

Comprehensive Annual Financial Report



City of Minneapolis, Minnesota
For the year ended December 31, 2012



Minneapolis Finance & Property Services Department

COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF
MINNEAPOLIS, MINNESOTA

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

FINANCE & PROPERTY SERVICES DEPARTMENT

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Minneapolis
City of Lakes

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June 24, 2013

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

TRANSMITTAL

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the City of Minneapolis (the City) for the year ended December 31, 2012. The purpose of the report is to present the financial position of the City and the results of its operations for the year then ended. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA) and other rule-making bodies, and audited in accordance with generally accepted auditing standards by the Office of the State Auditor (OSA).

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

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

INDEPENDENT AUDIT

Minnesota law requires that the Office of the State Auditor perform the City's annual audit. The OSA's report on the City's financial statements is based on its audit in accordance with generally accepted auditing standards. The State Auditor issued an unmodified or "clean" opinion on the City's financial statements for the year ended December 31, 2012. The State Auditor's opinion is included as page one through four in the financial section of this report.

The independent audit of the financial statements of the City is part of a broader, federally mandated audit designed to meet the requirements of the federal Single Audit Act and the related U.S. Office of Management and Budget's Circular A-133. The State Auditor is required to report not only on the fair presentation of the financial statements, but also on the City's internal controls over financial reporting, compliance 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 of being 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 control 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 any 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 in a variety of funds. In accordance with GASB Statement No. 14, the City's financial statements include all funds of the City ("primary government") as well as its component units. The primary government represents all funds under the ultimate control of the Mayor and City Council. Component units are separate legal entities. While legally separate, component units are 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 statement set apart from the rest of the primary government. These component units are discretely presented in the financial statements because, while the City is financially accountable for them, they do not meet the criteria for a blended component unit. The Minneapolis Park and Recreation Board, the Municipal Building Commission (MBC), and Meet Minneapolis are discretely presented components in the City's financial statements.

THE CITY AND ITS SERVICES

City Profile

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

Minneapolis encompasses 59 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. Minneapolis Parks’ properties total nearly 6,732 acres of land and water and include full-service neighborhood recreation centers.

There are 81 residential neighborhoods within the City offering a broad range of housing to more than 177,000 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 is home to an estimated 390,000 people. The population within the City grew by just over 5,000 people from 2010 to 2011, after a decade of static population growth. Males and females each make up approximately 50% of the population. Children and youth under 18 make up 20% of the population. Seniors aged 65 and above, are 8% of the population. African Americans comprise 19% of the population, with Hispanics making up 11% of the population. People of American Indian and Alaska Native descent comprise 2% of the population and people of Asian ethnicity make up 6% of the population. People of another race, or those of two or more races, make up approximately 4% of the population.

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

Most of the preceding, and additional information, is available from *Minneapolis Fast Facts*, a publication of the City’s Community Planning and Economic Development Department. *Minneapolis Fast Facts* can be accessed from the City’s web site at www.minneapolismn.gov.

Form of Government and Organization

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

City Council

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

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

Mayor

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

Departments

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

FINANCIAL POLICES

The City has a policy to maintain an unassigned fund balance in the General Fund that is 15% of the following year's General Fund revenue budget. This balance is to be used for cash flow purposes, unanticipated expenditures of a non-recurring nature, or to meet unexpected increases in service delivery costs. The unassigned fund balance of the General Fund at December, 31, 2012, was \$ 85.3 million, which is \$30 million more than policy requires. Additional information regarding the 2012 fund balance in the General Fund is available in the MD&A.

ECONOMIC CONDITION AND OUTLOOK

A detailed discussion and analysis of the City's overall financial condition during the fiscal year ended 2012 is included as part of the MD&A.

LONG-TERM FINANCIAL PLANNING

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

DEBT MANAGEMENT

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

- Fitch - AAA
- Standard & Poor's - AAA
- Moody's Investors Service - Aaa

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2011. A Certificate of Achievement is valid for a period of one year only. The City has received this prestigious award for 43 years.

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

ACKNOWLEDGEMENTS

Preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the City's Finance & 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, Paul Aasen, for their interest in conducting the financial operations of this City in a responsible and progressive manner.

Respectfully submitted,



Kevin D. Carpenter
Finance Officer



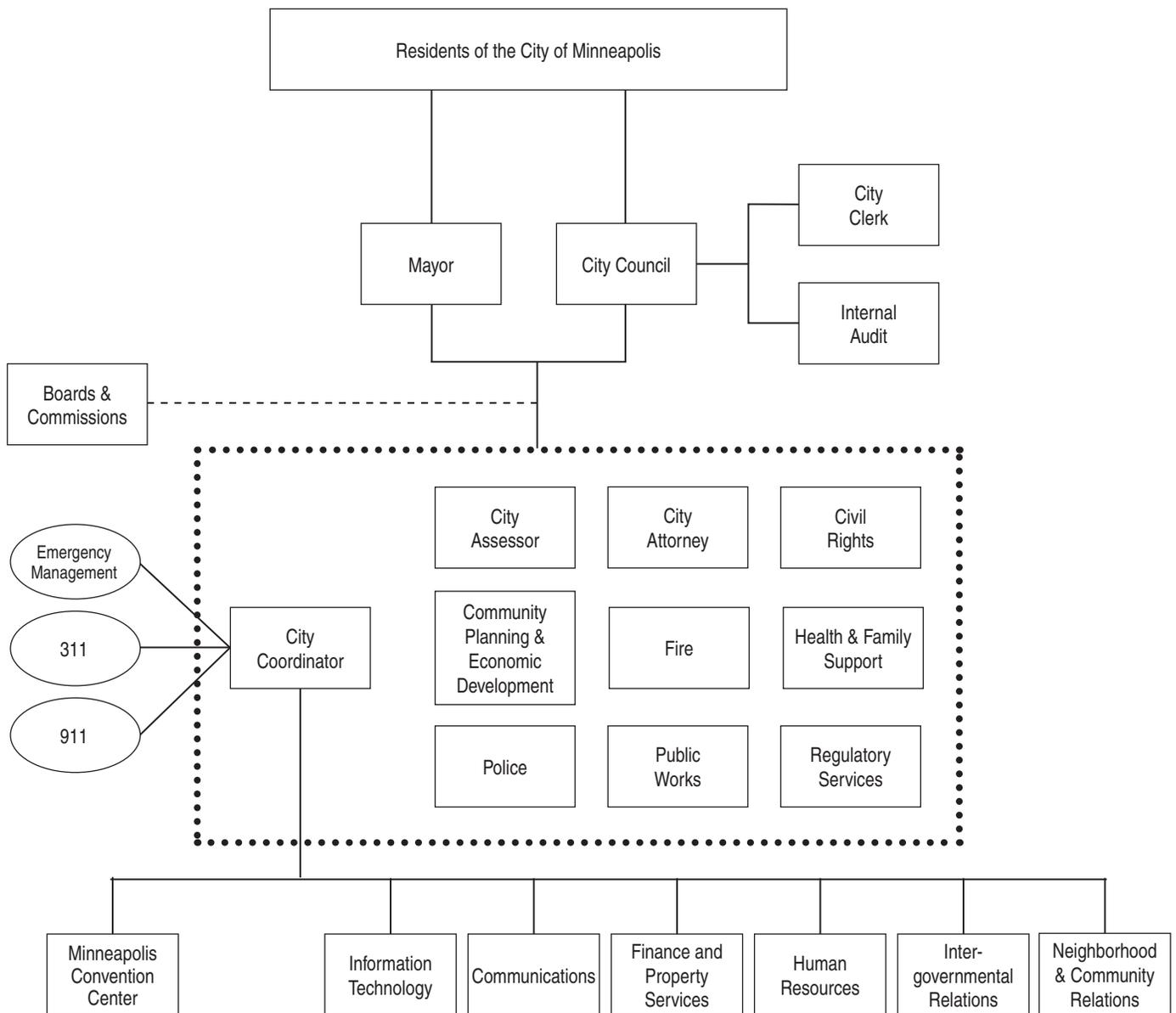
Sandra Christensen
Deputy Finance Officer



Connie L. Griffith
Controller

City of Minneapolis

Organizational Chart



MAYOR AND COUNCIL

CITY OF MINNEAPOLIS, MINNESOTA

2012

Mayor R.T. RYBAK

CITY COUNCIL

Ward 1 KEVIN REICH

Ward 2 CAM GORDON

Ward 3 DIANE HOFSTEDE

Ward 4 **President** BARBARA JOHNSON

Ward 5 DON SAMUELS

Ward 6 **Vice-President** ROBERT LILLIGREN

Ward 7 LISA GOODMAN

Ward 8 ELIZABETH GLIDDEN

Ward 9 GARY SCHIFF

Ward 10 MARGARET TUTHILL

Ward 11 JOHN QUINCY

Ward 12 SANDRA COLVIN ROY

Ward 13 BETSY HODGES

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Minneapolis
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

