating employers. At June 30, 2021, the City's proportionate share related to payroll contributions was 11.5090 percent, which was a decrease of 0.8312 percent from its proportion measured as of June 30, 2020. 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 \$62,713 as of the June 30, 2021 measurement date. The resulting combined net pension liability reported by the City as of December 31, 2021 is \$144,333. The combined liability represents a proportionate share of the Plan's net pension liability equal to 18.6986 percent for the City.

At December 31, 2021, the Park Board reported a liability of \$2,113 for the proportionate share of the PEPFP's net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021, the Park Board's proportion share was 0.2979 percent, which was a decrease of 0.0219 percent from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the City and Park Board recognized pension expense of (\$39,609) and (\$858) 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, 2021. 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, 2020. 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. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

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, 2021, the City and Park Board respectively recognized pension expense of \$902 and \$17 for its proportionate share of the Police and Fire Plan's pension expense. The City and Park Board respectively recognized \$902 and \$17 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.

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

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 \$1,285 and \$25 for the year ended December 31, 2021 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.

	City Governmental Activities	Park Board
Payroll related proportionate share of the net pension liability	\$ 81,620	\$ 2,113
Net present value of fixed pension contributions	62,713	-
State of Minnesota’s proportionate share of the net pension liability associated with the entity	4,945	95
Total	\$ 149,278	\$ 2,208

At December 31, 2021, 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:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	City	Park Board	City	Park Board
Differences between expected and actual economic experiences	\$ 17,466	\$ 455	\$ -	\$ -
Changes in actuarial assumptions	132,660	3,380	55,724	1,373
Difference between projected and actual investment earnings	-	-	168,860	4,388
Changes in proportion	4,592	181	30,521	460
Contributions paid to PERA subsequent to the measurement date	11,043	310	-	-
Total	\$ 165,761	\$ 4,326	\$ 255,105	\$ 6,221

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 11 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

2. PEPFP Pension Costs (continued)

Contributions subsequent to the measurement date are shown as deferred outflows in the above table and will be recognized as a reduction to net pension liability for the year ended December 31, 2022. These contributions total \$11,043 for the City and \$310 for the Park Board. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount	
	City	Park Board
2022	\$ (70,911)	\$ (1,727)
2023	(18,950)	(286)
2024	(18,919)	(374)
2025	(18,870)	(512)
2026	27,263	694

3. TRA Pension Costs

At December 31, 2021, the City reported a liability of \$29,138 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 year ended December 31, 2021, the City recognized pension expense of \$805 for its share of the TRA’s pension expense.

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to TRA’s pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 1,881	\$ 868

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 11 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

3. TRA Pension Costs (continued)

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, 2022. 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
2022	\$ (163)
2023	48
2024	376
2025	376
2026	376

4. Total Pension Costs

Total pension expense for year ended December 31, 2021 is as shown in the chart below:

	City	Park Board	MBC
GERP	\$ (32,917)	\$ (5,061)	\$ (555)
PEPFF	(39,609)	(858)	-
TRA	805	-	-
	<u>\$ (71,721)</u>	<u>\$ (5,919)</u>	<u>\$ (555)</u>

E – Actuarial Assumptions

The total pension liability in the June 30, 2021 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 29 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, with slight adjustments. 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.

NOTE 11 – DEFINED BENEFIT PENSION PLANS

E – Actuarial Assumptions (continued)

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

F – Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent in 2021, which was a decrease from 7.50 percent from 2020. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net positions of the General Employees Plan and the Police and Fire Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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% 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 2021:

General Employees Retirement Plan

- 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.

Changes in Plan Provisions:

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

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 11 – DEFINED BENEFIT PENSION PLANS**G – Changes in Actuarial Assumptions (continued)**

Public Employees Police and Fire Plan

- 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.

Changes in Plan Provisions:

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

Teachers Retirement Association

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

For the fiscal year ended December 31, 2021

(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:

Plan and Entity	1% Decrease to Discount Rate	Current Discount Rate	1% Increase in Discount Rate
GERF Discount Rate	5.5%	6.5%	7.5%
City	\$355,320	\$216,387	\$101,957
Park Board	68,627	41,292	18,785
MBC	5,427	3,490	1,893
PEPFF Discount Rate	5.5%	6.5%	7.5%
City	\$339,926	\$144,333	\$(16,269)
Park Board	7,106	2,113	(1,979)
TRA Discount Rate	6.0%	7.0%	8.0%
City	\$31,896	\$29,138	\$26,768

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.

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.

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, 2021, was \$1,454 and the CPED’s total payroll was \$20,362.

For the fiscal year ended December 31, 2021

(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 \$80 and \$74 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, 2021, 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, 2021, 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, 2021

(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 \$47,213 and \$847 respectively, was measured as of December 31, 2020, with an actuarial valuation as of December 31, 2020. MBC’s total OPEB liability of \$948 was measured as of January 1, 2021 and was determined by an actuarial valuation as of January 1, 2021.

The total OPEB liability in the fiscal year-end December 31, 2021, 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	4.40 % in 2021, gradually decreasing over several decades to an ultimate rate of 4.04% in 2075 and later years for City and Park Board. 6.50 % for 2021, grading to 5.00 % over 6 years and then 4.00% over the next 48 years for MBC
Discount Rate	2.12% 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, 2021

(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, 2021	\$ 41,281	\$ 976	\$ 875
Changes for the year			
Service cost	1,967	36	37
Interest cost	1,164	21	25
Changes of assumptions	(303)	(243)	(14)
Experience Gain/(Loss)	5,375	99	115
Benefit payments	<u>(2,271)</u>	<u>(42)</u>	<u>(90)</u>
Total net change	5,932	(129)	73
Balance at December 31, 2021	<u>\$ 47,213</u>	<u>\$ 847</u>	<u>\$ 948</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>
Discount Rate	1.12%	2.12%	3.12%
City total OPEB liability	\$ 50,301	\$ 47,213	\$ 44,276
Park Board total OPEB liability	\$ 922	\$ 847	\$ 812
Discount Rate	1.00%	2.00%	3.00%
MBC total OPEB liability	\$ 985	\$ 948	\$ 915

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>
Medical Trend Rate	3.40% Decreasing to 3.04% by 2075	4.40% Decreasing to 4.04% by 2075	5.40% Decreasing to 5.04% by 2075
City total OPEB liability	\$ 42,762	\$ 47,213	\$ 52,298
Park Board total OPEB liability	\$ 784	\$ 847	\$ 959
Medical Trend Rate	5.50% Decreasing to 4.00% over 6 years	6.50% Decreasing to 5.00% over 6 years	7.50% Decreasing to 6.00% over 6 years
MBC total OPEB liability	\$ 903	\$ 948	\$ 1,001

For the fiscal year ended December 31, 2021

(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, 2021, the City, Park Board, and MBC recognized OPEB expense of \$2,319, \$(183), and \$15, 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	\$ 6,394	\$ 117	\$ 77	\$ -	\$ -	\$ -
Changes in actuarial assumptions	2,001	37	9	686	14	9
Contributions paid subsequent to the measurement date	2,538	74	101	-	-	-
Total	10,933	228	187	686	14	9

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, 2022. These contributions total \$2,538 for the City, \$74 for the Park Board, and \$101 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
2022	\$ 1,532	\$ 28	\$ 43
2023	1,532	28	34
2024	1,532	28	-
2025	1,532	28	-
2026	1,204	22	-
Thereafter	377	6	-

Total OPEB expense recognized by the City, Park Board and MBC is \$2,318, \$(183), and \$15 respectively for the year ended December 31, 2021.

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 13 – POSTEMPLOYMENT BENEFITS PLAN (continued)**Changes in Actuarial Assumptions**

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%.

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.

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 14 – VACATION, SEVERANCE, SICK AND COMPENSATORY TIME PAY (continued)

Primary Government

Activity for the primary government for the year ended December 31, 2021, was as follows:

	<u>Balance 1/1/2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/2021</u>	<u>Amounts Due Within One Year</u>
Compensated absences payable:					
Governmental activities	\$ 43,613	\$ 23,505	\$ (24,721)	\$ 42,397	\$ 24,533
Business-type activities	4,111	2,800	(2,783)	4,128	2,542
Total	<u>\$ 47,724</u>	<u>\$ 26,305</u>	<u>\$ (27,504)</u>	<u>\$ 46,525</u>	<u>\$ 27,075</u>

Discretely Presented Component Units

Activity for the discretely presented component units for the year ended December 31, 2021, was as follows:

	<u>Balance 1/1/2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/2021</u>	<u>Amounts Due Within One Year</u>
Compensated absences payable:					
Minneapolis Park and Recreation Board	\$ 5,917	\$ 3,942	\$ (3,770)	\$ 6,089	\$ 3,393
Municipal Building Commission	194	319	(285)	228	196
Total	<u>\$ 6,111</u>	<u>\$ 4,261</u>	<u>\$ (4,055)</u>	<u>\$ 6,317</u>	<u>\$ 3,589</u>

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 2020 and 2021 are as follows:

	<u>2020</u>	<u>2021</u>
Incurred but not Received Claims (IBNR)	\$ 6,203	\$ 7,650
Claims Adjustment Expense	156	26
Provision for Adverse Deviation	<u>137</u>	<u>141</u>
Total Estimated Actuarial Liabilities	<u>\$ 6,496</u>	<u>\$ 7,817</u>

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

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 \$178,270 reported in the Self-Insurance Internal Service Fund at December 31, 2021, 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 May of 2022 for claim exposure and settlements payments, calculated that the claims liability at December 31, 2021 is \$178,270, an increase of \$5,719 from the liability amount of \$172,551 at December 31, 2020.

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 2020 and 2021 are:

	2020	2021
Liability balance – January 1	\$ 78,708	\$ 172,551
Current year claims and changes in estimates	107,892	52,112
Claim payments	<u>(14,049)</u>	<u>(46,393)</u>
Liability balance – December 31	<u>\$ 172,551</u>	<u>\$ 178,270</u>

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.

For the fiscal year ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

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, 2021 as shown below:

<u>Tax Abatement Program</u>	<u>Taxes Abated</u>
Tax Increment Financing	\$ 9,496

NOTE 19 – OTHER COMMITMENTS AND CONTINGENCIES

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

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

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

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
REQUIRED SUPPLEMENTAL INFORMATION
For the Fiscal Year Ended December 31, 2021

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 284,830	\$ 284,830	\$ 282,911	\$ (1,919)
Licenses and permits	43,477	43,477	40,982	(2,495)
Intergovernmental revenues	83,468	83,463	90,851	7,388
Charges for services and sales	55,538	55,538	56,475	937
Fines and forfeits	5,161	5,161	4,934	(227)
Special assessments	4,732	4,732	4,709	(23)
Investment earnings	3,850	3,850	(1,147)	(4,997)
Miscellaneous revenues	2,495	2,495	5,125	2,630
Total revenues	<u>483,551</u>	<u>483,546</u>	<u>484,840</u>	<u>1,294</u>
CURRENT EXPENDITURES:				
Current:				
General government:				
Mayor	2,305	2,305	2,240	65
Council & Clerk	12,554	14,031	12,925	1,106
Assessor	5,493	5,493	5,247	246
Attorney	9,380	9,480	8,947	533
Civil rights	4,837	4,837	4,486	351
Coordinator	47,387	49,275	45,078	4,197
Internal audit	965	965	920	45
Contingency	16,527	4,809	-	4,809
General government pensions	-	-	356	(356)
Total general government	<u>99,448</u>	<u>91,195</u>	<u>80,199</u>	<u>10,996</u>
Public safety:				
Regulatory services	24,567	24,567	22,655	1,912
Coordinator	13,514	13,685	12,262	1,423
Fire	70,128	70,128	73,252	(3,124)
Police	160,591	172,237	165,581	6,656
Public safety pensions	-	-	2,187	(2,187)
Total public safety	<u>268,800</u>	<u>280,617</u>	<u>275,937</u>	<u>4,680</u>
Public works	<u>58,178</u>	<u>58,232</u>	<u>61,104</u>	<u>(2,872)</u>
Health and welfare - Health and family support	<u>18,068</u>	<u>18,596</u>	<u>18,596</u>	<u>-</u>
Community planning and economic development	<u>40,656</u>	<u>33,430</u>	<u>31,691</u>	<u>1,739</u>
Intergovernmental:				
General government				
Coordinator	2,000	2,051	2,051	-
Total expenditures	<u>487,150</u>	<u>484,121</u>	<u>469,578</u>	<u>14,543</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,599)</u>	<u>(575)</u>	<u>15,262</u>	<u>15,837</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	19,668	19,668	19,668	-
Transfers to other funds	(23,707)	(59,756)	(59,756)	-
Total other financing sources (uses)	<u>(4,039)</u>	<u>(40,088)</u>	<u>(40,088)</u>	<u>-</u>
Net change in fund balance	(7,638)	(40,663)	(24,826)	15,837
Fund balance - January 1	<u>167,654</u>	<u>167,654</u>	<u>167,654</u>	<u>-</u>
Fund balance - December 31	<u>\$ 160,016</u>	<u>\$ 126,991</u>	<u>\$ 142,828</u>	<u>\$ 15,837</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, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 23,350	\$ 23,350	\$ 25,680	\$ 2,330
Intergovernmental revenues	-	-	275	275
Charges for services and sales	500	500	6,251	5,751
Fines and forfeits	-	-	9	9
Special assessments	-	-	540	540
Investment earnings	4,316	4,316	(353)	(4,669)
Miscellaneous revenues	11,357	11,357	3,675	(7,682)
Total revenues	<u>39,523</u>	<u>39,523</u>	<u>36,077</u>	<u>(3,446)</u>
EXPENDITURES:				
Current:				
Community planning and economic development	<u>47,210</u>	<u>141,554</u>	<u>49,377</u>	<u>92,177</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,687)</u>	<u>(102,031)</u>	<u>(13,300)</u>	<u>88,731</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	8,183	17,283	29,246	11,963
Transfers to other funds	<u>(17,786)</u>	<u>(17,786)</u>	<u>(18,560)</u>	<u>(774)</u>
Total other financing sources (uses)	<u>(9,603)</u>	<u>(503)</u>	<u>10,686</u>	<u>11,189</u>
Net change in fund balance	(17,290)	(102,534)	(2,614)	99,920
Fund balance - January 1	<u>245,011</u>	<u>245,011</u>	<u>245,011</u>	<u>-</u>
Fund balance - December 31	<u>\$ 227,721</u>	<u>\$ 142,477</u>	<u>\$ 242,397</u>	<u>\$ 99,920</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, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 10,926	\$ 190,549	\$ 28,312	\$ (162,237)
Charges for services and sales	-	-	56	56
Investment earnings	-	-	718	718
Miscellaneous revenues	-	-	171	171
Total revenues	<u>10,926</u>	<u>190,549</u>	<u>29,257</u>	<u>(161,292)</u>
EXPENDITURES:				
Current:				
General government	661	11,276	2,824	8,452
Public safety	3,131	9,710	2,389	7,321
Public works	-	983	104	879
Health and welfare	4,289	29,516	7,696	21,820
Community planning and economic development	3,000	107,070	16,346	90,724
Intergovernmental:				
Public safety	-	-	26	(26)
Total expenditures	<u>11,081</u>	<u>158,555</u>	<u>29,385</u>	<u>129,170</u>
Excess (deficiency) of revenues over (under) expenditures	(155)	31,994	(128)	(32,122)
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	-	3,500	-	(3,500)
Net change in fund balances	(155)	35,494	(128)	(35,622)
Fund balances - January 1	<u>740</u>	<u>740</u>	<u>740</u>	<u>-</u>
Fund balances - December 31	<u>\$ 585</u>	<u>\$ 36,234</u>	<u>\$ 612</u>	<u>\$ (35,622)</u>

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

DEFINED BENEFIT PENSION PLANS

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2021

(Dollar Amounts Expressed In Thousands)

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

Fiscal Year Ending	Statutorily 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	\$ 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%

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

Fiscal Year Ending	Statutorily 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	\$ 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%

* 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, 2021

(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%

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%

* 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, 2021

(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%

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%

* 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, 2021

(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

**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%

* 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, 2021

(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 - Ending	Covered - Employee Payroll	Total OPEB Liability as a Percentage of Covered Payroll
						Total OPEB Liability - Beginning	Total OPEB Liability - Ending			
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%

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 - Ending	Covered - Employee Payroll	Total OPEB Liability as a Percentage of Covered Payroll
						Total OPEB Liability - Beginning	Total OPEB Liability - Ending			
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%

* 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.

For the Fiscal Year Ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 1 – BUDGETS

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATION

The legal level of budgetary control is at the department level within a fund. 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, 2021.

	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
General government pensions	\$ -	\$ 356	\$ (356)
Fire	70,128	73,252	(3,124)
Public safety pensions	-	2,187	(2,187)
Public Works	58,232	61,104	(2,872)

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.

NOTE 3 – DEFINED BENEFIT PENSION PLANS

A – Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred:

General Employees Retirement Plan

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.
- 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.

For the Fiscal Year Ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

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

- 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.

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.

For the Fiscal Year Ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 3 – DEFINED BENEFIT PENSION PLANS**A – Changes in Actuarial Assumptions****Public Employees Police and Fire Plan**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.
- 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.

For the Fiscal Year Ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 3 – DEFINED BENEFIT PENSION PLANS**A – Changes in Actuarial Assumptions****Public Employees Police and Fire Plan (continued)**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 Fund2021

- 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.

For the Fiscal Year Ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

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

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.

For the Fiscal Year Ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

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

- 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:

- 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.
- 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.

NOTE 4 – POSTEMPLOYMENT BENEFITS PLAN

B – Plan Changes Affecting Actuarial Accrued Liability

2019 (continued)

- 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.



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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.

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.

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, 2021

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 101,234	\$ 46,946	\$ 148,180
Investments with trustees	-	3,030	3,030
Receivables:			
Accounts - net	1,481	-	1,481
Taxes	196	631	827
Special assessments	572	-	572
Intergovernmental	13,074	-	13,074
Loans - net	29,908	-	29,908
Accrued interest	250	87	337
Due from other funds	250	-	250
Advances to other funds	10,705	-	10,705
Properties held for resale	5,873	-	5,873
Total assets	<u>\$ 163,543</u>	<u>\$ 50,694</u>	<u>\$ 214,237</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
Liabilities:			
Salaries payable	\$ 613	\$ -	\$ 613
Accounts payable	7,647	80	7,727
Due to other funds	250	-	250
Deposits held for others	1,721	-	1,721
Advances from other funds	-	5,205	5,205
Unearned revenue	7,203	-	7,203
Total liabilities	<u>17,434</u>	<u>5,285</u>	<u>22,719</u>
Deferred Inflows of Resources:			
Unavailable revenue	<u>31,455</u>	<u>335</u>	<u>31,790</u>
Fund balances:			
Restricted	11,043	50,232	61,275
Assigned	103,611	-	103,611
Unassigned	<u>-</u>	<u>(5,158)</u>	<u>(5,158)</u>
Total fund balances	<u>114,654</u>	<u>45,074</u>	<u>159,728</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 163,543</u>	<u>\$ 50,694</u>	<u>\$ 214,237</u>

GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2021

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental</u>
REVENUES:			
Taxes	\$ 50,584	\$ 57,016	\$ 107,600
Licenses and permits	24	-	24
Intergovernmental revenues	53,625	3,506	57,131
Charges for services and sales	4,794	-	4,794
Fines and forfeits	112	-	112
Special assessments	7,054	-	7,054
Investment earnings	1,096	365	1,461
Miscellaneous revenues	16,731	6,110	22,841
Total revenues	<u>134,020</u>	<u>66,997</u>	<u>201,017</u>
EXPENDITURES:			
Current:			
General government	26,482	-	26,482
Public safety	12,061	-	12,061
Public works	878	-	878
Health and welfare	7,946	-	7,946
Community planning and economic development	82,280	-	82,280
Debt Service:			
Principal retirement	-	37,855	37,855
Interest and fiscal charges	-	15,536	15,536
Total expenditures	<u>129,647</u>	<u>53,391</u>	<u>183,038</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,373</u>	<u>13,606</u>	<u>17,979</u>
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	42,081	18,668	60,749
Transfers to other funds	<u>(46,835)</u>	<u>(8,865)</u>	<u>(55,700)</u>
Total other financing sources (uses)	<u>(4,754)</u>	<u>9,803</u>	<u>5,049</u>
Net change in fund balances	(381)	23,409	23,028
Fund balances - January 1	<u>115,035</u>	<u>21,665</u>	<u>136,700</u>
Fund balances - December 31	<u>\$ 114,654</u>	<u>\$ 45,074</u>	<u>\$ 159,728</u>

**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
December 31, 2021**

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>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 4,971	\$ 275	\$ 29,642	\$ 23,415	\$ 1,610
Receivables:					
Accounts - net	737	-	-	368	-
Taxes	-	1	-	-	-
Special assessments	-	-	-	-	17
Intergovernmental	-	-	5,402	-	-
Loans - net	-	-	-	-	-
Accrued interest	23	-	52	108	-
Due from other funds	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Properties held for resale	-	-	-	-	-
Total assets	<u>\$ 5,731</u>	<u>\$ 276</u>	<u>\$ 35,096</u>	<u>\$ 23,891</u>	<u>\$ 1,627</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>					
Liabilities:					
Salaries payable	\$ 5	\$ 15	\$ -	\$ 229	\$ -
Accounts payable	631	2	-	1,408	1,145
Due to other funds	-	-	-	-	-
Deposits held for others	-	-	-	1,715	-
Unearned revenue	-	-	-	-	-
Total liabilities	<u>636</u>	<u>17</u>	<u>-</u>	<u>3,352</u>	<u>1,145</u>
Deferred inflows of resources:					
Unavailable revenue	<u>750</u>	<u>-</u>	<u>30</u>	<u>57</u>	<u>1</u>
Fund balances:					
Restricted	-	-	-	-	-
Assigned	<u>4,345</u>	<u>259</u>	<u>35,066</u>	<u>20,482</u>	<u>481</u>
Total fund balances	<u>4,345</u>	<u>259</u>	<u>35,066</u>	<u>20,482</u>	<u>481</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,731</u>	<u>\$ 276</u>	<u>\$ 35,096</u>	<u>\$ 23,891</u>	<u>\$ 1,627</u>

**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
December 31, 2021**

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

(In Thousands)

<u>Employee Retirement</u>	<u>HUD Consolidated Plan</u>	<u>Grants-Other</u>	<u>Police</u>	<u>Neighborhood and Community Relations</u>	<u>Regulatory Services</u>	<u>Total</u>
\$ 28,149	\$ 11	\$ 6,254	\$ 3,223	\$ 3,304	\$ 380	\$ 101,234
-	17	152	207	-	-	1,481
195	-	-	-	-	-	196
-	-	6	-	-	549	572
-	1,790	5,876	6	-	-	13,074
-	29,908	-	-	-	-	29,908
67	-	-	-	-	-	250
-	-	250	-	-	-	250
10,705	-	-	-	-	-	10,705
-	5,227	646	-	-	-	5,873
<u>\$ 39,116</u>	<u>\$ 36,953</u>	<u>\$ 13,184</u>	<u>\$ 3,436</u>	<u>\$ 3,304</u>	<u>\$ 929</u>	<u>\$ 163,543</u>
\$ -	\$ 107	\$ 126	\$ 52	\$ 69	\$ 10	\$ 613
-	1,461	2,674	30	279	17	7,647
-	250	-	-	-	-	250
-	-	-	-	-	6	1,721
-	-	7,195	8	-	-	7,203
-	1,818	9,995	90	348	33	17,434
134	29,908	6	-	-	569	31,455
-	5,227	3,183	2,633	-	-	11,043
38,982	-	-	713	2,956	327	103,611
38,982	5,227	3,183	3,346	2,956	327	114,654
<u>\$ 39,116</u>	<u>\$ 36,953</u>	<u>\$ 13,184</u>	<u>\$ 3,436</u>	<u>\$ 3,304</u>	<u>\$ 929</u>	<u>\$ 163,543</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, 2021

(In Thousands)

	Arena Reserve	Board of Estimate and Taxation	Downtown Assets	Convention Center	Self-Managed Special Service Districts
REVENUES:					
Taxes	\$ -	\$ 111	\$ 33,133	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental revenues	-	-	-	500	-
Charges for services and sales	-	-	-	2,017	-
Fines and forfeits	-	-	-	-	-
Special assessments	-	-	-	-	6,957
Investment earnings	56	-	349	(258)	(9)
Miscellaneous revenues	1,585	-	-	5,158	-
Total revenues	<u>1,641</u>	<u>111</u>	<u>33,482</u>	<u>7,417</u>	<u>6,948</u>
EXPENDITURES:					
Current:					
General government	-	61	-	-	6,870
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and welfare	-	-	-	-	-
Community planning and economic development	3,512	-	468	28,000	-
Total expenditures	<u>3,512</u>	<u>61</u>	<u>468</u>	<u>28,000</u>	<u>6,870</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,871)</u>	<u>50</u>	<u>33,014</u>	<u>(20,583)</u>	<u>78</u>
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	3,853	-	1,168	28,735	-
Transfers to other funds	(1,168)	-	(45,568)	(99)	-
Total other financing sources (uses)	<u>2,685</u>	<u>-</u>	<u>(44,400)</u>	<u>28,636</u>	<u>-</u>
Net change in fund balances	814	50	(11,386)	8,053	78
Fund balances - January 1	<u>3,531</u>	<u>209</u>	<u>46,452</u>	<u>12,429</u>	<u>403</u>
Fund balances - December 31	<u>\$ 4,345</u>	<u>\$ 259</u>	<u>\$ 35,066</u>	<u>\$ 20,482</u>	<u>\$ 481</u>

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

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

For the Fiscal Year Ended December 31, 2021

(In Thousands)

Employee Retirement	HUD Consolidated Plan	Grants-Other	Police	Neighborhood and Community Relations	Regulatory Services	Total
\$ 17,016	\$ -	\$ 10	\$ 314	\$ -	\$ -	\$ 50,584
-	-	-	3	-	21	24
5,484	22,153	25,167	321	-	-	53,625
-	829	720	506	-	722	4,794
-	-	-	112	-	-	112
-	-	65	-	-	32	7,054
626	324	8	-	-	-	1,096
3,466	2,883	3,639	-	-	-	16,731
<u>26,592</u>	<u>26,189</u>	<u>29,609</u>	<u>1,256</u>	<u>-</u>	<u>775</u>	<u>134,020</u>
16,515	2,070	966	-	-	-	26,482
7,679	46	3,666	670	-	-	12,061
-	-	141	-	-	737	878
-	836	7,110	-	-	-	7,946
-	24,305	17,651	-	8,344	-	82,280
<u>24,194</u>	<u>27,257</u>	<u>29,534</u>	<u>670</u>	<u>8,344</u>	<u>737</u>	<u>129,647</u>
<u>2,398</u>	<u>(1,068)</u>	<u>75</u>	<u>586</u>	<u>(8,344)</u>	<u>38</u>	<u>4,373</u>
-	-	4	-	8,221	100	42,081
-	-	-	-	-	-	(46,835)
-	-	4	-	8,221	100	(4,754)
2,398	(1,068)	79	586	(123)	138	(381)
<u>36,584</u>	<u>6,295</u>	<u>3,104</u>	<u>2,760</u>	<u>3,079</u>	<u>189</u>	<u>115,035</u>
<u>\$ 38,982</u>	<u>\$ 5,227</u>	<u>\$ 3,183</u>	<u>\$ 3,346</u>	<u>\$ 2,956</u>	<u>\$ 327</u>	<u>\$ 114,654</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, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Investment earnings	\$ 24	\$ 24	\$ 56	\$ 32
Miscellaneous revenues	1,551	1,551	1,585	34
Total revenues	<u>1,575</u>	<u>1,575</u>	<u>1,641</u>	<u>66</u>
EXPENDITURES:				
Current:				
Community planning and economic development	<u>4,568</u>	<u>5,067</u>	<u>3,512</u>	<u>1,555</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,993)</u>	<u>(3,492)</u>	<u>(1,871)</u>	<u>1,621</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	3,853	3,853	3,853	-
Transfers to other funds	<u>(1,168)</u>	<u>(1,168)</u>	<u>(1,168)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,685</u>	<u>2,685</u>	<u>2,685</u>	<u>-</u>
Net change in fund balances	(308)	(807)	814	1,621
Fund balances - January 1	<u>3,531</u>	<u>3,531</u>	<u>3,531</u>	<u>-</u>
Fund balances - December 31	<u>\$ 3,223</u>	<u>\$ 2,724</u>	<u>\$ 4,345</u>	<u>\$ 1,621</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, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amount		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ -	\$ -	\$ 111	\$ 111
EXPENDITURES:				
Current:				
General government	115	115	61	54
Net change in fund balances	(115)	(115)	50	165
Fund balances - January 1	209	209	209	-
Fund balances - December 31	<u>\$ 94</u>	<u>\$ 94</u>	<u>\$ 259</u>	<u>\$ 165</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, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amount		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 11,850	\$ 11,850	\$ 33,133	\$ 21,283
Investment earnings	429	429	349	(80)
Total revenues	<u>12,279</u>	<u>12,279</u>	<u>33,482</u>	<u>21,203</u>
EXPENDITURES:				
Current:				
Community planning and economic development	<u>437</u>	<u>437</u>	<u>468</u>	<u>(31)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,842</u>	<u>11,842</u>	<u>33,014</u>	<u>21,172</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	1,168	1,168	1,168	-
Transfers to other funds	<u>(46,004)</u>	<u>(46,004)</u>	<u>(45,568)</u>	<u>436</u>
Total other financing sources (uses)	<u>(44,836)</u>	<u>(44,836)</u>	<u>(44,400)</u>	<u>436</u>
Net change in fund balances	(32,994)	(32,994)	(11,386)	21,608
Fund balances - January 1	<u>46,452</u>	<u>46,452</u>	<u>46,452</u>	<u>-</u>
Fund balances - December 31	<u>\$ 13,458</u>	<u>\$ 13,458</u>	<u>\$ 35,066</u>	<u>\$ 21,608</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, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amount		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ -	\$ 500	\$ 500	\$ -
Charges for services and sales	2,553	2,553	2,017	(536)
Investment earnings	196	196	(258)	(454)
Miscellaneous revenues	4,347	4,347	5,158	811
Total revenues	<u>7,096</u>	<u>7,596</u>	<u>7,417</u>	<u>(179)</u>
EXPENDITURES:				
Current:				
Community planning and economic development	<u>36,656</u>	<u>37,564</u>	<u>28,000</u>	<u>9,564</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(29,560)</u>	<u>(29,968)</u>	<u>(20,583)</u>	<u>9,385</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	28,735	28,735	28,735	-
Transfers to other funds	-	-	(99)	(99)
Total other financing sources (uses)	<u>28,735</u>	<u>28,735</u>	<u>28,636</u>	<u>(99)</u>
Net change in fund balances	(825)	(1,233)	8,053	9,286
Fund balances - January 1	<u>12,429</u>	<u>12,429</u>	<u>12,429</u>	-
Fund balances - December 31	<u>\$ 11,604</u>	<u>\$ 11,196</u>	<u>\$ 20,482</u>	<u>\$ 9,286</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, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Special assessments	\$ 6,912	\$ 6,912	\$ 6,957	\$ 45
Investment earnings	-	-	(9)	(9)
Total revenues	<u>6,912</u>	<u>6,912</u>	<u>6,948</u>	<u>36</u>
EXPENDITURES:				
Current:				
General government	<u>7,296</u>	<u>7,296</u>	<u>6,870</u>	<u>426</u>
Net change in fund balances	(384)	(384)	78	462
Fund balances - January 1	<u>403</u>	<u>403</u>	<u>403</u>	<u>-</u>
Fund balances - December 31	<u>\$ 19</u>	<u>\$ 19</u>	<u>\$ 481</u>	<u>\$ 462</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, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 17,099	\$ 17,099	\$ 17,016	\$ (83)
Intergovernmental revenues	4,783	4,783	5,484	701
Investment earnings	-	-	626	626
Miscellaneous revenues	3,254	3,254	3,466	212
Total revenues	<u>25,136</u>	<u>25,136</u>	<u>26,592</u>	<u>1,456</u>
EXPENDITURES:				
Current:				
General government	16,515	16,515	16,515	-
Public safety	7,679	7,679	7,679	-
Total expenditures	<u>24,194</u>	<u>24,194</u>	<u>24,194</u>	<u>-</u>
Net change in fund balances	942	942	2,398	1,456
Fund balances - January 1	<u>36,584</u>	<u>36,584</u>	<u>36,584</u>	<u>-</u>
Fund balances - December 31	<u>\$ 37,526</u>	<u>\$ 37,526</u>	<u>\$ 38,982</u>	<u>\$ 1,456</u>