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

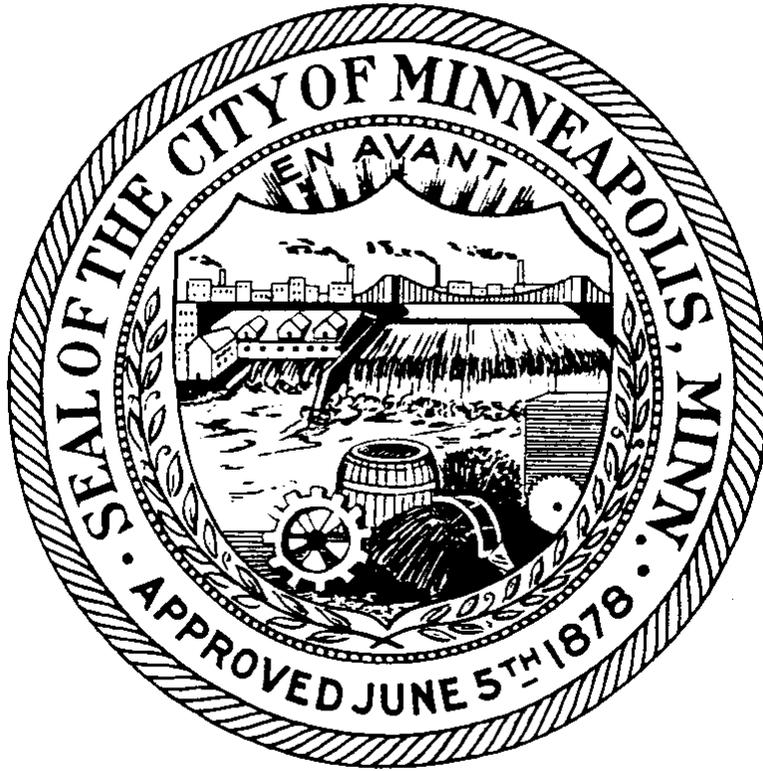


Christopher P. Moirill

President

Jeffrey R. Enen

Executive Director



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STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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INDEPENDENT AUDITOR'S REPORT

The Honorable R. T. Rybak, Mayor
and Members of the City Council
City of Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Minneapolis, Minnesota, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Meet Minneapolis, which is a component unit and less than 1 percent, a negative 2 percent, and 9 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Meet Minneapolis component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Meet Minneapolis were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Minneapolis as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2013, on our consideration of the City of Minneapolis' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Minneapolis' internal control over financial reporting and compliance. It does not include Meet Minneapolis which was audited by other auditors.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

June 24, 2013



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

This section of the City of Minneapolis' comprehensive annual financial report presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2012. 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 2012 fiscal year, assets of the City of Minneapolis exceeded liabilities by \$1,947,303 (net position). Of this amount, \$1,492,947 is the City's net investment in capital assets and \$226,723 is restricted for specific purposes (restricted net position) leaving \$227,633 in unrestricted net position.
- The City's total net position increased by \$190,108 in 2012. Governmental activities increased the City's net position by \$153,583 and the business-type activities increased the net position by \$36,525.
- As of December 31, 2012, total fund balance in the general fund was \$86,304 of which \$85,357 was unassigned.
- The City's total long-term bond and note liability decreased by \$123,267 from the prior year. Total bonds and notes issued in 2012 was \$141,378 including \$103,840 of refunding transactions. Total debt retirement was \$264,645, including refunding transactions. Major new debt issuances included bonds of \$31,400 for various infrastructure improvements in the five-year capital plan and \$5,535 for special assessment projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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 accountable. For the City of Minneapolis, component units are included in the basic financial statements of the City, and consist of legally separate entities for which the City is financially accountable

and have substantially the same board as the City (discretely presented component units) or provide services almost entirely to the primary government (blended component units). An example of a blended component unit is the Board of Estimate and Taxation (BET). Examples of discretely presented component units include the Minneapolis Park and Recreation Board (Park Board), the Municipal Building Commission (MBC), and Meet Minneapolis.

The government-wide financial statements can be found on pages 28-29 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund 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 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, the Community Planning and Economic Development Special Revenue Fund, the Convention Center Special Revenue Fund, the Permanent Improvement Capital Projects Fund, the General Debt Service Fund, and the Special Assessment Debt Service Fund, all of which are considered to be major funds. Data from the other 11 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The governmental funds' financial statements can be found on pages 30-33 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, business information services, central stores, engineering lab, outside purchase of asphalt and cement services, city attorney, workers' compensation, unemployment benefits and other payroll related services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The proprietary funds' financial statements can be found on pages 34-37 of this report.

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

The fiduciary fund financial statements can be found on page 38 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 41-88 of this report.

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

The required supplementary information can be found on pages 89-92 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The City's assets exceeded liabilities by \$1,947,303 at the close of the fiscal year ending December 31, 2012 compared to \$1,757,195 at the end of the previous year.

Statement of Net Position December 31, 2012

	Governmental Activities		Business-type Activities		Total	
	2011		2011		2011	
	2012	Restated	2012	Restated	2012	Restated
Current and other assets	\$ 697,552	\$ 673,903	\$ 248,531	\$ 245,402	\$ 946,083	\$ 919,305
Capital assets	1,137,779	1,098,198	966,531	960,214	2,104,310	2,058,412
Total assets	<u>\$1,835,331</u>	<u>\$ 1,772,101</u>	<u>\$ 1,215,062</u>	<u>\$ 1,205,616</u>	<u>\$ 3,050,393</u>	<u>\$ 2,977,717</u>
Current and other liabilities	\$ 136,048	\$ 140,038	\$ 61,020	\$ 56,867	\$ 197,068	\$ 196,905
Long-term liabilities	568,169	654,532	337,853	369,085	906,022	1,023,617
Total liabilities	<u>704,217</u>	<u>794,570</u>	<u>398,873</u>	<u>425,952</u>	<u>1,103,090</u>	<u>1,220,522</u>
Net position:						
Net investment in capital assets	798,704	691,123	694,243	666,986	1,492,947	1,358,109
Restricted net position	193,107	192,829	33,616	34,967	226,723	227,796
Unrestricted net position	139,303	93,579	88,330	77,711	227,633	171,290
Total net position	<u>1,131,114</u>	<u>977,531</u>	<u>816,189</u>	<u>779,664</u>	<u>1,947,303</u>	<u>1,757,195</u>
Total liabilities and net position	<u>\$1,835,331</u>	<u>\$ 1,772,101</u>	<u>\$ 1,215,062</u>	<u>\$ 1,205,616</u>	<u>\$ 3,050,393</u>	<u>\$ 2,977,717</u>

The largest portion of the City's net position reflects its \$1,492,947 investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt that is still outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position decreased to \$226,723 in 2012. 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).

Unrestricted net position of \$227,633 represents another portion of the City's net position. For the third straight year, the City continues to report a positive unrestricted net position balance.

Statement of Activities

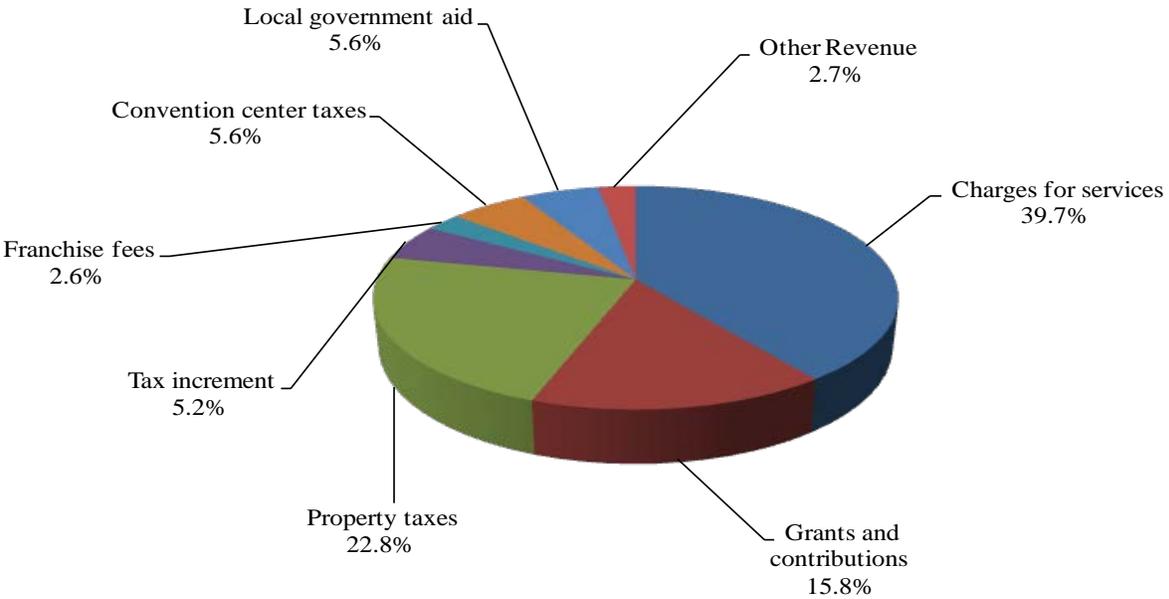
The following table presents the changes in net position for governmental and business-type activities:

Statement of Activities						
For the Year Ended December 31, 2012						
	Governmental Activities		Business-type Activities		Total	
	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated
Revenues						
Program revenues:						
Charges for services	\$ 138,658	\$ 117,456	\$ 261,899	\$ 251,296	\$ 400,557	\$ 368,752
Operating grants and contributions	128,205	115,622	4,552	-	132,757	115,622
Capital grants and contributions	25,230	20,630	1,808	2,146	27,038	22,776
General revenues:						
Property taxes	230,719	218,756	-	-	230,719	218,756
Property tax increment	52,679	61,003	-	-	52,679	61,003
Franchise fees	26,120	29,128	-	-	26,120	29,128
Convention center taxes	56,349	65,850	-	-	56,349	65,850
Other taxes	13,079	218	-	-	13,079	218
Local government aid	56,404	56,378	-	-	56,404	56,378
Interest and investment earnings	4,248	5,088	5,286	438	9,534	5,526
Miscellaneous	4,548	31,078	56	-	4,604	31,078
Gain on sale of capital assets	-	-	54	20	54	20
Total revenues	736,239	721,207	273,655	253,900	1,009,894	975,107
Expenses						
General government	98,546	83,788	-	-	98,546	83,788
Public safety	248,333	269,036	-	-	248,333	269,036
Public works	71,736	5,210	-	-	71,736	5,210
Culture and recreation	5,528	7,287	-	-	5,528	7,287
Health and welfare	13,709	16,260	-	-	13,709	16,260
Community & economic development	139,190	138,537	7,875	8,266	147,065	146,803
Interest on long-term debt	16,503	21,916	-	-	16,503	21,916
Sanitary sewer	-	-	51,564	33,659	51,564	33,659
Stormwater	-	-	25,998	24,502	25,998	24,502
Solid waste and recycling	-	-	31,158	29,784	31,158	29,784
Water treatment and distribution services	-	-	59,940	52,891	59,940	52,891
Municipal parking	-	-	49,706	46,106	49,706	46,106
Total expenses	593,545	542,034	226,241	195,208	819,786	737,242
Excess (deficiency) before transfers	142,694	179,173	47,414	58,692	190,108	237,865
Transfers	10,889	18,293	(10,889)	(18,293)	-	-
Change in net position	153,583	197,466	36,525	40,399	190,108	237,865
Net position - January 1, restated (Note 1)	977,531	780,065	779,664	739,265	1,757,195	1,519,330
Net position - December 31, 2012	\$ 1,131,114	\$ 977,531	\$ 816,189	\$ 779,664	\$ 1,947,303	\$ 1,757,195

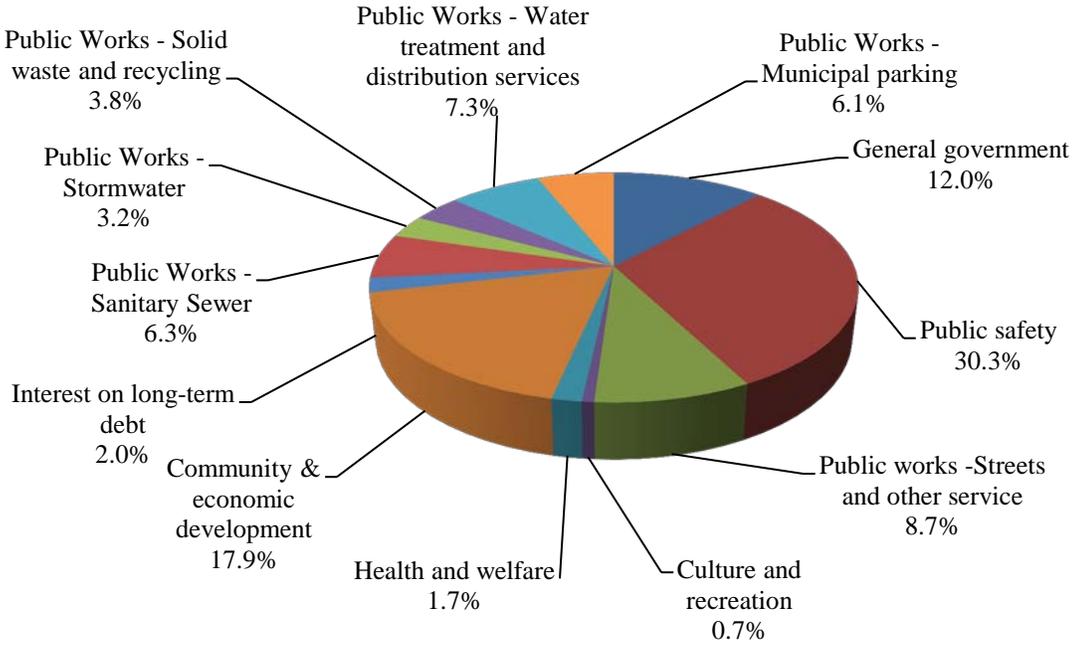
Governmental Activities—Governmental activities increased the City’s net position by \$153,583 compared to an increase of \$197,466 in 2011. Governmental activities are supported by charges for services, grants, and contributions. Additionally, general revenues cover any net expense after program specific revenues are applied. In 2012, the City relied primarily on taxes, various charges for services, and grants for funding governmental activities. Specifically, property tax increment revenues supported economic development activities.

A significant expense in the statement of activities, compared to fund statements, is depreciation. Current year depreciation for governmental activities was \$50,247.

Government-wide Revenues



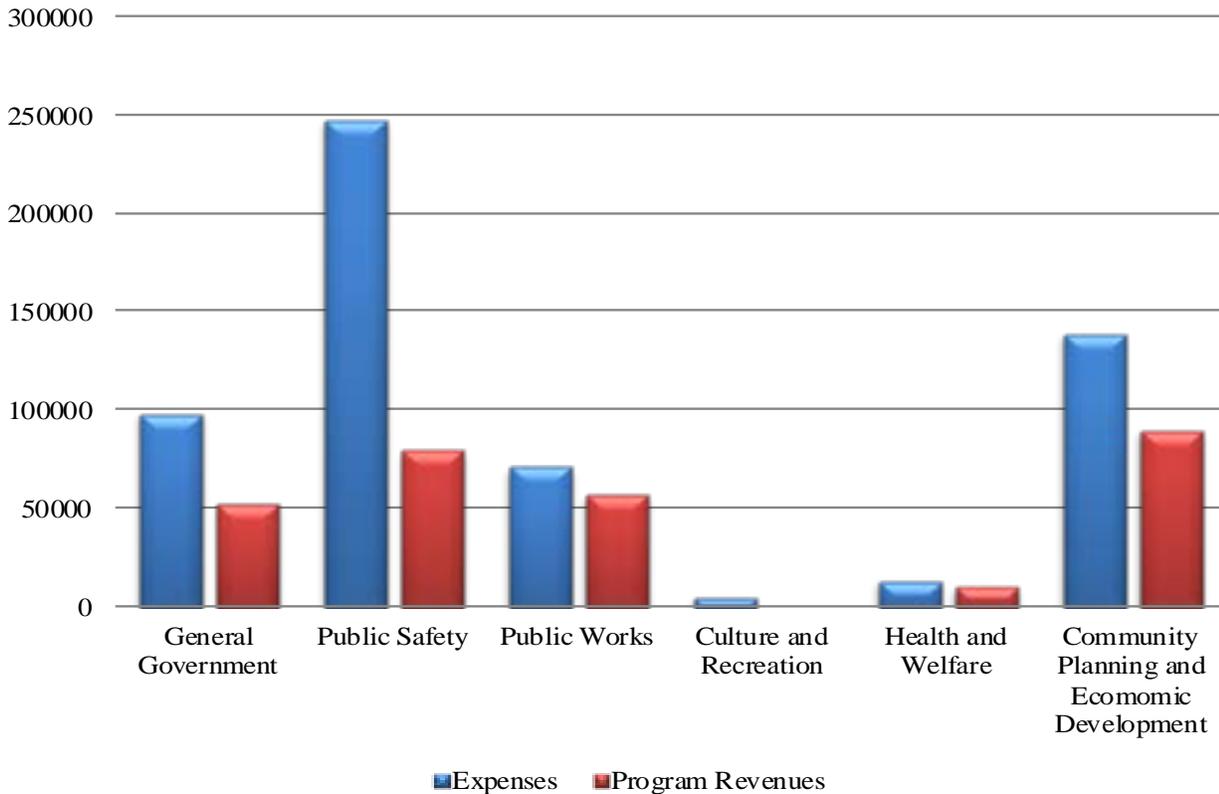
Government-wide Expenses



Summary of expenses and program revenues - Governmental Activities
For the Year ended December 31, 2012