**HUD CONSOLIDATED PLAN
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 16,888	\$ 20,968	\$ 22,153	\$ 1,185
Charges for services and sales	-	-	829	829
Investment earnings	-	-	324	324
Miscellaneous revenues	762	762	2,883	2,121
Total revenues	<u>17,650</u>	<u>21,730</u>	<u>26,189</u>	<u>4,459</u>
EXPENDITURES:				
Current:				
General government	2,584	3,117	2,070	1,047
Public safety	181	181	46	135
Health and welfare	762	1,562	836	726
Community planning and economic development	14,182	25,610	24,305	1,305
Total expenditures	<u>17,709</u>	<u>30,470</u>	<u>27,257</u>	<u>3,213</u>
Net change in fund balances	(59)	(8,740)	(1,068)	7,672
Fund balances - January 1	<u>6,295</u>	<u>6,295</u>	<u>6,295</u>	-
Fund balances - December 31	<u>\$ 6,236</u>	<u>\$ (2,445)</u>	<u>\$ 5,227</u>	<u>\$ 7,672</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, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 122	\$ 122	\$ 10	\$ (112)
Intergovernmental revenues	7,745	33,565	25,167	(8,398)
Charges for services and sales	950	950	720	(230)
Special assessments	-	1,930	65	(1,865)
Investment earnings	-	-	8	8
Miscellaneous revenues	369	2,286	3,639	1,353
Total revenues	<u>9,186</u>	<u>38,853</u>	<u>29,609</u>	<u>(9,244)</u>
EXPENDITURES:				
Current:				
General government	343	1,446	966	480
Public safety	953	7,790	3,666	4,124
Public works	-	142	141	1
Health and welfare	5,905	9,691	7,110	2,581
Community planning and economic development	2,000	21,843	17,651	4,192
Total expenditures	<u>9,201</u>	<u>40,912</u>	<u>29,534</u>	<u>11,378</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15)</u>	<u>(2,059)</u>	<u>75</u>	<u>2,134</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	<u>4</u>	<u>12</u>	<u>4</u>	<u>(8)</u>
Net change in fund balances	(11)	(2,047)	79	2,126
Fund balances - January 1	<u>3,104</u>	<u>3,104</u>	<u>3,104</u>	<u>-</u>
Fund balances - December 31	<u>\$ 3,093</u>	<u>\$ 1,057</u>	<u>\$ 3,183</u>	<u>\$ 2,126</u>

POLICE
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2021

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 204	\$ 204	\$ 314	\$ 110
Licenses and permits	-	-	3	3
Intergovernmental revenues	-	-	321	321
Charges for services and sales	467	467	506	39
Fines and forfeits	243	243	112	(131)
Total revenues	<u>914</u>	<u>914</u>	<u>1,256</u>	<u>342</u>
EXPENDITURES:				
Current:				
Public safety	<u>910</u>	<u>910</u>	<u>670</u>	<u>240</u>
Total expenditures	<u>910</u>	<u>910</u>	<u>670</u>	<u>240</u>
Net change in fund balances	4	4	586	582
Fund balances - January 1	<u>2,760</u>	<u>2,760</u>	<u>2,760</u>	-
Fund balances - December 31	<u>\$ 2,764</u>	<u>\$ 2,764</u>	<u>\$ 3,346</u>	<u>\$ 582</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, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES:				
Current:				
Community planning and economic development	\$ 11,222	\$ 11,222	\$ 8,344	\$ 2,878
Excess (deficiency) of revenues over (under) expenditures	(11,222)	(11,222)	(8,344)	2,878
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	8,221	8,221	8,221	-
Net change in fund balances	(3,001)	(3,001)	(123)	2,878
Fund balances - January 1	3,079	3,079	3,079	-
Fund balances - December 31	\$ 78	\$ 78	\$ 2,956	\$ 2,878

**REGULATORY SERVICES
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Licenses and permits	\$ -	\$ -	\$ 21	\$ 21
Charges for services and sales	-	4,040	722	(3,318)
Special assessments	-	-	32	32
Total revenues	<u>-</u>	<u>4,040</u>	<u>775</u>	<u>(3,265)</u>
EXPENDITURES:				
Current:				
Public works	<u>100</u>	<u>4,140</u>	<u>737</u>	<u>3,403</u>
Total expenditures	<u>100</u>	<u>4,140</u>	<u>737</u>	<u>3,403</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(100)</u>	<u>(100)</u>	<u>38</u>	<u>138</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	<u>200</u>	<u>200</u>	<u>100</u>	<u>(100)</u>
Net change in fund balances	100	100	138	38
Fund balances - January 1	<u>189</u>	<u>189</u>	<u>189</u>	<u>-</u>
Fund balances - December 31	<u>\$ 289</u>	<u>\$ 289</u>	<u>\$ 327</u>	<u>\$ 38</u>

DEBT SERVICE FUNDS
 COMBINING BALANCE SHEET
 NON-MAJOR FUNDS
 December 31, 2021

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Community Development Agency</u>	<u>Development</u>	<u>General Debt Service</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 67	\$ 47	\$ 46,832	\$ 46,946
Investments with trustees	3,030	-	-	3,030
Receivables:				
Taxes	-	-	631	631
Accrued interest	-	-	87	87
Total assets	<u>\$ 3,097</u>	<u>\$ 47</u>	<u>\$ 47,550</u>	<u>\$ 50,694</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 80	\$ 80
Advances from other funds	-	5,205	-	5,205
Total liabilities	<u>-</u>	<u>5,205</u>	<u>80</u>	<u>5,285</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	335	335
Fund balances:				
Restricted	3,097	-	47,135	50,232
Unassigned	-	(5,158)	-	(5,158)
Total fund balances	<u>3,097</u>	<u>(5,158)</u>	<u>47,135</u>	<u>45,074</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,097</u>	<u>\$ 47</u>	<u>\$ 47,550</u>	<u>\$ 50,694</u>

DEBT SERVICE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NON-MAJOR FUNDS
 For the Fiscal Year Ended December 31, 2021

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Community Development Agency	Development	General Debt Service	Total
REVENUES:				
Taxes	\$ -	\$ -	\$ 57,016	\$ 57,016
Intergovernmental revenues	-	-	3,506	3,506
Investment earnings	2	1	362	365
Miscellaneous revenues	-	4,951	1,159	6,110
Total revenues	<u>2</u>	<u>4,952</u>	<u>62,043</u>	<u>66,997</u>
EXPENDITURES:				
Debt Service:				
Principal retirement	1,540	5,720	30,595	37,855
Interest and fiscal charges	627	5,433	9,476	15,536
Total expenditures	<u>2,167</u>	<u>11,153</u>	<u>40,071</u>	<u>53,391</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,165)</u>	<u>(6,201)</u>	<u>21,972</u>	<u>13,606</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	4,431	9,509	4,728	18,668
Transfers to other funds	(2,220)	-	(6,645)	(8,865)
Total other financing sources (uses)	<u>2,211</u>	<u>9,509</u>	<u>(1,917)</u>	<u>9,803</u>
Net change in fund balances	46	3,308	20,055	23,409
Fund balances - January 1	<u>3,051</u>	<u>(8,466)</u>	<u>27,080</u>	<u>21,665</u>
Fund balances - December 31	<u>\$ 3,097</u>	<u>\$ (5,158)</u>	<u>\$ 47,135</u>	<u>\$ 45,074</u>

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	Total
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 2,027	\$ 9,163	\$ 8,926	\$ 34,701	\$ 1,219	\$ 110,751	\$ 166,787
Receivables:							
Accounts - net	26	142	85	1	-	3	257
Inventories	-	-	13	1,201	7,203	-	8,417
Prepaid items	-	5,771	-	-	-	-	5,771
Total current assets	<u>2,053</u>	<u>15,076</u>	<u>9,024</u>	<u>35,903</u>	<u>8,422</u>	<u>110,754</u>	<u>181,232</u>
Long-term assets:							
Capital assets:							
Non-depreciable:							
Land and easements	-	-	20,821	2,186	-	-	23,007
Construction in progress	-	6,793	11,434	2,407	-	-	20,634
Depreciable:							
Buildings and structures	-	-	25,587	30,062	-	-	55,649
Less accumulated depreciation	-	-	(22,646)	(13,305)	-	-	(35,951)
Public improvements	-	-	8,813	1,704	-	-	10,517
Less accumulated depreciation	-	-	(5,313)	(788)	-	-	(6,101)
Machinery and equipment	500	1,496	12,894	125,080	30	-	140,000
Less accumulated depreciation	(355)	(1,232)	(12,216)	(75,188)	(10)	-	(89,001)
Computer equipment	61	33,145	162	-	-	-	33,368
Less accumulated depreciation	(61)	(31,149)	(162)	-	-	-	(31,372)
Software	-	66,511	8	97	-	-	66,616
Less accumulated depreciation	-	(58,319)	(8)	(97)	-	-	(58,424)
Other capital outlay	15	-	21	-	-	-	36
Less accumulated depreciation	(15)	-	(21)	-	-	-	(36)
Total long - term assets	<u>145</u>	<u>17,245</u>	<u>39,374</u>	<u>72,158</u>	<u>20</u>	<u>-</u>	<u>128,942</u>
Total assets	<u>\$ 2,198</u>	<u>\$ 32,321</u>	<u>\$ 48,398</u>	<u>\$ 108,061</u>	<u>\$ 8,442</u>	<u>\$ 110,754</u>	<u>\$ 310,174</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows - other postemployment benefits	\$ 34	\$ 277	\$ 184	\$ 224	\$ 36	\$ 150	\$ 905
Deferred outflows - pensions	428	4,286	2,301	2,329	383	2,296	12,023
Total deferred outflows of resources	<u>\$ 462</u>	<u>\$ 4,563</u>	<u>\$ 2,485</u>	<u>\$ 2,553</u>	<u>\$ 419</u>	<u>\$ 2,446</u>	<u>\$ 12,928</u>
LIABILITIES							
Current liabilities:							
Salaries payable	\$ 36	\$ 345	\$ 216	\$ 193	\$ 27	\$ 232	\$ 1,049
Accounts payable	148	4,738	483	1,473	344	1,831	9,017
Deposits held for others	-	-	-	2	-	-	2
Unearned revenue	-	1,665	-	-	-	-	1,665
Compensated absences payable - current portion	63	557	418	289	52	3,069	4,448
Medical claims payable - current portion	-	-	-	-	-	7,817	7,817
Unpaid claims payable - current portion	-	-	-	-	-	57,804	57,804
Total current liabilities	<u>247</u>	<u>7,305</u>	<u>1,117</u>	<u>1,957</u>	<u>423</u>	<u>70,753</u>	<u>81,802</u>
Long-term liabilities:							
Compensated absences payable	27	342	174	177	22	12,532	13,274
Other postemployment benefits	147	1,195	796	966	158	646	3,908
Net pension liability	995	9,971	5,353	5,419	891	5,342	27,971
Unpaid claims payable	-	-	-	-	-	120,466	120,466
Total long - term liabilities	<u>1,169</u>	<u>11,508</u>	<u>6,323</u>	<u>6,562</u>	<u>1,071</u>	<u>138,986</u>	<u>165,619</u>
Total liabilities	<u>\$ 1,416</u>	<u>\$ 18,813</u>	<u>\$ 7,440</u>	<u>\$ 8,519</u>	<u>\$ 1,494</u>	<u>\$ 209,739</u>	<u>\$ 247,421</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows - other postemployment benefits	\$ 2	\$ 18	\$ 12	\$ 15	\$ 2	\$ 9	\$ 58
Deferred inflows - pensions	637	6,382	3,426	3,467	571	3,419	17,902
Total deferred inflows of resources	<u>\$ 639</u>	<u>\$ 6,400</u>	<u>\$ 3,438</u>	<u>\$ 3,482</u>	<u>\$ 573</u>	<u>\$ 3,428</u>	<u>\$ 17,960</u>
NET POSITION							
Net investment in capital assets	\$ 145	\$ 17,246	\$ 39,373	\$ 72,158	\$ 20	\$ -	\$ 128,942
Unrestricted	460	(5,575)	632	26,455	6,774	(99,967)	(71,221)
Total net position	<u>\$ 605</u>	<u>\$ 11,671</u>	<u>\$ 40,005</u>	<u>\$ 98,613</u>	<u>\$ 6,794</u>	<u>\$ (99,967)</u>	<u>\$ 57,721</u>