Functions/Programs	Expenses	Program revenues	Net (Expense) Revenue by Program
General government	\$ 98,546	\$ 53,328	\$ (45,218)
Public safety	248,333	80,113	(168,220)
Public works	71,736	57,592	(14,144)
Culture and recreation	5,528	-	(5,528)
Health and welfare	13,709	10,774	(2,935)
Community & economic development	139,190	90,286	(48,904)
Interest on long-term debt	16,503	-	(16,503)
	<u>\$ 593,545</u>	<u>\$ 292,093</u>	<u>\$ (301,452)</u>
General revenues and transfers supporting governmental activities			<u>455,035</u>
Change in net position			<u>153,583</u>
Net position - January 1, 2012, restated			<u>977,531</u>
Net position - December 31, 2012			<u><u>\$ 1,131,114</u></u>

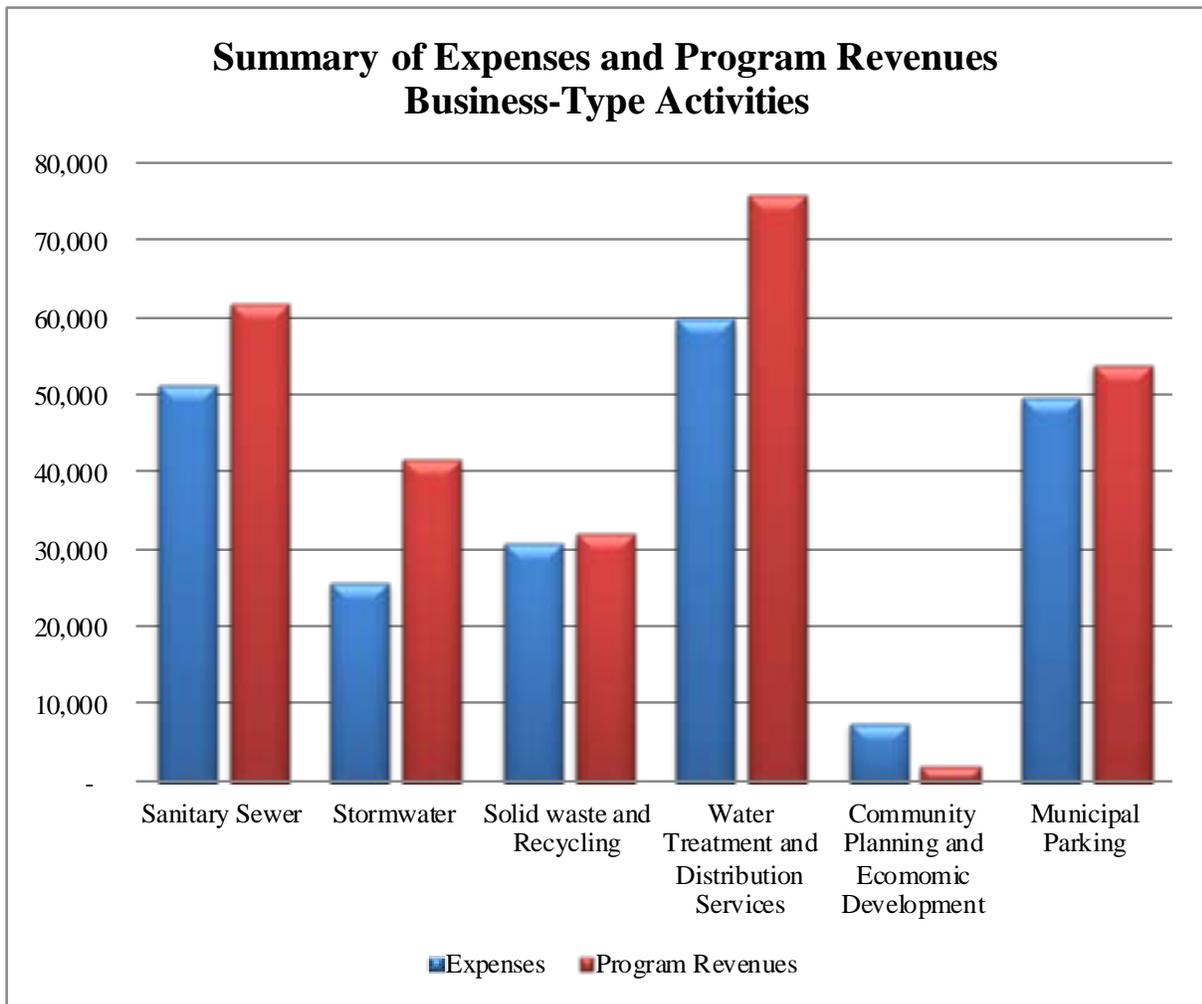
Summary of Expenses and Program Revenues
Governmental Activities



Business-Type Activities—Business-type activities increased the City’s net position by \$36,525 compared with an increase of \$40,439 in 2011.

**Summary of expenses and program revenues - Business-Type Activities
For the Year ended December 31, 2012**

Functions/Programs	Expenses	Program revenues	Net (Expense) Revenue by Program
Sanitary sewer	\$ 51,564	\$ 61,943	\$ 10,379
Stormwater	25,998	41,805	15,807
Solid waste and recycling	31,158	32,142	984
Water treatment and distribution services	59,940	76,058	16,118
Community planning & economic development	7,875	2,239	(5,636)
Municipal parking	49,706	54,072	4,366
	<u>\$ 226,241</u>	<u>\$ 268,259</u>	<u>\$ 42,018</u>
General revenues and transfers supporting business-type activities			(5,493)
Change in net position			36,525
Net position - January 1, 2012, restated			779,664
Net position - December 31, 2012			<u>\$ 816,189</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 2012, six governmental funds, including the General Fund, are presented as major funds. These funds include two Special Revenue Funds (Community Planning and Economic Development Fund and Convention Center Fund), the Permanent Improvement Capital Project Fund, and two Debt Service Funds (General Debt Service and Special Assessment).

At December 31, 2012, the City's governmental funds reported a combined ending fund balance of \$443,383, an increase of \$12,420 compared with the prior year. Approximately 19 percent of this total amount (\$85,311) constitutes unassigned fund balance, which is available for spending at the City's discretion.

The remainder of the fund balance is classified as follows: nonspendable (\$54,182) for land development and other legal and contractual requirements; restricted (\$193,107) for debt service, community planning and economic development, capital improvements, grants, and law enforcement legal requirements; committed (\$2,347) to accelerated infrastructure projects; and assigned (\$108,436) for specific purposes not meeting a more restricted criteria for community planning and economic development programs, neighborhood and community relations, public safety programs, pension obligations, and capital improvements.

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

Revenues by Source Governmental Funds

Revenue by Source	FY 2012		FY 2011 - Restated		Increase/ (Decrease)
	Amount	Percent of Total	Amount	Percent of Total	Amount
Taxes	\$ 379,519	51.03 %	\$ 374,123	53.59 %	\$ 5,396
Licenses and permits	37,663	5.06	32,851	4.71	4,812
Intergovernmental revenues	186,550	25.09	167,316	23.97	19,234
Charges for services and sales	68,158	9.17	58,604	8.40	9,554
Fines and forfeits	8,603	1.16	10,620	1.52	(2,017)
Special assessments	23,834	3.20	22,678	3.25	1,156
Interest	4,603	0.62	5,050	0.72	(447)
Miscellaneous revenue	34,733	4.67	26,831	3.84	7,902
Total	\$ 743,663	100.00 %	\$ 698,073	100.00 %	\$ 45,590

**Expenditures by Function
Governmental Funds**

<u>Expenditures by Function</u>	<u>FY 2012</u>		<u>FY 2011, Restated</u>		<u>Increase/ (Decrease)</u>
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>
General government	\$ 95,970	12.75 %	\$ 72,634	10.34 %	\$ 23,336
Public safety	244,297	32.45	260,307	37.06	(16,010)
Public works	49,759	6.61	49,918	7.11	(159)
Culture and recreation	5,528	0.73	7,287	1.04	(1,759)
Health and welfare	13,179	1.75	16,014	2.28	(2,835)
Community & economic development	136,076	18.08	128,338	18.27	7,738
Capital outlay	77,864	10.34	44,633	6.36	33,231
Debt service - principal retirement	108,042	14.35	96,947	13.80	11,095
Debt service - interest and fiscal charges	22,152	2.94	26,247	3.74	(4,095)
Total	<u>\$ 752,867</u>	<u>100.00 %</u>	<u>\$ 702,325</u>	<u>100.00 %</u>	<u>\$ 50,542</u>

General Fund—The General Fund is the general operating fund of the City. Certain activity is required to be reported in the General Fund that is budgeted and accounted for separately in the City’s financial system. This activity is the Tax Increment funded portion of the Coordinator - Neighborhood and Community Relations department. The assigned fund balance in the General Fund is related to this activity. As of December 31, 2012, unassigned fund balance in the General Fund was \$85,357, while total fund balance was \$86,304. The fund balance of the City’s General Fund increased by \$14,099 during the current fiscal year. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

The following table provides changes in revenues by source from 2011 to 2012:

<u>Revenues by Source</u>	<u>General Fund Revenues By Source</u>				<u>Increase/ (Decrease)</u>
	<u>2012</u>		<u>2011 - Restated</u>		<u>Amount</u>
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent of Total</u>	
Taxes	\$ 220,527	55.90 %	\$ 199,703	52.21 %	\$ 20,824
Licenses and permits	36,089	9.15	30,384	7.94	5,705
Intergovernmental revenues	68,698	17.42	68,432	17.89	266
Charges for services and sales	44,653	11.32	37,870	9.90	6,783
Fines and forfeits	8,243	2.09	9,500	2.48	(1,257)
Special assessments	3,009	0.76	3,166	0.83	(157)
Interest	1,649	0.42	1,968	0.52	(319)
Miscellaneous revenues	1,327	0.34	1,495	0.39	(168)
Total revenues	<u>\$ 384,195</u>	<u>97.40</u>	<u>\$ 352,518</u>	<u>92.16</u>	<u>\$ 31,677</u>
Transfers in	10,268	2.60	30,000	7.84	(19,732)
Total revenues and other financing sources	<u>\$ 394,463</u>	<u>100.00 %</u>	<u>\$ 382,518</u>	<u>100.00 %</u>	<u>\$ 11,945</u>

In 2012, General Fund revenues and transfers increased by about 3% from the previous year. Some highlights include:

- Tax collections were higher due to higher delinquent tax collections, and approximately \$2,000 in excess tax increment financing (TIF) collections.
- Licenses and permits are higher as building permits issued continue to rise.
- Charges for services increased due to increased Public Works activity that was billed out to others.

- The City installed new parking meters that will accept credit and debit cards. This resulted in a decrease in parking fines, as people parking found it easier to pay.

The following table provides the changes in expenditures by function from 2011 to 2012:

General Fund Expenditures by Function					
Expenditures by Function	2012		2011, Restated		Increase/ (Decrease)
	Amount	Percent of Total	Amount	Percent of Total	Amount
General government	\$ 60,037	15.78 %	\$ 59,839	16.10 %	\$ 198
Public safety	220,387	57.94	214,573	57.73	5,814
Public works	47,321	12.44	44,204	11.89	3,117
Culture and recreation	4,982	1.31	5,873	1.58	(891)
Health and welfare	2,432	0.64	3,300	0.89	(868)
Community & economic development	3,547	0.94	3,257	0.88	290
Total expenditures	338,706	89.05	331,046	89.07	7,660
Transfers out	41,658	10.95	40,629	10.93	1,029
Total expenditures and other financing uses	<u>\$ 380,364</u>	<u>100.00 %</u>	<u>\$ 371,675</u>	<u>100.00 %</u>	<u>\$ 8,689</u>

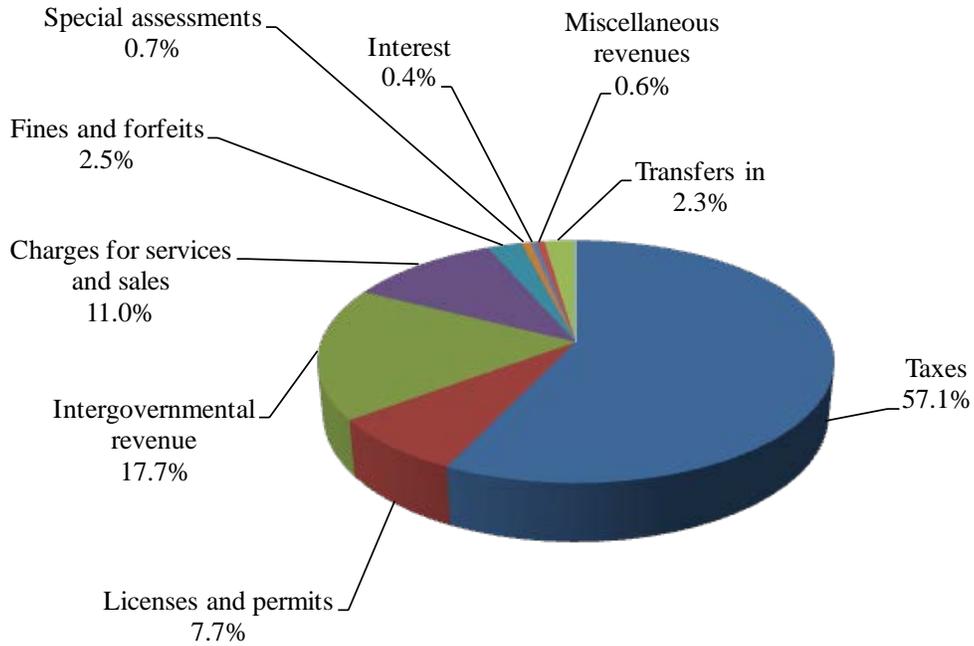
Overall, general fund expenditures increased by 2% from the previous year, although appropriations were underspent by more than \$11,000.

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 2012, the following were significant budget actions:

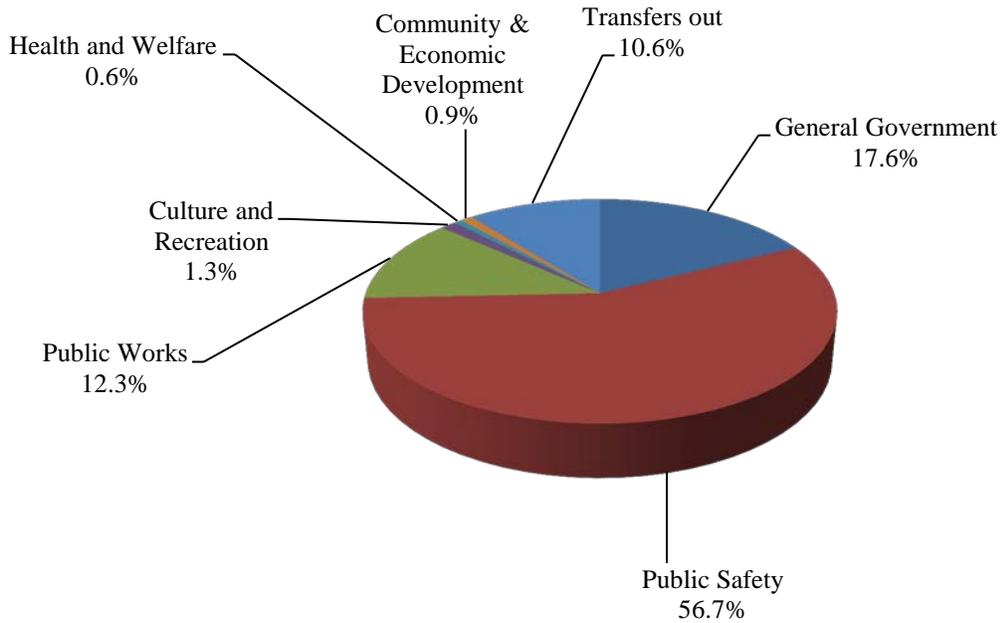
- The original General Fund appropriation for fiscal year 2012 was \$384,729, which included projected transfers out of \$41,648. The final appropriation was \$391,869. General revenues and other resources were originally estimated at \$379,517, which included projected transfers of \$22,594. The final revenue estimate was \$380,854 including transfers of \$8,858.
- Significant budgetary variances between the final amended budget and the actual results included:
 - 1) The Police Department ended the year \$415 under budget due in large part to staff attrition.
 - 2) The Fire Department received \$250 in contingency funds in December of 2012 to fund costs incurred in creating a new hiring list going forward into 2013, and was \$224 under budget at year-end. The department experienced a high level of work related injuries, which resulted in increased overtime costs to adequately staff fire stations.
 - 3) The City Coordinator was \$3,926 under budget, due to savings in the Finance & Property Services, Human Resources and Emergency Management departments. Most of these savings are due to vacancies.
 - 4) The Public Works Department had budget savings of \$690. Due to the early spring, Public Works was able to complete more work for others than planned, especially utility cuts. This additional work resulted in increased revenue of over \$1.6 million.
 - 5) Several other departments had significant budget savings. The City Clerk had budget savings of \$1,000 largely due to vacancies and significant underspending in Council ward budgets. The Assessor was under budget by \$276 primarily due to two unfilled positions. The City Attorney’s Office (CAO) had savings of \$447 including over \$150 in the Domestic Violence area due to a grant that became available in the first quarter of 2012.