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
For the Fiscal Year Ended December 31, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	Total
Operating revenues:							
Charges for services and sales	\$ 8,563	\$ 42,297	\$ 3,270	\$ 13,701	\$ 1,997	\$ 103,698	\$ 173,526
Rents and commissions	-	-	21,311	23,150	-	-	44,461
Total operating revenues	8,563	42,297	24,581	36,851	1,997	103,698	217,987
Operating expenses:							
Personnel costs	1,249	12,566	8,832	6,112	1,080	25,831	55,670
Contractual services	1,090	27,834	10,205	10,615	366	84,977	135,087
Materials, supplies, services and other	6,120	7,271	1,746	6,102	53	23,502	44,794
Depreciation	17	5,690	813	9,734	2	-	16,256
Total operating expenses	8,476	53,361	21,596	32,563	1,501	134,310	251,807
Operating income (loss)	87	(11,064)	2,985	4,288	496	(30,612)	(33,820)
Nonoperating revenues (expenses):							
Intergovernmental	3	25	177	13	2	13	233
Gain (loss) on disposal of capital assets	-	7	-	751	-	-	758
Other revenues	-	-	6	-	380	1,104	1,490
Total nonoperating revenues (expenses)	3	32	183	764	382	1,117	2,481
Income (loss) before transfers	90	(11,032)	3,168	5,052	878	(29,495)	(31,339)
Transfers in (out):							
Transfers from other funds	-	114	772	-	-	27,368	28,254
Transfers to other funds	-	-	(212)	-	-	-	(212)
Total transfers	-	114	560	-	-	27,368	28,042
Change in net position	90	(10,918)	3,728	5,052	878	(2,127)	(3,297)
Net position - January 1	515	22,589	36,277	93,561	5,916	(97,840)	61,018
Net position - December 31	\$ 605	\$ 11,671	\$ 40,005	\$ 98,613	\$ 6,794	\$ (99,967)	\$ 57,721

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended December 31, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	Total
Cash flows from operating activities:							
Cash received from customers	\$ 144	\$ 116	\$ 313	\$ 10	\$ 87	\$ 4,308	\$ 4,978
Cash received from interfund activities	8,436	42,160	24,248	36,848	7,069	99,392	218,153
Payments to suppliers	(6,519)	(31,845)	(11,016)	(11,852)	(5,869)	(97,942)	(165,043)
Payments to employees	(1,321)	(13,559)	(8,658)	(7,284)	(1,261)	(29,016)	(61,099)
Payments for interfund activities	(661)	(2,602)	(1,024)	(4,844)	(316)	(2,607)	(12,054)
Other nonoperating revenues	-	-	6	-	381	1,104	1,491
Net cash provided (used) by operating activities	79	(5,730)	3,869	12,878	91	(24,761)	(13,574)
Cash flows from non-capital financing activities:							
Transfers from other funds	-	114	772	-	-	27,368	28,254
Transfers to other funds	-	-	(212)	-	-	-	(212)
Intergovernmental receipts	3	25	177	13	2	13	233
Net cash provided (used) by non-capital financing activities	3	139	737	13	2	27,381	28,275
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(10)	4,011	(2,003)	(5,636)	-	-	(3,638)
Proceeds from sale of capital assets	-	7	-	751	-	-	758
Net cash provided (used) by capital and related financing activities	(10)	4,018	(2,003)	(4,885)	-	-	(2,880)
Net increase (decrease) in cash and cash equivalents	72	(1,573)	2,603	8,006	93	2,620	11,821
Cash and cash equivalents, beginning of year	1,955	10,736	6,323	26,695	1,126	108,131	154,966
Cash and cash equivalents, end of year	\$ 2,027	\$ 9,163	\$ 8,926	\$ 34,701	\$ 1,219	\$ 110,751	\$ 166,787
Reconciliation of operating income to net cash provided (used) by operating activities							
Operating income (loss)	\$ 87	\$ (11,064)	\$ 2,985	\$ 4,288	\$ 496	\$ (30,612)	\$ (33,820)
Adjustment to reconcile change in net position to net cash provided (used) by operating activities:							
Depreciation	17	5,690	813	9,734	2	-	16,256
Accounts receivable	18	(94)	(20)	5	(704)	1	(794)
Intergovernmental receivable	-	-	-	-	381	246	627
Inventories	-	-	-	54	-	-	54
Prepaid items	-	(641)	-	-	-	-	(641)
Deferred outflows - other postemployment benefits	(17)	(3,313)	(86)	(1,759)	(16)	(43)	(5,234)
Deferred outflows - pensions	(331)	(118)	(1,821)	(80)	(294)	(1,710)	(4,354)
Salaries payable	6	43	41	24	-	58	172
Accounts payable	30	1,220	(88)	(32)	38	(362)	806
Intergovernmental payable	-	79	-	-	-	-	79
Unearned revenue	-	73	-	-	-	-	73
Compensated absences payable	5	19	68	(18)	(2)	(677)	(605)
Other postemployment benefits	43	247	211	112	34	7	654
Net pension liability	(267)	(2,750)	(926)	(2,039)	(276)	(2,324)	(8,582)
Unpaid claims payable	-	-	-	-	-	5,718	5,718
Medical claims payable	-	-	-	-	-	1,321	1,321
Deferred inflows - other postemployment benefits	1	11	7	8	1	5	33
Deferred inflows - pensions	487	4,868	2,679	2,581	431	2,507	13,553
Other nonoperating revenue	-	-	6	-	-	1,104	1,110
Net cash provided (used) by operating activities	\$ 79	\$ (5,730)	\$ 3,869	\$ 12,878	\$ 91	\$ (24,761)	\$ (13,574)

CUSTODIAL FUNDS
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2021

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Minneapolis Youth Coordinating Board	Joint Board	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,797	\$ 161	\$ 1,958
Receivables:			
Accounts - net	138	-	138
Accrued interest	4	-	4
Prepaid items	2	-	2
Total assets	<u>\$ 1,941</u>	<u>\$ 161</u>	<u>\$ 2,102</u>
<u>LIABILITIES</u>			
Salaries payable	\$ 30	\$ -	\$ 30
Accounts payable	-	1	1
Intergovernmental payable	138	-	138
Unearned revenue	895	-	895
Total liabilities	<u>\$ 1,063</u>	<u>\$ 1</u>	<u>\$ 1,064</u>
<u>NET POSITION</u>			
Restricted for:			
Other governments	<u>\$ 878</u>	<u>\$ 160</u>	<u>\$ 1,038</u>

CUSTODIAL FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended December 31, 2021

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Minneapolis Youth Coordinating Board	Joint Board	Total
<u>ADDITIONS</u>			
Intergovernmental revenues	\$ 1,377	\$ -	\$ 1,377
Development fees	-	48	48
Investment earnings	14	1	15
Miscellaneous revenues	42	25	67
	<u>1,433</u>	<u>74</u>	<u>1,507</u>
<u>DEDUCTIONS</u>			
General government	1,244	-	1,244
Legal services	-	53	53
	<u>1,244</u>	<u>53</u>	<u>1,297</u>
Net increase (decrease) in fiduciary net position	189	21	210
Net Position - January 1	<u>689</u>	<u>139</u>	<u>828</u>
Net Position - December 31	<u>\$ 878</u>	<u>\$ 160</u>	<u>\$ 1,038</u>

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2021

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2022	Interest Due in 2022
<u>Property Tax Supported General Obligation Bonds</u>								
General Infrastructure Bonds								
Bridges	3.00%	10/02/20	12/01/25	4,480	485	3,995	770	120
	4.00%	10/27/21	12/01/25	2,857	-	2,857	570	118
Park Improvements	3.00% to 5.00%	05/15/18	12/01/26	3,650	1,400	2,250	450	96
	4.00%	05/21/19	12/01/23	13,296	7,946	5,350	2,700	214
	2.00% to 3.00%	10/02/20	12/01/27	7,934	1,700	6,234	1,685	180
	4.00%	10/27/21	12/01/26	6,315	-	6,315	632	261
Parkway Improvements	3.00%	10/02/20	12/01/21	560	560	-	-	-
	4.00%	10/27/21	12/01/22	742	-	742	742	31
Public Buildings	3.00%	10/02/20	12/01/21	425	425	-	-	-
	3.00%	10/27/21	12/01/33	16,070	-	16,070	1,071	342
Municipal Buildings	5.00%	05/21/19	12/01/22	3,183	1,500	1,683	1,683	67
	3.00%	10/02/20	12/01/21	145	145	-	-	-
	4.00%	10/27/21	12/01/23	904	-	904	827	38
Street Improvements	3.00% to 5.00%	05/15/18	12/01/26	17,050	9,850	7,200	1,210	298
	4.00%	05/21/19	12/01/26	35,321	27,359	7,962	3,587	274
	2.00% to 3.00%	10/02/20	12/01/29	15,241	5,285	9,956	4,775	290
	2.00% to 3.00%	10/02/20	12/01/29	2,050	215	1,835	220	46
	2.13% to 4.00%	10/27/21	12/01/40	21,127	-	21,127	1,112	717
Public Safety Radios	4.00%	05/21/19	12/01/22	2,700	1,500	1,200	1,200	48
	3.00%	10/02/20	12/01/21	485	485	-	-	-
	4.00%	10/27/21	12/01/24	1,980	-	1,980	396	82
Sub-total General Infrastructure Bonds				156,515	58,855	97,660	23,630	3,222
Public Service Center Bonds								
	4.00% to 5.00%	10/31/18	12/01/46	68,215	-	68,215	-	2,841
	2.00% to 3.00%	11/20/19	12/01/46	114,400	-	114,400	4,745	3,341
Sub-total Public Service Center Bonds				182,615	-	182,615	4,745	6,182

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2021

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2022	Interest Due in 2022
Library Referendum Bonds	3.00%	10/02/20	12/01/21	8,435	8,435	-	-	-
Sub-total Library Referendum Bonds				8,435	8,435	-	-	-
Total Property Tax Supported General Obligation Bonds				347,565	67,290	280,275	28,375	9,404
<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	2,075	4,925	925	169
Downtown East	0.95% to 4.63%	03/04/14	03/01/44	61,905	2,665	59,240	1,025	2,593
Target Center (Sales Tax) Refunding	3.25% to 4.25%	05/17/17	12/01/35	39,915	6,710	33,205	1,860	1,169
Target Center (Sales Tax) Refunding	3.40% to 5.00%	05/15/18	12/01/30	31,560	4,365	27,195	1,600	1,066
Total Self-Supporting General Obligation Bonds				169,055	15,815	153,240	5,410	5,207
<u>Special Assessment General Obligation Bonds and Notes</u>								
Improvements	3.00%	10/02/20	12/01/23	740	245	495	245	15
	2.00%	10/20/16	12/01/26	4,440	1,970	2,470	380	49
	2.00% to 3.00%	10/02/20	12/01/30	2,295	225	2,070	230	51
	2.00% to 3.50%	12/02/14	12/01/34	5,930	5,540	390	30	12
	2.00%	10/20/16	12/01/26	7,185	6,205	980	120	20
	3.00% to 4.00%	05/17/17	12/01/27	8,820	5,820	3,000	250	93
	3.00% to 5.00%	05/15/18	12/01/27	8,545	3,400	5,145	845	187
	4.00%	05/21/19	12/01/33	12,245	5,060	7,185	1,700	244
	2.00%-3.00%	10/02/20	12/01/29	12,860	1,580	11,280	1,580	277
	4.00% to 2.13%	10/27/21	12/01/40	7,005	-	7,005	1,330	249

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2021

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2022	Interest Due in 2022
Housing Improvement Area Bonds	3.00% to 4.30%	12/03/13	12/01/32	1,260	400	860	60	36
Housing Improvement Area Bonds-Wellington	3.40% to 5.00%	05/15/18	12/01/30	1,210	185	1,025	45	39
Housing Improvement Area Bonds-Blaisdell	3.00% to 3.30%	05/21/19	12/01/37	4,055	520	3,535	160	109
Housing Improvement Area Bonds-Summit	1.00% to 2.60%	10/27/21	12/01/40	15,860	-	15,860	670	339
Nicollet Mall Improvement	3.00% to 4.00%	05/17/17	12/01/27	16,095	4,025	12,070	805	370
Nicollet Mall Improvement (Refunding)	Variable - Note	12/18/15	06/17/21	8,000	8,000	-	-	-
Park Diseased Trees	2.00%	10/20/16	12/01/21	500	500	-	-	-
	5.00%	12/05/17	12/01/22	300	240	60	60	3
	3.00% to 5.00%	05/15/18	12/01/23	300	180	120	60	6
	3.00% to 5.00%	05/21/19	12/01/23	300	180	120	60	5
	3.00%	10/02/20	12/01/24	285	120	165	55	5
	4.00%	10/27/21	12/01/25	270	-	270	120	11
Total Special Assessment General Obligation Bonds and Notes				118,500	44,395	74,105	8,805	2,120
<u>Tax Increment General Obligation Bonds</u>								
Heritage Park (Refunding)	2.00% to 3.00%	10/30/12	03/01/26	3,000	3,000	-	-	-
Total Tax Increment General Obligation Bonds				3,000	3,000	-	-	-
<u>Tax Increment Revenue Bonds</u>								
2015 Vil at St. Anth Fls-Tax Exempt Refunding	1.60% to 4.00%	12/13/05	03/01/27	8,245	3,440	4,805	660	179
2015 Ivy Tower Refunding	1.25% to 5.00%	09/24/15	03/01/29	6,085	1,935	4,150	415	180
2015 Grant Park TI Revenue Refunding	1.55% to 4.00%	03/12/15	03/01/30	7,460	2,355	5,105	450	189
2015 East River Unocal Site Refunding	1.25% to 4.00%	09/24/15	03/01/25	920	480	440	95	16
Total Tax Increment Revenue Bonds				22,710	8,210	14,500	1,620	564
<u>Tax Increment Revenue Notes</u>								
Tax Increment- Section 108 - Midtown Exchange	Variable	12/01/04	08/01/24	6,500	4,715	1,785	560	33
Total Revenue Notes				6,500	4,715	1,785	560	33
Total Governmental Activity Bonds and Notes				667,330	143,425	523,905	44,770	17,328

SCHEDULE OF BUSINESS-TYPE ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2021

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2022	Interest Due in 2022
<u>Sanitary Sewer Fund General Obligation Bonds</u>								
	2.00%	10/20/16	12/01/23	20,750	13,050	7,700	3,800	154
	5.00%	12/05/17	12/01/22	5,960	4,650	1,310	1,310	66
	2.00% to 4.00%	05/21/19	12/01/28	15,730	2,725	13,005	1,575	406
	2.00% to 3.00%	10/02/20	12/01/29	14,865	-	14,865	1,345	365
	3.00% to 4.00%	10/27/21	12/01/31	14,730	-	14,730	1,475	580
Total Sanitary Sewer Fund General Obligation Bonds				72,035	20,425	51,610	9,505	1,571
<u>Stormwater Fund General Obligation Bonds</u>								
	4.00%	05/21/19	12/01/23	4,670	1,855	2,815	1,385	113
	3.00%	10/02/20	12/01/23	1,425	625	800	400	24
	4.00%	10/27/21	12/01/26	9,420	-	9,420	1,885	390
Total Stormwater Fund General Obligation Bonds				15,515	2,480	13,035	3,670	527
<u>Water Treatment and Distribution Services Fund General Obligation Bonds and Notes</u>								
	2.00%	10/20/16	12/01/23	11,245	8,500	2,745	1,500	55
	2.00%	10/20/16	12/01/24	11,500	5,950	5,550	2,000	111
	5.00%	12/05/17	12/01/22	11,320	9,680	1,640	1,640	82
	2.00% to 4.00%	05/21/19	12/01/33	21,545	850	20,695	570	591
	2.00% to 3.00%	10/02/20	12/01/29	18,565	-	18,565	245	435
	2.13% to 4.00%	10/27/21	12/01/36	15,960	-	15,960	1,065	575
<u>Drinking Water Program - Notes Payable</u>								
	2.82%	12/17/02	08/20/22	27,400	24,400	3,000	3,000	85
	2.80%	02/21/04	08/20/23	25,000	15,900	9,100	3,000	255
	2.60%	08/23/06	08/20/26	13,500	11,000	2,500	500	65
	2.69%	12/09/09	08/20/27	19,558	1,683	17,875	175	480
	1.00%	03/02/10	08/20/21	6,230	6,230	-	-	-
	1.00%	05/18/18	08/20/32	28,900	3,550	25,350	2,200	256
	1.47%	11/21/18	08/20/35	21,823	4,140	17,683	1,420	340
Total Water Treatment and Distribution Services Fund General Obligation Bonds and Notes				232,546	91,883	140,663	17,315	3,330

SCHEDULE OF BUSINESS-TYPE ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2021

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2022	Interest Due in 2022
<u>Municipal Parking Fund General Obligation Bonds and Notes</u>								
	2.00%	10/20/16	12/01/26	17,600	5,150	12,450	2,750	249
	1.50% to 2.50%	10/02/20	12/01/29	12,975	-	12,975	335	292
	Variable - Note	01/03/12	12/01/33	27,980	1,065	26,915	290	807
	2.00%-3.00%	10/02/20	12/01/28	3,720	70	3,650	160	88
	4.00%	10/27/21	12/01/26	9,000	-	9,000	1,800	373
Total Municipal Parking Fund General Obligation Bonds and Notes				71,275	6,285	64,990	5,335	1,809
<u>Solid Waste Fund General Obligation Bonds</u>								
	4.55% to 4.75%	10/31/18	12/01/36	13,960	175	13,785	135	589
	4.55% to 4.75%	10/31/18	12/01/22	14,045	10,280	3,765	3,765	188
	2.00% to 4.00%	10/27/21	12/01/36	6,100	-	6,100	410	220
Total Solid Waste Fund General Obligation Bonds				34,105	10,455	23,650	4,310	997
Total Business-Type Activity General Obligation Bonds and Notes				425,476	131,528	293,948	40,135	8,234
<u>Community Planning & Economic Development Fund - General Agency Reserve Fund System (GARFS) Bonds</u>								
Theatres Bonds, Series 2005-1	5.23% to 6.30%	12/20/05	12/01/35	21,055	6,780	14,275	670	895
Open Access Technology Intl, Inc (Tax Exempt)	3.25% to 6.25%	12/29/10	12/01/40	23,070	23,070	-	-	-
LifeSource Project	3.00% to 4.00%	10/17/13	06/01/39	12,595	2,230	10,365	395	462
Total Community Planning & Economic Development Fund - GARFS Bonds				56,720	32,080	24,640	1,065	1,357
Total Business-type Activity Bonds and Notes				482,196	163,608	318,588	41,200	9,591

SCHEDULE OF INTERGOVERNMENTAL REVENUE
For the Fiscal Year Ended December 31, 2021

CITY OF MINNEAPOLIS, MINNESOTA
(in thousands)

	Community Planning and Economic		Permanent Improvement	Non-Major Governmental	Total Governmental		Water			Municipal Parking	Solid Waste and Recycling	Total Enterprise Funds	Total Internal Service Funds	Total Intergovernmental Revenue
	General Fund	Development			Grants-Federal	Funds	Sanitary Sewer	Stormwater	Treatment and Distribution					
Appropriations and Shared revenue														
State														
Local government aid	\$ 68,815	\$ -	\$ -	\$ -	\$ -	\$ 68,815	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,815
Police state aid	8,095	-	-	-	1,501	9,596	-	-	-	-	-	-	164	9,760
Fire state aid	2,546	-	-	-	3,941	6,487	-	-	-	-	-	-	-	6,487
PERA pension aid	2,543	-	-	-	-	2,543	12	-	-	10	-	22	56	2,621
Other aid	360	135	-	-	3,465	3,960	-	22	41	-	23	86	13	4,059
Municipal state aid	5,488	-	-	16,777	-	22,265	-	1,167	-	-	-	1,167	-	23,432
Total shared revenue	87,847	135	-	16,777	8,907	113,666	12	1,189	41	10	23	1,275	233	115,174
Local														
County state aid	1,152	-	-	897	-	2,049	-	255	-	-	-	255	-	2,304
County grants	-	-	-	128	759	887	-	-	-	-	1,832	1,832	-	2,719
Mississippi watershed management organization	-	-	-	7	-	7	-	217	-	-	-	217	-	224
Metropolitan council	-	-	-	-	7,582	7,582	-	-	-	-	-	-	-	7,582
Minneapolis public schools	-	-	-	-	62	62	-	-	-	-	-	-	-	62
Other local payments	-	-	-	146	466	612	-	-	-	-	-	-	-	612
Payments in lieu of tax	331	-	-	-	84	415	-	-	-	-	-	-	-	415
Total local	1,483	-	-	1,178	8,953	11,614	-	472	-	-	1,832	2,304	-	13,918
Grants														
State														
Department of agriculture	-	-	-	-	17	17	-	-	-	-	-	-	-	17
Department of commerce	-	-	-	-	384	384	-	-	-	-	-	-	-	384
Department of employment and economic development	-	-	-	-	4,437	4,437	-	-	-	-	-	-	-	4,437
Department of health	-	-	-	-	5,537	5,537	-	-	-	-	-	-	-	5,537
Department of human services	-	-	-	-	3,287	3,287	-	-	-	-	-	-	-	3,287
Department of public safety	-	-	-	-	2,517	2,517	-	-	-	-	-	-	-	2,517
Department of transportation	857	-	-	375	10	1,242	-	83	-	-	10	93	-	1,335
Minnesota bridge bonds	-	-	-	1,781	-	1,781	-	-	-	-	-	-	-	1,781
Minnesota Historical Society	-	-	-	-	41	41	-	-	-	-	-	-	-	41
Minnesota housing finance agency	-	140	-	-	458	598	-	-	-	-	-	-	-	598
Minnesota state arts board	-	-	-	-	5	5	-	-	-	-	-	-	-	5
Minnesota judicial branch	-	-	-	-	35	35	-	-	-	-	-	-	-	35
Minnesota board of firefighter training and education	-	-	-	-	69	69	-	-	-	-	-	-	-	69
Peace officer standards and training board	664	-	-	-	-	664	-	-	-	-	-	-	-	664
Total state grants	1,521	140	-	2,156	16,797	20,614	-	83	-	-	10	93	-	20,707
Federal														
Department of education	-	-	18	-	-	18	-	-	-	-	-	-	-	18
Department of health and human services	-	-	5,936	-	-	5,936	-	-	-	-	-	-	-	5,936
Department of homeland security	-	-	914	-	-	914	-	-	-	-	-	-	-	914
Department of housing and urban development	-	-	927	-	22,153	23,080	-	-	-	-	-	-	-	23,080
Department of justice	-	-	1,564	-	237	1,801	-	-	-	-	-	-	-	1,801
Department of labor	-	-	3,181	-	-	3,181	-	-	-	-	-	-	-	3,181
Department of transportation	-	-	100	2,192	-	2,292	-	-	-	-	-	-	-	2,292
Environmental protection agency	-	-	56	-	-	56	-	-	-	-	-	-	-	56
Federal emergency management agency	-	-	43	-	-	43	-	-	-	-	-	-	-	43
Department of treasury	-	-	15,573	-	84	15,657	-	-	-	-	-	-	-	15,657
Total federal grants	-	-	28,312	2,192	22,474	52,978	-	-	-	-	-	-	-	52,978
Total state and federal grants	1,521	140	28,312	4,348	39,271	73,592	-	83	-	-	10	93	-	73,685
Total intergovernmental revenue	\$ 90,851	\$ 275	\$ 28,312	\$ 22,303	\$ 57,131	\$ 198,872	\$ 12	\$ 1,744	\$ 41	\$ 10	\$ 1,865	\$ 3,672	\$ 233	\$ 202,777

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 ALL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2021

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
U.S. Department of Housing and Urban Development				
Direct				
CDBG - Entitlement Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218		\$ 9,825	\$ 1,692
COVID-19 Community Development Block Grants/Entitlement Grants	14.218		4,455	4,261
Total ALN 14.218			<u>14,280</u>	<u>5,953</u>
Total CDBG - Entitlement Grants Cluster (\$14,280)				
Emergency Solutions Grant Program	14.231		924	838
COVID-19 Emergency Solutions Grant Program	14.231		4,774	4,468
Total ALN 14.231			<u>5,698</u>	<u>5,306</u>
Home Investment Partnerships Program	14.239		4,880	-
Housing Opportunities for Persons with AIDS	14.241		1,348	1,185
Neighborhood Stabilization Program - ARRA	14.256		15	-
Lead Based Paint Hazard Control in Privately-Owned Housing	14.900		1,073	-
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	34	-
Total Department of Housing and Urban Development			<u>\$ 27,328</u>	<u>\$ 12,444</u>
U.S. Department of Justice				
Direct				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034		\$ 238	\$ -
Public Safety Partnership and Community Policing Grants	16.710		358	-
National Sexual Assault Kit Initiative	16.833		255	-
Body Worn Camera Policy and Implementation	16.835		73	-
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838		221	-
Passed Through Minnesota Department of Public Safety				
Crime Victim Assistance	16.575	A-CVS-2020-MPLS-AO-041/3-62532	44	-
Violence Against Women Formula Grants	16.588	A-VAWA-2019-MPLS-AO-00021/3-57878	14	-
Passed Through Hennepin County				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	PR00000575	197	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	PR00001610	92	-
Total ALN 16.738			<u>289</u>	<u>-</u>
Total U.S. Department of Justice			<u>\$ 1,492</u>	<u>\$ -</u>
U.S. Department of Labor				
Passed Through Minnesota Department of Employment and Economic Development				
WIOA Cluster				
WIOA Adult Program	17.258	9103100	\$ 76	\$ 50
WIOA Adult Program	17.258	0103100	815	721
WIOA Adult Program	17.258	1103100	403	402
Total ALN 17.258			<u>1,294</u>	<u>1,173</u>
WIOA Youth Activities	17.259	9103600	188	174
WIOA Youth Activities	17.259	0130600	1,067	913
WIOA Youth Activities	17.259	1103600	102	83
Total ALN 17.259			<u>1,357</u>	<u>1,170</u>
WIOA Dislocated Workers Formula Grants	17.278	9108000	53	-
WIOA Dislocated Workers Formula Grants	17.278	0108000	343	309
WIOA Dislocated Workers Formula Grants	17.278	1108000	120	104
Total ALN 17.278			<u>516</u>	<u>413</u>
Total WIOA Cluster (\$3,167)				
COVID-19 WIOA National Dislocated Worker Grants/WIA National Emergency Grants	17.277	1100100	14	-
Total U.S. Department of Labor			<u>\$ 3,181</u>	<u>\$ 2,756</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, 2021

City of Minneapolis, Minnesota
 (in thousands)
 (continued)

Federal Grantor Pass Through Agency Program or Cluster Title	Federal ALN	Pass-through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation				
Passed Through Minnesota Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction Total Highway Planning and Construction Cluster (\$2,134)	20.205	1029973	\$ 2,134	\$ -
Passed Through Minnesota Department of Public Safety				
Highway Safety Cluster State and Community Highway Safety	20.600	A-ENFRC21-2021-MPLSPD-059	\$ 12	\$ -
National Priority Safety Programs Total Highway Safety Cluster (\$50)	20.616	A-ENFRC21-2021-MPLSPD-059	34	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-DGCT21-2021-4TH-JD-014	3	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-DGCT22-2022-4TH-JD-008	23	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC21-2021-MPLSPD-059	2	-
Total ALN 20.608			28	-
Total U.S. Department of Transportation			\$ 2,208	\$ -
U.S. Department of the Treasury				
Direct				
COVID-19 Emergency Rental Assistance Program	21.023		\$ 10,516	\$ 10,492
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		5,682	170
Total U.S. Department of the Treasury			\$ 16,198	\$ 10,662
U.S. Environmental Protection Agency				
Direct				
State Environmental Justice Cooperative Agreement Program	66.312		\$ 56	\$ -
Passed Through the Minnesota Public Facilities Authority				
Drinking Water State Revolving Fund Cluster Capitalization Grants for Drinking Water State Revolving Funds Total Drinking Water State Revolving Fund Cluster (\$5,132)	66.468	MPFA-DWRF-L-049-FY19	5,132	-
Total U.S. Environmental Protection Agency			\$ 5,188	\$ -
U.S. Department of Energy				
Direct				
Energy Efficiency and Conservation Block Grant Program (EECBG)-ARRA	81.128		\$ 97	\$ -
U.S. Department of Education				
Passed Through the Wilder Foundation				
Education Research, Development and Dissemination	84.305	52229	\$ 18	\$ -
U.S. Department of Health and Human Services				
Direct				
Food and Drug Administration Research	93.103		\$ 13	\$ -
Injury Prevention and Control Research and State and Community Based Programs	93.136		228	46
COVID-19 Community Programs to Improve Minority Health Grant Program	93.137		104	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		729	299
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391		138	8
PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds	93.738		30	-
COVID-19 PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds	93.738		27	-
Total ALN 93.738			57	-

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, 2021

City of Minneapolis, Minnesota
 (in thousands)
 (continued)

Federal Grantor Pass Through Agency Program or Cluster Title	Federal ALN	Pass-through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (continued)				
Passed Through Minnesota Department of Employment and Economic Development Temporary Assistance for Needy Families Total Temporary Assistance for Needy Families (ALN 93.558 \$1,107)	93.558	1107400	80	75
Passed Through Minnesota Department of Health Public Health Emergency Preparedness	93.069	161418	236	-
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	136481	66	-
Affordable Care Act (ACA) Personal Responsibility Education Program Total ALN 93.092	93.092	163481	17	-
			<u>83</u>	<u>-</u>
Immunization Cooperative Agreements	93.268	185743	45	-
COVID-19 Immunization Cooperative Agreements	93.268	186458	77	-
COVID-19 Immunization Cooperative Agreements Total ALN 93.268	93.268	191800	760	-
			<u>882</u>	<u>-</u>
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	191800	282	-
Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease and Stroke	93.435	152495	121	85
Temporary Assistance for Needy Families	93.558	165605	636	574
Temporary Assistance for Needy Families Total ALN 93.558	93.558	1801MNTANF	391	342
			<u>1,027</u>	<u>916</u>
Total Temporary Assistance for Needy Families (ALN 93.558 \$1,107)				
Maternal, Infant, and Early Childhood Home Visiting Grant	93.870	118492	619	610
Maternal and Child Health Services Block Grant to the States	93.994	167257	686	215
Passed Through Hennepin County Teenage Pregnancy Prevention Program	93.297	HS00000867	30	-
Passed Through National Association of County and City Health Officials (NACCHO) Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	2019-052901	15	-
COVID-19 Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	2021-050403	16	-
Passed Through Minnesota Department of Human Services Opioid STR	93.788	191971	111	21
Opioid STR	93.788	193541	144	144
Opioid STR	93.788	H79T1080248	158	152
Total ALN 93.788			<u>413</u>	<u>317</u>
Total U.S. Department of Health and Human Services			\$ 5,759	\$ 2,571
U.S. Department of Homeland Security				
Direct COVID-19 Assistance to Firefighters Grant	97.044		\$ 43	\$ -
Passed Through Minnesota Department of Public Safety Homeland Security Grant Program	97.067	A-SHSP-2020-MPLSBOMB-014	140	-
Homeland Security Grant Program	97.067	A-UASI-2019-MPLSEMER-008	534	-
Homeland Security Grant Program Total ALN 97.067	97.067	A-UASI-2020-MPLSEMER-008	241	-
			<u>915</u>	<u>-</u>
Total U.S. Department of Homeland Security			\$ 958	\$ -
Total Federal Awards			\$ 62,427	\$ 28,433

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

For the Fiscal Year Ended December 31, 2021

(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 \$62 in federal awards expended by the Minneapolis Park and Recreation Board component unit, which expended less than \$750,000 of federal awards for the year ended December 31, 2021; 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, 2021. 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.