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

General Fund Revenue Budget by Major Category



General Fund Expenditure Budget by Major Category



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

The total revenues of the CPED Special Revenue fund in 2012 were \$75,534. Property tax increment financing provided 67% of the fund’s revenue. The repayment of loans for the housing and redevelopment activities of the City generated an additional 13% of the fund’s revenue. The remaining revenue was derived from a variety of miscellaneous sources. The expenditures for the fund in 2012 were \$37,466. The fund’s expenditures are primarily for contractual services for the housing and economic programs operated within the fund and for the staff costs to monitor and deliver these programs. The level of current fund expenditures in 2012 was comparable to the prior year.

The fund’s transfers to other funds of \$41,869 were primarily to provide resources for the debt service of obligations issued by the City for community development programs and to provide a \$5,000 operating transfer for the City’s accelerated infrastructure program. The CPED also transferred \$1,500 to the City’s Coordinator - Neighborhood Community Relations Department to support ongoing activities.

At year-end the fund balance of the fund was \$207,858 of which \$38,325 of the fund balance was in a nonspendable form, primarily for the inventory of land held for development; \$146,714 was restricted for specific programs by State law; \$2,347 was committed to the City’s accelerated infrastructure program; and the remaining \$20,472 of fund balance was assigned to community and economic development activities.

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

- 0.5% citywide sales tax
- 3% food and liquor tax applied to core downtown establishments
- 2.625% citywide lodging tax for motels and hotels with 50 units or more

Through 2011 local tax revenues accounted for in the Convention Center Fund included a 3% citywide entertainment tax all of which was transferred to the General Fund and Target Center Arena Reserve Fund. Effective January 1, 2012, the entertainment tax was recorded directly as revenue in these two funds. Factoring out the entertainment tax, local tax proceeds for the Convention Center in 2012 were 6% above 2011 levels and 8% over budget.

Minneapolis Convention Center Taxes

<u>Taxes</u>	<u>2012 Budget</u>	<u>2012 Actual</u>	<u>2011 Actual</u>
Sales and Use	\$ 28,842	\$ 31,731	\$ 29,922
Entertainment	-	-	13,997
Food	11,097	11,465	11,032
Liquor	4,865	5,426	4,599
Lodging	6,125	6,432	6,300
Total	<u>\$ 50,929</u>	<u>\$ 55,054</u>	<u>\$ 65,850</u>

Factoring out the 2011 entertainment tax for comparative purposes, the total 2012 Convention Center revenue was \$71,293 which was \$3,983 or 6.1% over 2011 and \$5,764 or 8% over budget. The increased revenue can be attributed to better than expected operating revenue and, more significantly, to better than expected local tax revenue. There were also a few new financing sources in 2012 including bonds issued and related interest for the dome replacement, as well as copper scrap sales.

For 2012, total expenditures finished the year 21% over 2011 levels and 13% under budget with Ongoing Equipment and Improvement seeing the largest increase. In addition, there was \$3,905 expended in 2012 for dome capital improvements which contributed to the increase over 2011. The Convention Center continues working on the 'no waste' initiative which includes goals to increase recycling and reduce energy and water use.

During 2012, the Convention Center transferred \$250 to the General Fund for mounted patrol. The Convention Center also transferred \$5,580 to the Parking Fund, which was \$2,009 less than the 2011 level, and \$19,834 to pay off debt service which was \$2,380 lower than in 2011.

The 2012 fund balance ended the year at \$58,625, which was \$11,149 higher than budgeted, and \$8,941 higher than 2011. The 2012 change can be attributed to better than expected increases in operating and local tax revenue, in addition to the new revenue source from copper scrap sales, and expenditures that were well below budget.

The total 2012 Convention Center revenue was \$71,293 which was \$5,703 or 8% over 2011 and \$5,764 or nearly 9% over budget. The increased revenue can be attributed to better than expected operating revenue and, more significantly, to better than expected local tax revenue.

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

The Permanent Improvement Capital Project Fund is used to build infrastructure for the City including bridges, streets, traffic signals, street lights, and to fund other capital projects. During 2012, \$73,959 of capital outlay occurred which was a 66% increase over 2011.

The key assets constructed with these funds include:

- Bridges - \$6,329
- Streets - \$29,847
- Traffic Signals & Street Lighting - \$13,905
- Bike Trails - \$2,312
- Van White Bridge/Heritage Park (Near North) project - \$10,448
- Property Service - \$3,616

The fund balance decreased from \$27,360 in 2011 to \$23,094 in 2012. The decrease was due to the utilization of existing funds and bond proceeds. Additionally, revenues for the fund increased from \$28,784 in 2011 to \$43,060 in 2012 due to increased funding from state, federal, and local sources for capital projects.

General Debt Service Fund—The General Debt Service Fund is used to pay debt service on the City's property tax supported bonds including capital infrastructure, library referendum, pension obligation bonds and governmental activity revenue notes. Resources to pay debt service on the bonds come from specific tax levies dedicated for bond redemption and, in the case of pension bonds, transfers from other City funds for a share of pension debt service costs associated with internal service fund and enterprise fund activities. Resources to pay debt service on the revenue notes come from tax increment collections.

At the end of 2012, the City had \$137,475 of outstanding bonds and \$14,695 of outstanding revenue notes related to the General Debt Service Fund. During 2012, the City issued \$31,400 of new infrastructure bonds and \$28,860 of library referendum refunding bonds, and paid total debt service of \$105,896 including \$68,235 of bond principal, \$581 of note principal and \$28,860 of bond refunding principal.

Special Assessment Debt Service Fund—The City of Minneapolis 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 2012, the City had \$49,140 of debt outstanding for special assessment improvements, including \$5,535 of new and \$4,600 of refunding bonds issued during the year. During 2012, the City received debt related assessment collections and interest earnings of \$9,516, and paid total debt service of \$13,801 on special assessment bonds, including \$7,370 of bond principal and \$4,600 of bond refunding principal.

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).

Overall, the enterprise funds had a positive net position of \$835,766 at December 31, 2012, an increase of \$36,586 over 2011.

The following table summarizes the total assets, total liabilities, operating income, changes in net position, and net positions for each of the enterprise funds, from 2011 to 2012:

Enterprise Funds								
Key Balance Sheet Account Balances and Operating Activities								
December 31, 2012								
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	CPED	Total	
							2012	2011 Restated
Assets	\$ 122,202	\$ 318,325	\$ 318,595	\$ 310,327	\$ 35,317	\$ 130,043	\$ 1,234,809	\$ 1,225,852
Liabilities	14,740	18,730	121,409	147,571	4,998	91,585	399,033	426,662
Operating Income (loss)	9,050	15,216	18,469	7,249	(139)	4,677	54,522	53,830
Change in net position	6,624	14,728	11,227	5,558	(220)	(1,331)	36,586	41,791
Net Position	\$ 107,462	\$ 299,595	\$ 197,186	\$ 162,756	\$ 30,319	\$ 38,458	\$ 835,776	\$ 799,190

Sanitary Sewer Fund—The Sanitary Sewer Fund accounts for the majority of the payments to the Metropolitan Council Environmental Services (MCES) for sewage interceptor and treatment services. It also accounts for the sanitary sewer maintenance and design. Net position as of December 31, 2012 was \$107,462, a \$6,624 increase over 2011. Operating revenues increased by \$12,831 and operating expenses increased by \$9,377. This increase is due at least in part to the fixed rate charge that was introduced this year in addition to the lower rainfall amounts in 2012 resulting in higher consumption.

Stormwater Fund—The Stormwater Fund accounts for stormwater activities including the Combined Sewer Overflow (CSO) program. Net position as of December 31, 2012 was \$299,595, an increase of \$14,728 over 2011. Operating revenues decreased by \$173 and operating expenses increased by \$1,838. In 2012 the revenue receipts exceeded expected levels. This increase is due mostly to a rate increase. The fund also experienced a saving in expenditures from the budgeted amounts in all departments of the fund.