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

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2021

(Dollar Amounts Expressed in Thousands)

NOTE 4 – RECONCILIATION TO SCHEDULE OF INTERGOVERNMENTAL REVENUE

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 52,978
Federal Fixed Price Contracts	
Minnesota Family Investment Program	(90)
Healthy Housing Solutions	(3)
Police Task Force Agreements	
Minnesota Cold Case Investigations Task Force	(1)
Drug Enforcement Admin Task Force	(19)
Minnesota Cyber Crime Task Force	(20)
U.S. Marshalls Overtime - Predatory Offenders Unit	(11)
Joint Terrorism Task Force	(1)
Violent Crimes Investigation - ATF	(8)
Violent Crimes Investigation - FBI	(11)
Toward Zero Death Partners	(26)
Timing differences between expenditures and related reimbursements	(164)
Minnesota Public Facility Agency Loans	5,132
Expenditures occurring in 2020 reimbursed in 2021	(58)
Revenue received in 2021 for expenditures in future years	
U.S. Department of Justice (16.922)	(237)
U.S. Department of Commerce (21.000)	(84)
Credits to federal grants	
Federal Program Income	
Community Development Block Grants/Entitlement Grants	2,101
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	19
HOME Investment Partnerships Program	1,935
Neighborhood Stabilization Program-ARRA	117
Lead-Based Paint Hazard Control in Privately-Owned Housing	62
Energy Efficiency and Conservation Block Grant-ARRA	97
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	719
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 62,427</u>

MUNICIPAL BUILDING COMMISSION
BALANCE SHEET
December 31, 2021

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	General Fund	Capital Projects Fund	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,691	\$ 1,068	\$ 2,759
Receivables:			
Intergovernmental	1,054	1,114	2,168
Total assets	\$ 2,745	\$ 2,182	\$ 4,927
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
Liabilities:			
Salaries payable	\$ 6	\$ -	\$ 6
Accounts payable	388	808	1,196
Total liabilities	394	808	1,202
Deferred inflows of resources			
Unavailable revenue	-	250	250
Fund balances:			
Assigned	2,351	1,124	3,475
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,745	\$ 2,182	\$ 4,927
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position - Governmental Activities			
Fund balances - total governmental funds			\$ 3,475
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		41,206	
Depreciable		75,182	
Accumulated depreciation		(71,723)	44,665
Deferred inflows are not available to pay for current-period expenditures and, therefore, in the governmental funds, are unavailable revenue.			250
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		(948)	
Net pension liability		(3,490)	
Compensated absences		(228)	(4,666)
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		187	
Deferred outflows of resources - pensions		1,283	
Deferred inflows of resources - other postemployment benefits		(9)	
Deferred inflows of resources - pensions		(1,934)	(473)
Net position of governmental activities			\$ 43,251

**MUNICIPAL BUILDING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended December 31, 2021**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
REVENUES:			
Intergovernmental revenues	\$ 202	\$ 10,156	\$ 10,358
Charges for services and sales	6,874	-	6,874
Miscellaneous revenues	5	-	5
Total revenues	<u>7,081</u>	<u>10,156</u>	<u>17,237</u>
EXPENDITURES:			
Current:			
General government	8,427	-	8,427
Capital outlay	-	8,040	8,040
Total expenditures	<u>8,427</u>	<u>8,040</u>	<u>16,467</u>
Net change in fund balances	<u>(1,346)</u>	<u>2,116</u>	<u>770</u>
Fund balances - January 1	<u>3,697</u>	<u>(992)</u>	<u>2,705</u>
Fund balances - December 31	<u>\$ 2,351</u>	<u>\$ 1,124</u>	<u>\$ 3,475</u>

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

Net increase (decrease) in fund balances - total governmental funds \$ 770

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:

	8,089	
Less current year depreciation	<u>(692)</u>	<u>7,397</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	250	
Deferred inflows of resources - January 1	<u>1,118</u>	<u>(868)</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	(15)	
Change in net pension liability	564	
Change in compensated absences	<u>(34)</u>	<u>515</u>

Increase (decrease) in net position of governmental activities \$ 7,814

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.

<u>Contents</u>	<u>Page</u>
Financial Trends: These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	158-162
Revenue Capacity: These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes	163-166
Debt Capacity: These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.	167-175
Demographic and Economic Information: These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	176-177
Operation Information: These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	178-181

Schedule 1
City of Minneapolis
Net Position by Component (In Thousands)
Last 10 Fiscal Years
December 31, 2021

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities										
Net investment in capital assets	\$ 798,704	\$ 845,638	\$ 890,622	\$ 968,927	\$ 1,057,445	\$ 1,190,812	\$ 1,311,190	\$ 1,203,135	\$ 1,365,745	\$ 1,375,177
Restricted	193,107	198,251	195,322	168,304	215,143	254,967	329,487	390,189	318,948	332,308
Unrestricted	139,303	190,018	192,384	(146,805)	(337,534)	(331,419)	(365,071)	(177,116)	(211,106)	(164,009)
Total governmental activities net position	<u>\$ 1,131,114</u>	<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>
Business-type Activities										
Net investment in capital assets	\$ 694,243	\$ 731,372	\$ 760,038	\$ 778,150	\$ 800,274	\$ 876,141	\$ 895,158	\$ 930,589	\$ 983,131	\$ 997,445
Restricted	33,616	33,529	34,457	34,856	35,336	36,082	36,821	30,598	25,102	25,069
Unrestricted	88,330	89,137	101,258	78,959	80,745	57,000	50,217	46,641	9,449	23,008
Total business-type activities net position	<u>\$ 816,189</u>	<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>
Primary government										
Net investment in capital assets	\$ 1,492,947	\$ 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
Restricted	226,723	231,780	229,779	203,160	250,479	291,049	366,308	420,787	344,050	357,377
Unrestricted	227,633	279,155	293,642	(67,846)	(256,789)	(274,419)	(314,854)	(130,475)	(201,657)	(141,001)
Total primary government net position	<u>\$ 1,947,303</u>	<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>

(UNAUDITED)

Schedule 2
City of Minneapolis
Changes in Net Position (In Thousands)
Last 10 Fiscal Years
December 31, 2021

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities:										
General government	\$ 98,546	\$ 83,726	\$ 109,005	\$ 97,652	\$ 128,137	\$ 102,171	\$ 103,781	\$ 31,300	\$ 25,088	\$ 83,589
Public safety	248,333	225,332	244,482	275,495	390,053	323,498	294,822	295,247	341,681	258,226
Public works	71,736	86,795	126,689	122,472	106,705	58,174	96,934	154,329	208,981	139,454
Culture and recreation	5,528	11,993	8,836	4,570	7,544	11,252	9,103	9,531	11,901	6,027
Health and welfare	13,709	18,442	20,098	23,462	25,494	25,483	24,983	26,592	32,211	35,518
Community planning & economic development	139,190	153,877	140,604	192,957	181,537	149,145	173,362	196,477	186,579	196,234
Interest on long-term debt	16,503	16,549	17,581	16,329	13,611	15,121	18,054	18,958	20,555	17,497
Total governmental activities expenses	\$ 593,545	\$ 596,714	\$ 667,295	\$ 732,937	\$ 853,081	\$ 684,844	\$ 721,039	\$ 732,434	\$ 826,996	\$ 736,545
Business-type Activities:										
Sanitary sewer	\$ 51,564	\$ 44,868	\$ 47,710	\$ 53,185	\$ 54,030	\$ 58,250	\$ 65,209	\$ 63,066	\$ 67,919	\$ 62,993
Stormwater	25,998	27,816	27,305	32,331	36,009	34,518	34,182	34,524	36,138	31,249
Water treatment and distribution services	59,940	57,961	57,899	64,973	67,826	59,536	58,068	68,792	67,124	68,657
Municipal parking	49,706	45,868	43,418	49,086	50,020	48,758	64,727	50,532	41,976	38,056
Solid waste and recycling	31,158	34,446	30,013	34,166	33,312	36,087	36,528	33,295	36,152	36,206
Community planning & economic development	7,875	7,862	7,759	6,684	6,330	5,921	5,437	4,716	3,887	2,906
Total business-type activities expenses	\$ 226,241	\$ 218,821	\$ 214,104	\$ 240,425	\$ 247,527	\$ 243,070	\$ 264,151	\$ 254,925	\$ 253,196	\$ 240,067
Total primary government expenses	\$ 819,786	\$ 815,535	\$ 881,399	\$ 973,362	\$ 1,100,608	\$ 927,914	\$ 985,190	\$ 987,359	\$ 1,080,192	\$ 976,612
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 40,636	\$ 28,943	\$ 20,831	\$ 21,577	\$ 5,886	\$ 1,215	\$ 14,051	\$ 22,147	\$ 13,731	\$ 12,765
Public safety	46,992	14,382	17,604	16,357	17,051	17,681	19,764	21,300	15,902	18,707
Public works	15,507	16,298	14,522	26,976	43,236	60,640	25,397	51,362	32,971	28,416
Health and welfare	-	2,432	2,436	2,506	2,498	2,830	2,809	3,119	2,541	2,703
Community planning & economic development	35,523	63,606	72,896	71,117	71,370	69,946	87,235	86,790	56,580	59,577
Operating grants and contributions	128,205	115,838	103,219	127,515	132,535	137,377	130,724	122,641	124,193	139,521
Capital grants and contributions	25,230	15,466	3,885	5,228	14,255	11,356	9,054	15,529	37,366	5,526
Total governmental activities program revenues	\$ 292,093	\$ 256,965	\$ 235,393	\$ 271,276	\$ 286,831	\$ 301,045	\$ 289,034	\$ 322,888	\$ 283,284	\$ 267,215
Business-type Activities:										
Charges for services:										
Sanitary sewer	\$ 61,849	\$ 45,742	\$ 59,310	\$ 60,151	\$ 64,289	\$ 67,978	\$ 73,387	\$ 81,944	\$ 82,955	\$ 86,481
Stormwater	38,383	38,254	39,983	37,704	37,432	39,974	39,385	42,287	43,464	43,576
Water treatment and distribution services	74,412	73,506	71,881	72,624	78,963	81,070	82,500	81,940	84,753	85,963
Municipal parking	54,015	57,928	57,749	61,052	62,837	68,472	71,112	71,755	43,524	43,247
Solid waste and recycling	31,001	30,208	30,473	35,494	36,988	38,103	38,541	39,497	40,167	42,393
Community planning & economic development	2,239	2,350	1,842	6,494	6,101	5,735	4,792	4,703	3,890	2,907
Operating grants and contributions	4,552	3,435	4,696	5,468	5,089	6,988	5,771	3,996	4,573	3,561
Capital grants and contributions	1,808	2,972	157	-	-	-	-	-	1,664	-
Total business-type activities program revenues	\$ 268,259	\$ 254,395	\$ 266,091	\$ 278,987	\$ 291,699	\$ 308,320	\$ 315,488	\$ 326,122	\$ 304,990	\$ 308,128
Total primary government program revenues	\$ 560,352	\$ 511,360	\$ 501,484	\$ 550,263	\$ 578,530	\$ 609,365	\$ 604,522	\$ 649,010	\$ 588,274	\$ 575,343
Net (Expenses) Revenue										
Governmental Activities	\$ (301,452)	\$ (339,749)	\$ (431,902)	\$ (461,661)	\$ (566,250)	\$ (383,799)	\$ (432,005)	\$ (409,546)	\$ (543,712)	\$ (469,330)
Business-type Activities	42,018	35,574	51,987	38,562	44,172	65,250	51,337	71,197	51,794	68,061
Total primary government net expense	\$ (259,434)	\$ (304,175)	\$ (379,915)	\$ (423,099)	\$ (522,078)	\$ (318,549)	\$ (380,668)	\$ (338,349)	\$ (491,918)	\$ (401,269)

Schedule 2
City of Minneapolis
Changes in Net Position (In Thousands)
Last 10 Fiscal Years
December 31, 2021

(continued)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
General property tax and fiscal disparities	\$ 230,719	\$ 232,979	\$ 228,620	\$ 238,745	\$ 247,708	\$ 278,088	\$ 271,192	\$ 287,049	\$ 308,146	\$ 329,021
Property tax increment	52,679	41,159	48,568	45,205	49,616	55,666	62,129	66,303	69,418	27,435
Franchise taxes	26,120	29,620	33,531	30,118	29,515	32,143	34,772	32,370	31,181	33,635
Local taxes	56,349	70,634	76,292	78,293	80,851	83,266	89,794	89,182	49,290	33,133
Other taxes	13,079	165	180	313	212	267	298	329	262	10
Local government aid - unrestricted	56,404	56,379	66,860	68,022	68,391	68,543	69,683	69,754	71,821	68,815
Grants and contributions not restricted to programs	-	-	-	-	3,371	1,879	3,291	2,728	3,436	5,087
Unrestricted interest and investment earnings	4,248	(593)	4,213	3,399	7,754	6,651	14,764	30,539	23,478	846
Other	4,548	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	10,889	3,066	16,704	14,604	22,753	31,102	36,002	46,850	43,149	40,479
Transfer of capital asset	-	-	-	-	-	-	4,000	-	-	-
Total governmental activities	<u>\$ 455,035</u>	<u>\$ 442,542</u>	<u>\$ 476,323</u>	<u>\$ 490,368</u>	<u>\$ 510,878</u>	<u>\$ 559,899</u>	<u>\$ 588,014</u>	<u>\$ 632,628</u>	<u>\$ 601,091</u>	<u>\$ 539,219</u>
Business-type Activities:										
Grants and contributions not restricted to programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16	\$ 425	\$ 151	\$ 168	\$ 108
Unrestricted interest and investment earnings	5,286	5,072	6,064	306	205	364	636	981	887	(88)
Other	56	244	119	21	910	20	155	153	154	238
Gain on sale of capital assets	54	25	249	-	1,856	20,660	212	-	-	-
Transfers	(10,889)	(3,066)	(16,704)	(14,604)	(22,753)	(31,102)	(36,002)	(46,850)	(43,149)	(40,479)
Transfer of capital asset	-	-	-	-	-	-	(4,000)	-	-	-
Total business-type activities	<u>\$ (5,493)</u>	<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>
Total primary government	<u>\$ 449,542</u>	<u>\$ 444,817</u>	<u>\$ 466,051</u>	<u>\$ 476,091</u>	<u>\$ 491,096</u>	<u>\$ 549,857</u>	<u>\$ 549,440</u>	<u>\$ 587,063</u>	<u>\$ 559,151</u>	<u>\$ 498,998</u>
Changes in Net Position										
Governmental Activities	\$ 153,583	\$ 102,793	\$ 44,421	\$ 28,707	\$ (55,372)	\$ 176,100	\$ 156,009	\$ 223,082	\$ 57,379	\$ 69,889
Business-type Activities	36,525	37,849	41,715	24,285	24,390	55,208	12,763	25,632	9,854	27,840
Total primary government	<u>\$ 190,108</u>	<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>

(UNAUDITED)

Schedule 3
City of Minneapolis
Fund Balance, Governmental Funds (In Thousands)
Last 10 Fiscal Years
December 31, 2021

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$ 6	\$ -	\$ -	\$ 1,251	\$ 1,261	\$ 1,263	\$ 1,250	\$ -	\$ -	\$ -
Assigned	941	-	-	-	10,000	10,000	-	-	-	-
Unassigned	85,357	96,970	102,439	104,740	96,236	105,835	102,946	128,040	167,654	142,828
Total general fund	<u>\$ 86,304</u>	<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>
All Other Government Funds										
Nonspendable	\$ 54,176	\$ 45,871	\$ 45,706	\$ 41,931	\$ 33,754	\$ -	\$ 263	\$ -	\$ -	\$ -
Restricted	193,107	198,251	195,322	168,304	215,143	254,967	329,487	390,189	318,948	332,308
Committed	2,347	125	-	-	-	-	-	-	-	-
Assigned	107,495	128,085	143,134	152,874	149,360	146,671	168,577	181,841	186,706	171,941
Unassigned	(46)	(169)	(145)	-	(25,195)	(2,039)	(1,818)	(13,822)	(8,479)	(5,758)
Total all other governmental funds	<u>\$ 357,079</u>	<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>\$ 498,491</u>

(UNAUDITED)

Schedule 4
City of Minneapolis
Changes in Fund Balance, Governmental Funds (In Thousands)
Last 10 Fiscal Years
December 31, 2021

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 379,519	\$ 375,006	\$ 387,322	\$ 393,015	\$ 408,195	\$ 428,271	\$ 458,711	\$ 475,364	\$ 458,154	\$ 423,217
Licenses and permits	37,663	40,735	50,996	45,878	48,267	46,398	48,658	56,547	46,403	41,353
Intergovernmental revenues	186,550	155,756	136,432	160,953	181,477	183,797	165,366	187,273	233,867	198,872
Charges for services and sales	68,158	63,028	62,863	71,609	90,626	110,799	80,785	92,324	70,614	80,135
Fines and forfeits	8,603	8,014	7,519	6,853	6,705	7,783	7,417	7,573	4,701	5,055
Special assessments	23,834	24,379	25,529	25,780	28,220	29,516	28,279	30,853	29,744	30,004
Investment earnings	4,603	(645)	4,067	3,903	7,916	6,679	14,776	30,287	24,715	1,192
Miscellaneous revenues	34,733	44,466	35,923	35,467	36,054	33,609	54,092	36,131	35,104	37,460
Total revenues	<u>743,663</u>	<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>
Expenditures										
Current:										
General government	95,970	97,469	99,330	102,556	106,212	100,772	107,988	108,097	112,397	109,505
Public safety	244,297	232,311	245,341	256,981	269,020	284,155	298,052	296,996	299,229	290,387
Public works	49,759	54,915	56,173	54,084	56,978	59,804	65,648	68,567	71,092	62,086
Culture and recreation	5,528	4,106	3,238	2,363	1,560	780	-	-	-	-
Health and welfare	13,179	17,993	20,029	21,235	21,705	23,797	24,104	26,106	31,689	34,238
Community planning & economic development	136,076	148,082	142,326	161,868	174,858	155,783	172,556	198,316	182,016	179,694
Capital outlay	77,864	63,414	102,422	76,361	151,681	193,489	107,091	174,674	191,240	146,964
Intergovernmental:										
General government	-	898	297	647	616	968	1,000	2,229	4,182	4,093
Public safety	-	169	176	168	154	111	132	126	48	26
Community planning & economic development	-	-	-	-	-	-	-	-	400	2,051
Culture and recreation	-	7,887	5,598	2,207	5,984	10,472	9,103	9,531	11,901	6,027
Debt Service:										
Principal retirement	108,042	58,386	77,391	83,871	84,027	154,711	153,750	140,725	106,410	46,515
Interest and fiscal charges	22,152	16,712	17,065	16,194	13,711	15,104	17,882	20,437	19,542	17,639
Bond issuance costs	-	-	-	482	4	-	-	-	-	-
Payments to refunded bond escrow agents	-	-	-	22,753	4,440	-	-	-	-	-
Total expenditures	<u>752,867</u>	<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>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,204)</u>	<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>
Other Financing Sources (Uses)										
Transfers from other funds	117,868	60,967	105,459	114,054	110,883	131,389	166,304	264,881	97,918	128,568
Transfers to other funds	(124,335)	(92,941)	(126,862)	(115,943)	(110,336)	(120,300)	(149,809)	(246,105)	(80,781)	(149,039)
Premium (discount)	1,481	1,522	451	135	920	5,780	7,210	7,294	3,678	6,368
Bonds issued	26,610	47,805	97,010	22,710	53,860	58,835	107,250	188,930	84,610	73,130
Refunding bonds issued	36,460	18,430	-	-	4,440	56,010	47,275	-	-	-
Refunding notes issued	-	-	-	-	-	2,449	-	-	-	-
Loans and notes issued	5,170	-	-	20,000	35,182	55,069	5,000	-	-	-
Payments to escrow agents	(41,630)	(18,430)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>21,624</u>	<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>
Net change in fund balance	<u>\$ 12,420</u>	<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>
Debt service as a percentage of noncapital expenditures	19.3%	11.9%	13.6%	16.4%	13.8%	21.1%	20.4%	18.5%	15.0%	8.5%

(UNAUDITED)

Schedule 5
City of Minneapolis
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2021

Fiscal Year Ended December 31,	Commercial Property	Apartment Property	Residential Property	Industrial Property	Personal & Other Property	Tax-Exempt Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate	Estimated Actual Taxable Value ²	Taxable Assessed Value as a % of Actual Taxable Value
2012	\$ 5,987,868	\$ 3,266,162	\$ 22,638,806	\$ 1,301,688	\$ 404,729	\$ 10,340,495	\$ 33,599,253	10.34	\$ 39,412,937	85%
2013	5,982,739	3,363,752	21,512,948	1,281,968	426,840	9,927,053	32,568,247	9.55	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	NA	NA
2021	11,156,098	11,635,121	34,287,581	1,688,725	585,511	15,498,136	59,353,036	7.36	NA	NA

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

Notes:

¹Total of the first five property types.

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

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

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

NA - 2020 data is not yet available for these categories

NA - 2021 data is not yet available for these categories

(UNAUDITED)

Schedule 6
City of Minneapolis
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
December 31, 2021

	<u>2012</u>	<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>
City Direct Rates										
<i>Tax Capacity Based Rates</i>										
General	6.09	5.36	4.76	4.48	4.59	4.55	4.40	4.61	4.61	4.69
Estimate and Taxation	0.01	0.01	0.01	-	-	-	-	-	-	-
Building Commission	0.15	0.16	0.14	0.13	0.13	0.12	0.11	0.11	0.11	0.07
Permanent Improvement	0.03	0.03	0.03	0.03	0.01	-	-	-	-	-
Bond Redemption	0.65	1.00	1.11	1.06	0.98	0.95	0.91	0.91	0.88	0.92
Firefighter's Relief Association	0.01	0.09	0.08	0.08	0.04	0.04	0.05	0.04	0.04	0.04
Police Relief Association	0.79	0.22	0.20	0.18	0.24	0.19	0.28	0.02	0.02	0.02
Minneapolis Employees Retirement Fund	0.60	0.62	0.56	0.51	0.29	0.31	0.19	0.23	0.23	0.22
Parks	1.63	1.69	1.56	1.52	1.55	1.50	1.44	1.43	1.43	1.44
Teacher's Retirement Association	0.09	0.08	0.07	0.06	0.06	0.06	0.05	0.05	0.04	-
<i>Market Value Based Rates</i>										
Library Referendum	0.29	0.29	0.30	0.24	0.22	0.22	0.20	0.19	0.15	0.04
Total City Direct Rates	<u>10.34</u>	<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>
Overlapping Rates										
<i>Tax Capacity Based Rates</i>										
Watershed Districts	0.23	0.23	0.22	0.22	0.22	0.22	0.20	0.19	0.18	0.18
Hennepin County	6.24	6.33	5.92	5.78	5.64	5.49	5.37	5.25	4.89	4.96
Minneapolis Public Schools	3.47	3.29	2.85	2.72	2.63	2.88	2.87	2.72	2.41	2.65
Other Special Taxing Districts	0.70	0.73	0.71	0.67	0.68	0.68	0.64	0.61	0.58	0.58
<i>Market Value Based Rates</i>										
Minneapolis Public Schools Referendum	0.02	0.01	0.02	0.02	0.02	0.01	0.02	0.01	0.01	0.01
Total Overlapping Rates	<u>10.66</u>	<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>
Grand Total	<u><u>21.01</u></u>	<u><u>20.14</u></u>	<u><u>18.54</u></u>	<u><u>17.70</u></u>	<u><u>17.30</u></u>	<u><u>17.22</u></u>	<u><u>16.73</u></u>	<u><u>16.37</u></u>	<u><u>15.58</u></u>	<u><u>15.82</u></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.

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, 2021

Taxpayer	2021			2012		
	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	\$ 319,380	1	0.92%	-	-	-
WFM Office Owner LLC	294,160	2	0.84%	-	-	-
SRI Eleven Minneapolis 225 L	267,940	3	0.77%	-	-	-
33 City Center 33 South Property LLC	262,450	4	0.75%	-	-	-
Wells REIT-800 Nicolett	222,270	5	0.64%	-	-	-
US Bank Corp RE Tax Department	213,380	6	0.61%	-	-	-
South Sixth Office LLC	180,310	7	0.52%	-	-	-
BAM 701 LLC	171,590	8	0.49%	-	-	-
Target Corporation	154,000	9	0.44%	208,518	2	1.12%
Riversource Life Insurance Company	134,000	10	0.38%	-	-	-
Wells Operating Partnership LP	-	-	-	131,700	8	0.71%
Northern States Power Co	-	-	-	286,725	1	1.54%
MB Mpls 8th Street LLC	-	-	-	171,300	3	0.92%
Minneapolis 225 Holdings LLC	-	-	-	163,800	4	0.88%
NWC Limited Partnership	-	-	-	159,000	5	0.86%
City Center Associates	-	-	-	140,900	6	0.76%
First Minneapolis-Hines Co.	-	-	-	130,500	7	0.70%
Hilton Hotels Corporation	-	-	-	114,500	9	0.62%
Hines Global REIT 50 So. Sixth St. LLC	-	-	-	107,800	10	0.58%
Total	\$ 2,219,480		6.36%	\$ 1,614,743		8.69%

Source: Bond Issue Report 8/20/21 and 10/26/12

(UNAUDITED)

Schedule 8
City of Minneapolis
Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2021

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
2012	\$ 279,607	\$ 274,883	98.31%	\$ 2,490	\$ 277,373	99.20%
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%	641	311,121	99.10%
2018	331,208	327,272	98.81%	1,474	328,746	99.26%
2019	349,971	345,887	98.83%	1,635	347,522	99.30%
2020	374,309	368,655	98.49%	2,970	371,625	99.28%
2021	395,827	390,211	98.58%	N/A	390,211	98.58%

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, 2021

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Per Capita (1)
	General Obligation Bonds & Notes	Revenue Bonds	Notes Payable	General Obligation Bonds & Notes	Revenue Bonds	Notes Payable		
2012	495,545	25,210	14,695	272,790	85,255	157	893,652	2,304
2013	491,517	24,385	14,385	254,971	94,100	41	879,399	2,243
2014	508,015	23,500	14,055	234,613	90,100	-	870,283	2,171
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

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, 2021

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		
2012	\$ 495,545	\$ 272,790	\$ 28,681	\$ 739,654	2.20%	\$ 1,907
2013	491,517	254,971	29,302	717,186	2.20%	1,830
2014	508,015	234,613	27,753	714,875	2.15%	1,783
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	530,631	307,497	63,127	775,001	1.31%	1,803

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, 2021

Governmental Unit	Governmental Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
City of Minneapolis - Direct Debt	\$ 523,905	100.00%	\$ 523,905
<u>Overlapping Debt:</u>			
Special School District No. 1	541,479	100.00%	541,479
Hennepin County	1,037,034	29.67%	307,688
Hennepin County Regional Railroad Authority	89,333	29.67%	26,505
Metropolitan Council	73,050	14.48%	10,578
Subtotal, Overlapping Debt			\$ 886,250
Total Direct and Overlapping Debt			\$ 1,410,155

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, 2021

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt Limit	\$ 1,131,060	\$ 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
Total net debt applicable to limit	<u>154,317</u>	<u>155,494</u>	<u>146,506</u>	<u>114,260</u>	<u>109,926</u>	<u>106,843</u>	<u>141,957</u>	<u>261,336</u>	<u>241,735</u>	<u>241,475</u>
Legal debt margin	<u>\$ 976,743</u>	<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>
Total net debt applicable to limit as a percentage of debt limit	13.64%	14.11%	13.12%	9.31%	8.14%	7.26%	8.88%	14.89%	12.92%	11.13%

Legal Debt Margin Calculation for Fiscal Year 2021

Real Property (2021 Assessed Market Value)	\$ 58,796,586
Personal Property (2021 Assessed Market Value)	556,450
Adjustment for Exempt Personal Property (1966 Market Value)	298,030
Adjustment for Net Fiscal Disparities (Contribution)/Distribution	<u>(482,445)</u>
Total 2021 Assessed Market Value (as adjusted)	59,168,621
Debt Limit (3-2/3% of Market Value Applicable to Debt Limit)	2,169,516
Debt applicable to limit:	
General Obligation Bonds Subject to Debt Limit	288,610
Less: Amount set aside to pay general obligation debt	<u>(47,135)</u>
Total Net Debt Applicable to Limit	<u>241,475</u>
Legal Debt Margin	<u>\$ 1,928,041</u>

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

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2021

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	
2012	\$ 76,502	\$ 47,421	\$ 29,081	\$ 5,796	\$ 4,476	\$ 10,272	2.83
2013	75,793	50,474	25,319	5,982	4,401	10,383	2.44
2014	73,097	50,428	22,669	6,146	4,314	10,460	2.17
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

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, 2021

(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	
2012	\$ 54,082	\$ 39,861	\$ 13,799	\$ 28,020	\$ 16,770	\$ 5,299	\$ 22,069	1.27
2013	58,185	37,745	11,622	32,062	14,629	4,142	18,771	1.71
2014	57,866	37,652	373	20,587	10,884	3,628	14,512	1.42
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

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, 2021

(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	
2012	\$ 62,327	\$ 51,920	\$ 10,407	\$ 4,600	\$ 617	\$ 5,217	1.99
2013	61,852	52,115	9,737	4,150	350	4,500	2.16
2014	60,057	53,372	6,685	5,150	414	5,564	1.20
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

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, 2021

(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	
2012	\$ 41,805	\$ 21,590	\$ 20,215	\$ 6,555	\$ 1,136	\$ 7,691	2.63
2013	39,906	23,508	16,398	6,913	975	7,888	2.08
2014	42,313	23,079	19,234	3,235	850	4,085	4.71
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

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, 2021

(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	
2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00
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

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>
2012	392,008	\$ 29,936	\$ 11,735,151,488	31.4	166,513	297,012	5.3%	\$ 47,604	34,423
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	NA	NA	NA	NA	314,809	2.5%	NA	29,580

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; 2021 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 - 2021 data is not yet available for these categories.