Solid Waste and Recycling Fund—The Solid Waste and Recycling Fund accounts for solid waste collection, disposal, and recycling operations. The fund also includes “clean city” activities such as neighborhood clean sweeps, litter and graffiti removal, and litter control in the business districts. City crews provide approximately one-half of the solid waste collection services, while the remaining services are provided through contracts with private operators. In 2012 the City implemented One-sort residential recycling. Net position in the fund decreased by \$220 to \$30,319 due to a decrease in operating revenues of \$695 and an increase in operating expenses of \$1,884.

Water Treatment and Distribution Services Fund—The Water Treatment and Distribution Services Fund accounts for the operation and maintenance of a water treatment and delivery system for the City and several suburban city customers. The City sells water directly to the cities of Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal, and Edina. Net position increased by \$11,227 for the year, resulting in a net position at December 31, 2012 of \$197,186. This increase is due at least in part to the fixed rate charge that was introduced this year in addition to the lower rainfall amounts in 2012 resulting in higher consumption.

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, 2012 was \$162,756 which is an increase of \$5,558 from 2011.

There are three reasons for the increase:

- Operational efficiencies attained through off-street parking (the largest contributor was a reduction in operator expenses due to the new pay machines in most of the ramps reducing the number of staff hired).
- New multi-space parking meters are increasing revenues in on-street parking.
- Less snow reduced cost in the Impound Lot. Snow emergencies increase the costs of the Impound Lot due to overtime, snow removal, higher tow company rates.

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 \$1,331 during the year. Operating transfers in the amount of \$1,381 in 2012 and \$499 in 2011 were made from the resources generated by the programs of the CPED Enterprise Fund for the benefit of other development activities of the City.

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 charge user fees to recover the cost of operations and accumulate equity for purposes of maintaining the on-going operations provided to the government.

While the financial condition of the internal service funds continues to represent a financial challenge for the City, key measures taken in 2001 have resulted in continued financial performance improvement. The financial condition of these funds had reached a low point at year-end 2000 when the combined net position deficit had declined to \$(54,407). At the end of 2012, the combined net position in the internal service funds had improved to \$97,158. A change in accounting principle and prior period adjustments due to the implementation of GASB Statement No. 34 led to an initial improvement of \$17,555 in 2001. The restatement recognized assets previously unrecorded within the internal service funds. The remaining improvement of \$134,010 can be credited to the deficit reduction plans implemented by the managers of each of their respective funds. Another milestone reached in 2012 is that all of the six Internal Service Funds have positive net position. The following table provides a summary of cash balances, total assets, total liabilities, operating income, changes in net position, and net positions for each of the internal service funds:

Internal Service Funds
Key Balance Sheet Account Balances and Operating Activities
December 31, 2012

	Eng. Materials & Testing	Intergovern- mental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	Total	
							2012	2011 Restated
Cash	\$ 1,745	\$ 15,805	\$ 762	\$ 10,237	\$ 2	\$ 56,399	\$ 84,950	\$ 73,570
Assets	1,764	52,063	31,866	62,182	4,292	57,332	209,499	206,761
Liabilities	180	24,653	6,295	24,982	600	55,631	112,341	126,593
Operating Income (Loss)	650	(8,177)	(727)	1,121	783	2,217	(4,133)	(11,417)
Changes in net position	455	2,904	(492)	2,845	666	5,982	12,360	13,926
Net position	\$ 1,584	\$ 27,410	\$ 25,571	\$ 37,200	\$ 3,692	\$ 1,701	\$ 97,158	\$ 84,798

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

Beginning in 2009, the fund has continued to achieve net operating incomes after sustaining an operating loss of \$115 in 2008. After a reduction to net position of \$168 in 2008, the fund has consistently increased net position from 2009 through 2012 by a total of \$1,556 to achieve an ending net position of \$1,584. The fund maintains a positive cash balance, increasing the 2011 balance of \$1,164 by \$581 to achieve a 2012 ending balance of \$1,745.

Intergovernmental Services Fund—This fund accounts for information technology services, central mailing and printing services, and telecommunication operations. In 2003, the fund’s beginning net position was restated by \$7,866 to reflect corrections made to accurately present the fund’s capital assets, accumulated depreciation, and related liability amounts. This positive adjustment reduced the beginning net position deficit from \$(40,850) to \$(32,984). The fund has since recorded a total increase in net position of \$60,394 through 2012, attaining a positive net position for the first time in 2008. The updated long-term financial plan forecasted the fund would attain a positive net position at year-end 2009. This fund has performed better than projected. The actual cash balance at year-end 2012 was \$15,805 compared to the projected cash balance of \$9,281. The cash balance increased due to collection of \$1,434 on the note receivable and prepayments totaling \$2,725 for scheduled technology projects. In 2010, \$4,560 of refunding bonds was issued to retire old debt and achieve a lower interest rate for current debt. In 2012, bonds totaling \$1,275 were issued as new debt to fund approved capital projects.

Property Services Fund—The Property Service Fund is responsible for the management and maintenance of City-owned real estate, including police precinct structures, fire stations, public works buildings, office buildings, parking structures, and properties held for development purposes. The fund is not financially responsible for City Hall, the Convention Center, parking facilities, Water plant or Park Board buildings. The fund is responsible for energy management and internal security. Included in this fund is the Radio Shop, which maintains the City’s emergency communications network. Beginning in 2009, the Council approved a City-wide charge for City Hall rent. The Property Services Fund collects the rental charge and remits it to the Municipal Building Commission. Ownership of some of the City’s properties is recorded as assets of this fund resulting in a depreciation expense. Currently, the Property Services Fund does not have rental and maintenance rates sufficient to fully recover depreciation, which results in an operating loss and a decrease to net position each year. The fund incurred a total decrease to net position of \$4,657 from the 2003 ending net position of \$30,228 to the 2012 balance of \$25,571. In 2012, net position decreased \$492 from the 2011 ending balance of \$26,063. The cash balance increased from \$699 at year-end 2011 to \$762 at year-end 2012.

Equipment Services Fund—The Equipment Services Fund accounts for the City’s fleet of vehicles and related equipment and accessories. In addition, the fund manages the dispatch of City-owned and contractual equipment. A long-term financial plan was developed for the fund in 2003 and the fund has progressively increased its net position from \$13,266 in 2004 to \$37,200 in 2012. The updated long-term financial plan projected the 2012 net position to be \$35,075. The actual 2012 ending net position represents an increase in net position of \$2,845, or 8.3%, from the 2011 ending balance of \$34,355. The 2012 ending cash balance is \$10,237, a decrease of \$2,066 from the ending balance of \$12,303 in 2011. The decrease in cash is primarily due to an increase in the acquisition of fleet vehicles and equipment in 2012 compared to 2011.

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

Public Works Stores Fund—This fund accounts for the centralized procurement, warehousing, and distribution of stocked inventory items, and the purchase of special goods and services for City departments. In addition, this fund stores an inventory of traffic signal components for assembly for Public Works-Transportation. For 2012, the fund reported a net position gain of \$666, increasing the net position from \$3,026 in 2011 to \$3,692 in 2012. The fund decreased its cash balance from \$3 reported in 2011 to \$2 recorded at year-end 2012. In 2012, the fund decreased the amount due to other funds by \$865, or 84%, resulting in a 2012 balance of \$165 compared to the 2011 balance of \$1,030.

Self-Insurance Fund—The Self-Insurance Fund accounts for employee COBRA insurance benefits programs, occupational health services, severance payments, the tort liability program, workers’ compensation program, and the related administrative costs. With the implementation of the new financial system, benefit payments for medical, dental, long-term disability and life insurance are paid directly from payroll and no longer pass through this fund. The net position at year-end 2012 was \$1,701, an increase of \$5,982 from the 2011 deficit of \$(4,281). A milestone was reached in 2012 when the net position became positive in the Self Insurance Fund. The cash balance increased from \$47,541 in 2011 to \$56,399 at year-end 2012. In 2003, when the fund’s net position was a deficit of \$(40,983), a long-term financial improvement plan was implemented. The plan was updated in 2012. The performance of the fund compared to the original long-term financial plan shows a net position that is ahead of the plan and a cash balance that is significantly increased over the original forecast.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets—As of December 31, 2012, the City’s investment in capital assets for its governmental and business-type activities was \$2,104,310 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads, highways, and bridges. The total increase in the City’s investment in capital assets for the current fiscal year was 2% consisting of a 4% increase for governmental activities and a 1% increase for business-type activities.