**Schedule 15
City of Minneapolis
Principal Employers
Current Year and Nine Years Ago**

<u>Employer</u>	2021				2012 (d)		
	Approximate Number of Employees	Rank	Percentage of Total Metro Employment		Approximate Number of Employees	Rank	Percentage of Total City Employment
University of Minnesota	17,691	1	5.6%	(a)	17,100	1	8.5%
Allina Health	10,856	2	3.4%	(b)	(e)	(e)	(e)
Target Corporation	8,500	3	2.7%	(c)	12,200	2	6.1%
Hennepin Healthcare	7,111	4	2.3%	(c)	5,800	5	2.9%
Wells Fargo Bank	7,000	5	2.2%	(c)	7,000	3	3.5%
Hennepin County	5,995	6	1.9%	(c)	5,200	7	2.6%
US Bancorp	4,968	7	1.6%	(c)	(c)	(c)	(c)
Ameriprise Financial Services	4,842	8	1.5%	(c)	5,600	6	2.8%
Xcel Energy	2,252	9	0.7%	(c)	(e)	(e)	(e)
City of Minneapolis	1,744	10	0.6%	(c)	2,100	10	1.0%
Children's Hospital	-	-	-		3,000	8	1.5%
Fairview Health Services	-	-	-		6,700	4	3.3%
Honeywell Aerospace	-	-	-		2,200	9	1.1%
Total	70,959		22.5%		66,900		33.3%

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 2012 City Annual Report
- e) Employer not part of top ten city-wide employers in 2012 City Annual Report.

(UNAUDITED)

Schedule 16
City of Minneapolis
Full-time Equivalent City Government Employees by Function
Last 10 Fiscal Years
December 31, 2021

	Full-time Equivalent Employees as of December 31									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function Program										
General Government										
Assessor	35.00	35.00	36.00	36.00	37.00	38.00	38.00	38.00	38.00	38.00
Attorney	101.00	102.00	108.00	110.00	112.00	112.00	113.30	114.30	114.30	113.30
City Clerk/Council	65.02	66.00	66.00	70.00	71.00	71.00	71.00	71.00	72.00	75.00
City Coordinator	691.40	677.40	702.60	747.60	754.10	764.10	771.30	780.30	795.30	806.50
Civil Rights	19.00	21.00	22.00	23.00	25.00	29.00	30.00	32.00	35.00	35.00
Community Planning and Economic Development	116.79	224.80	228.00	230.00	239.00	240.00	243.00	251.00	252.00	251.00
Fire	392.00	413.00	413.00	413.00	413.00	418.00	421.00	426.00	428.00	428.00
Minneapolis Health Department	50.25	91.00	94.30	99.30	100.05	103.05	107.00	107.85	110.85	112.50
Internal Audit	2.50	2.00	3.00	3.00	3.00	4.00	4.00	4.00	4.00	4.00
Mayor	11.00	11.00	11.00	12.00	13.00	13.00	13.00	14.00	14.00	14.00
Police	967.80	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
Public Works	932.08	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
Regulatory Services	285.30	141.00	149.00	156.50	173.00	177.00	177.00	181.00	179.40	178.40
	<u>3,669.14</u>	<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>
Independent Boards										
Board of Estimate & Taxation	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Park	802.40	814.72	819.24	832.00	859.26	924.36	956.91	957.52	972.85	973.00
Building Commission	54.00	55.00	55.00	55.00	55.00	55.00	59.00	59.00	59.00	44.00
Youth Coordinating Board	5.80	5.80	9.00	8.00	8.00	8.00	8.00	8.00	7.00	8.00
	<u>863.20</u>	<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>
Total	<u>4,532.34</u>	<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>

Source: City Management and Budget

(UNAUDITED)

Schedule 17
City of Minneapolis
Operating Indicators by Function/Program - Last 10 Fiscal Years
December 31, 2021

Function/Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government										
Assessor										
Sales ratio, all classes aggregated	99%	95%	95%	96%	95%	95%	95%	95%	96%	96%
Number of parcels' valuations petitioned in tax court	1,098	607	586	559	643	638	974	1,133	1,140	1,116
Attorney - City litigation										
Liability payouts, millions \$	1	5	2	2	1	1	1	23	3	28
Civil litigation caseload	972	811	978	629	255	233	246	546	137	525
City Clerk - Elections										
Number of registered voters	214,003	233,351	227,660	225,027	246,185	239,750	249,298	250,529	272,617	254,380
Number of votes cast in election	215,804	80,099	137,362	no election	219,832	105,928	207,114	no election	238,104	145,337
Voter turnout, percentage of registered voters	80.8%	33.0%	56.0%	no election	78.9%	42.5%	76.0%	no election	81.3%	54.0%
Type of election, highest level of government	federal	municipal	state	no election	Federal	Municipal	State	no election	Federal	Municipal
Number of new voters registered at the polls	52,952	6,634	19,622	no election	32,406	9,762	24,218	no election	20,328	14,549
Number of spoiled ballots	NA	3,358	2,971	no election	3,843	4,295	3,100	no election	3,126	5,689
Number of absentee ballots	15,143	4,954	12,279	no election	60,538	11,975	52,313	no election	170,631	29,572
Coordinator - Finance										
Bond rating - Fitch	AAA	AAA	AAA	AAA	AAA	AA+	AA+	AA+	AA+	AA+
Bond rating - Moody's	Aaa	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1
Bond rating - Standard & Poor's	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Collections effectiveness indicator, utility revenues *	83.46%	86.37%	88.54%	89.26%	84.33%	84.96%	89.85%	91.01%	74.97%	76.98%
Civil Rights										
Number of new civil rights complaints	153	77	39	101	97	109	124	109	65	134
Number of new complaints of police misconduct	157	396	398	344	370	402	569	598	1,198	381
Community Planning and Economic Development										
Number of jobs added by City loan assisted businesses (projected)	693	602	414	484	464	NA	437	NA	NA	NA
Multifamily housing investment: City funds, millions \$	23	6	18	12	20	11	2	15	20	29
Multifamily housing investment: Other public funds, millions \$	12	19	22	22	25	7	47	47	80	15
Multifamily housing investment: Private funds, millions \$	164	195	205	157	202	340	19	346	1,115	284
Business finance loans: City funds, millions \$	2	3	2	2	2	2	2	2	2	2
Number of foreclosure sales	1,448	879	640	502	343	243	NA	NA	NA	NA
Convention Center										
Occupancy rate	56.0%	54.0%	60.0%	56.8%	56.9%	60.0%	61.9%	56.9%	15.7%	17.2%
Total attendance	767,803	777,446	963,364	786,790	749,760	819,052	839,794	863,877	316,243	356,305
Health										
Number of three-year old screenings conducted by the schools	1,251	1,758	1,483	1,483	1,490	1,707	1,638	1,552	575	802
Number of homicide deaths in Minneapolis, ages 0-24	11	12	7	24	NAP	10	15	10	20	NA
Percent of one and two year olds tested for lead	61.0%	66.0%	72.0%	63.0%	66.0%	68.0%	63.0%	0.0%	53.0%	56.1%
Number of children under age 6 with elevated lead levels	120	50	253	218	192	159	106	89	66	106
Public Safety										
Coordinator - 311 - 911										
911 answer time, seconds	7.33	10.43	6.76	NAP	NAP	NAP	NAP	NAP	NAP	NAP
911 calls answered within 15 seconds	N/A	N/A	N/A	N/A	96%	95%	92%	92%	90%	100%
911 calls answered within 40 seconds	N/A	N/A	N/A	N/A	99%	99%	98%	98%	96%	100%
911 pending time to dispatch, high priority calls, minutes	1.34	0.07	2.05	NAP	0.11	0.12	3.03	2.48	3.56	4.37
Percent of 311 calls answered in 20 seconds or less	72.0%	63.0%	64.0%	78.9%	78.6%	71.5%	54.2%	5.2%	42.0%	42.0%
Percent of 311 calls resolved at first call	82.0%	82.0%	83.0%	79.6%	82.5%	81.8%	81.7%	81.4%	84.1%	84.1%

Schedule 17

City of Minneapolis

Operating Indicators by Function/Program - Last 10 Fiscal Years
December 31, 2021

Continued

Function/Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety - Continued										
Attorney - Criminal Prosecution										
Number of chronic offenders convicted	133	139	130	99	155	156	90	N/A	N/A	N/A
Domestic violence conviction rate	72.0%	64.0%	69.0%	68.0%	68.0%	68.0%	62.0%	66.0%	52.0%	N/A
Prosecution caseload	25,731	24,092	20,391	18,505	17,289	18,857	14,863	13,849	10,587	8,894
Fire										
Number of emergency responses	37,011	38,137	40,662	41,343	49,898	47,190	45,962	49,017	45,835	51,233
Number of fires extinguished (all non EMS runs prior to 2002)	1,347	1,210	1,154	1,272	1,277	1,243	1,176	1,235	1,363	1,694
Number of hazmat, false alarms, and other non EMS/ fire runs	10,071	11,108	27,619	11,432	13,810	13,440	14,116	15,563	14,888	15,323
Number of inspections	2,992	3,083	921	3,529	3,762	3,751	3,708	3,322	1,393	460
Percent of time response is five minutes or less	81.0%	82.8%	92.0%	79.8%	76.6%	79.0%	73.5%	76.7%	71.0%	71.0%
Lives lost due to fires	3	2	10	8	2	10	2	6	2	10
Civilian injuries due to fire	33	27	33	24	16	18	19	22	12	23
Police										
Total Part I Crimes - (Violent Crime + Property Crime)	23,532	23,726	23,496	22,000	22,369	23,845	20,883	24,010	25,500	24,111
Total Part II Crimes	28,771	30,808	28,587	33,127	25,992	19,288	19,614	18,585	18,786	18,166
Total Violent Crimes - (subset of Part I Crimes)	3,950	4,094	4,142	4,458	4,639	4,557	3,851	4,324	5,426	5,945
Number of guns seized	792	666	692	685	630	942	664	943	1,095	1,027
Community Planning and Economic Development - Building permits										
Permits issued	12,864	12,100	11,796	15,127	12,651	11,455	11,870	12,523	11,474	12,790
Estimated value, in millions \$	1,118	1,212	2,001	1,389	1,758	1,495	1,811	2,164	1,737	1,622
Public Works										
Refuse Collection										
Refuse collected, tons	114,797	115,293	114,964	115,522	113,190	111,431	108,991	108,560	118,261	114,706
Compostable material collected, tons	16,967	18,635	17,577	20,160	21,015	22,235	23,263	24,962	26,942	22,884
Non-recyclable construction material collected, tons	5,493	4,479	5,213	5,112	5,089	5,723	4,965	5,294	5,004	4,629
Recyclables, tons	19,927	26,585	28,583	28,065	29,560	29,191	28,401	27,518	30,054	27,208
Percent of solid waste stream recycled, by weight	17.4%	23.3%	25.0%	25.3%	26.3%	26.3%	26.2%	25.4%	25.0%	23.7%
Water										
Average daily production, thousands of gallons	54,986	54,186	53,881	52,546	54,383	55,620	55,852	52,737	52,343	53,875
Sewer										
Number of sanitary sewer backups	12	8	11	15	4	15	10	11	14	19
Streets										
Safety and ride-ability pavement condition index (PCI), average of all city streets	72	71	69	69	69	72	71	NA	NA	NA
Number of traffic crashes	5,894	6,144	6,425	6,700	NA	NA	NA	NA	NA	NA
Number of injuries in traffic crashes	1,935	2,351	2,389	2,700	NA	NA	NA	NA	NA	NA

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).

Source: Minneapolis Finance and Property Services Department using City Department reports/personnel.

Schedule 18
City of Minneapolis
Capital Assets Statistics by Function/Program
Last 10 Fiscal Years
December 31, 2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Primary Government</u>										
Public Safety:										
Police stations	5	5	5	5	5	5	5	5	4	4
Patrol units	177	189	176	195	201	199	206	201	206	207
Unmarked, trucks, trailers, scooters, motorcycles	255	261	244	221	203	222	229	226	232	230
Fire Stations	19	19	19	19	19	19	19	19	19	19
Fire Trucks/Pumpers/Ladders/Engines/Cars	109	118	114	110	76	77	80	82	109	94
Regulatory Services Fleet	159	96	97	101	114	110	107	109	117	119
Public Works:										
Refuse collection trucks, heavy equipment, dumpsters	144	144	124	156	140	128	129	122	131	126
Streets (miles)	896	896	896	903	903	903	903	903	903	903
Alleys (miles)	380	380	380	380	380	378	378	378	378	378
Sidewalks (miles)	1,715	1,715	1,715	1,715	1,715	1,910	1,910	1,910	1,910	1,910
Streetlights	19,000	19,000	19,000	19,000	19,000	19,199	19,199	19,351	19,451	20,835
Traffic signals	916	916	916	916	916	809	809	810	820	820
Buildings/Plants/Garages	32	33	33	33	33	34	34	34	34	36
Equipment, cars, trucks, tractors, vans	1,028	1,046	1,137	1,395	1,260	1,252	1,219	1,214	1,269	1,257
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	180,000	147,000	147,000	147,000	147,000	147,000	147,000	147,000
Buildings	13	13	14	14	14	14	14	14	14	14
Reservoirs	3	3	3	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	9
Stormwater:										
Storm sewers (miles)	581	581	581	581	581	581	581	581	581	581
Stormwater Pump Stations	25	25	23	23	23	23	23	23	23	23
Stormwater Ponds and Treatment Sites	18	18	27	27	29	29	29	29	29	29
Number of parking ramps	14	14	14	14	14	14	13	13	13	13

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

(UNAUDITED)