The following table summarizes capital assets for governmental and business-type activities for 2012 and 2011:

	Capital Assets (Net of depreciation)					
	Governmental		Business-Type		Total	
	2012	2011 Restated	2012	2011 Restated	2012	2011 Restated
Land and easements	\$ 110,789	\$ 110,789	\$ 128,382	\$ 128,382	\$ 239,171	\$ 239,171
Construction in progress	209,881	232,813	35,463	39,937	245,344	272,750
Infrastructure	370,964	292,679	-	-	370,964	292,679
Buildings and structures	385,111	393,220	328,872	321,282	713,983	714,502
Public improvements	688	800	441,118	439,868	441,806	440,668
Machinery and equipment	39,313	37,173	32,679	30,721	71,992	67,894
Computer equipment	8,140	12,546	15	19	8,155	12,565
Software	12,893	18,178	-	2	12,893	18,180
Other capital outlay	-	-	2	3	2	3
Total	\$ 1,137,779	\$ 1,098,198	\$ 966,531	\$ 960,214	\$ 2,104,310	\$ 2,058,412

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

- Numerous energy saving improvements to City buildings, including boilers, rolling doors, and charging stations for hybrid cars.
- Significant construction on the Van White Bridge.
- Over \$5,000 in street lights and traffic signals.

Additional information on the City’s capital assets can be found in Note 4 on pages 64-67 of this report.

Long-term debt—As of December 31, 2012, the City had total long-term bonds and notes outstanding of \$893,652 compared to \$1,016,919 in the prior year. Of this amount, \$535,450 related to governmental activities and \$358,202 related to business activities. The City had \$43,470 or approximately 5% of the outstanding long-term debt in variable rate mode at year-end. Long-term notes of \$146,340 are included in the above total, of which \$19,515 are for governmental activities and \$126,825 are for business activities.

The following table shows various classifications of the City’s long-term debt at December 31, 2012 and the amount of principal due in 2013.

Summary of Outstanding Bonds and Notes	Balance 1/1/2012	Additions	Retirements	Balance 12/31/2012	Due in 2013
General Obligation (GO) Bonds and Notes:					
Property Tax Supported GO Bonds	\$ 188,340	\$ 45,735	\$ 96,600	\$ 137,475	\$ 22,360
Self Supporting GO Bonds	178,865	4,200	15,235	167,830	13,010
GO Improvement Bonds	50,975	10,135	11,970	49,140	7,661
Tax Increment GO Bonds	128,255	3,000	24,155	107,100	9,555
Tax Increment GO Notes	-	5,170	350	4,820	370
Internal Service Fund Related GO Bonds	40,065	2,775	13,660	29,180	4,960
Enterprise Fund Related GO Bonds	205,607	31,110	90,595	146,122	27,630
Enterprise Fund Related GO Notes	91,251	39,253	3,836	126,668	3,943
Total General Obligation Bonds and Notes	883,358	141,378	256,401	768,335	89,489
Revenue Bonds and Notes:					
Economic Development Revenue Bonds	25,990	-	780	25,210	825
Other Community Development Related Bonds	91,985	-	6,730	85,255	3,630
Revenue Notes	15,586	-	734	14,852	427
Total Outstanding Bonds and Notes	<u>\$1,016,919</u>	<u>\$ 141,378</u>	<u>\$ 264,645</u>	<u>\$ 893,652</u>	<u>\$ 94,371</u>

The City maintained an “AAA” rating from Standard & Poor’s and Fitch Ratings and an “Aaa” from Moody’s for its general obligation debt in 2012. Additional information on the City’s Long-term debt can be found in Note 5 on page 67 of this report.

HISTORICAL AND LONG-TERM FINANCIAL PLANNING

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

- The City adopted long-term financial plans for three of the internal service funds (Intergovernmental Services, Equipment Services, and Self-Insurance) to increase net position and to achieve and maintain a positive cash balance. To meet the goals of the adopted long-term financial plans, transfers from the General Fund to all three funds are necessary. At year-end 2012, all three internal service funds had positive net position and cash balances.

- Like other jurisdictions, employee wages and benefits make up over 50 percent of the City's General Fund expenses, increases to which are driven by rapid growth in healthcare costs. In 2012, for City positions, not including independent boards, growth in salary and wages were budgeted at no increase for most bargaining units.
- In 2000, Minneapolis voters approved a levy to build a new Central Library and fund improvements to community libraries. Effective January 1, 2008, the Minneapolis Public Library System merged into the Hennepin County Library System. Though the County will be responsible for the operating costs for the libraries in future years, under a financial agreement, the City will continue to issue debt as defined in the City's adopted capital plan and will be responsible for a declining share of operations through 2017.
- In June of 2009, the Governor exercised his authority to "unallot" or unilaterally reduce various state appropriations. The appropriation directly impacting the City of Minneapolis was Local Government Aid (LGA). The City's LGA was reduced by \$8.5 million in 2009 and \$21.3 million in 2010 as a result of these actions.
- For 2013 – 2017, the five year capital program totals \$606.3 million including all funding sources. The 2013 portion of this program is \$122.7 million. The City could no longer afford to postpone needed improvements to infrastructure and the 2013 budget recommended a \$56.565 million increase in net debt bond funding. This increase will allow for \$150 million of capital programming over the next five years.

The City's levies for its closed pension funds that merged into the Minnesota State Public Employees' Retirement Association (PERA) are \$27.3 million for 2013.

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

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

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

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

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

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

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

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

settlements at the City took the form of the first contract settlement setting the percent increase for all other contract settlements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Outlook:

The City's future financial outlook is strong. The City has financial policies in place to help address funding pressures including personnel costs, pension obligations, and internal service fund debt. Since 2002, the City has annually adopted a five-year financial direction. In 2013, City positions, grew by 30 FTE and salaries and wages increased by \$2.5 million. Health insurance costs are budgeted to increase from \$55.8 million to \$58.3 million. This estimate is based on changes and experience related to the current plan design and the competitive procurement processes. The anticipated health premium increase for 2013 is 5%. The five-year financial direction includes an average 9.5% annual health insurance cost increase.

The City continues to proactively manage its pension liabilities. The City issued bonds in 2002-04 and used one-time funds to meet its pension obligations during those years. The 2013 budget includes \$27.3 million in property tax for closed pension fund expenses that have merged into Minnesota State Public Employees' Retirement Association (PERA). The City estimates total closed fund pension obligations of approximately \$643.1 million through 2028. Due to sound financial management, the City does not anticipate a need to bond for pension costs in 2013.

During the 1990s, due to other external demands, the revenue to support the internal services did not keep pace with the growth in expenses. Significant negative cash balances resulted because annual expenses exceeded revenues. Today, the individual balances are no longer negative. This is a significant improvement over the position of the funds since 2000 when the net position deficit was \$(61.7) million. At year-end 2012, the City's three internal service funds with long-term financial plans had a combined net position of \$66.3 million, a \$13.0 million increase over 2011. Additionally, each of the three funds had a positive cash balance at 2012 year-end.

In order to create capacity in 2012, the General Fund prepaid \$5.5 million in obligations to the Self-Insurance Fund in 2011. There was a postponement of 2012 obligations (\$2.2 million) to the Fleet Services Fund and there will be a partial prepayment of 2014 obligations (\$1.2 million) in 2013.

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's Commercial/Industrial (C/I) tax base is the \$7.2 billion dollars, of which \$4.1 billion resides in the Minneapolis Central Business District (CBD).

Between January 2012 and January 2013 the Minneapolis CBD experienced a modest 1.4% increase in commercial and industrial tax base growth. This is the second consecutive year of positive growth in the CBD market since the market downturn in 2009. Citywide, Minneapolis's commercial tax base is down 15.5% from its peak of \$7.2 billion dollars in 2008 to \$6.1 billion dollars in 2013. Absorption of vacant Class A office space in the CBD was generally positive in 2012 with the first three quarters and the overall FY 2012 recording positive absorption. This is the third consecutive year the CBD has posted positive absorption and improved vacancy. While these positive indicators are only incremental improvements over 2012, they are indicators the market has stabilized and the outlook for this sector is positive with continued market recovery throughout 2013.

Regional and National institutional investors have jumped back into the Minneapolis CBD market with several notable Class "A" office building purchases in 2012 and the first quarter of 2013. These sales are a promising trend that the real estate recovery is underway and the office market fundamentals returning to normalcy.

- City Center – 1.08M SF* on 11/2012 for \$205.5 million dollars
- IDS – 1.4M SF* on 4/25/13 for \$253 million dollars
- RBC Plaza – 592,000 SF* on 1/2013 for \$126.5 million dollars
- Plaza VII – 339,000 SF* on 1/2013 for \$43.6 million dollars

(*Per the 2012 Building Owners and Managers Association (BOMA) Report)

Downtown Office Space—Vacancy Rate:

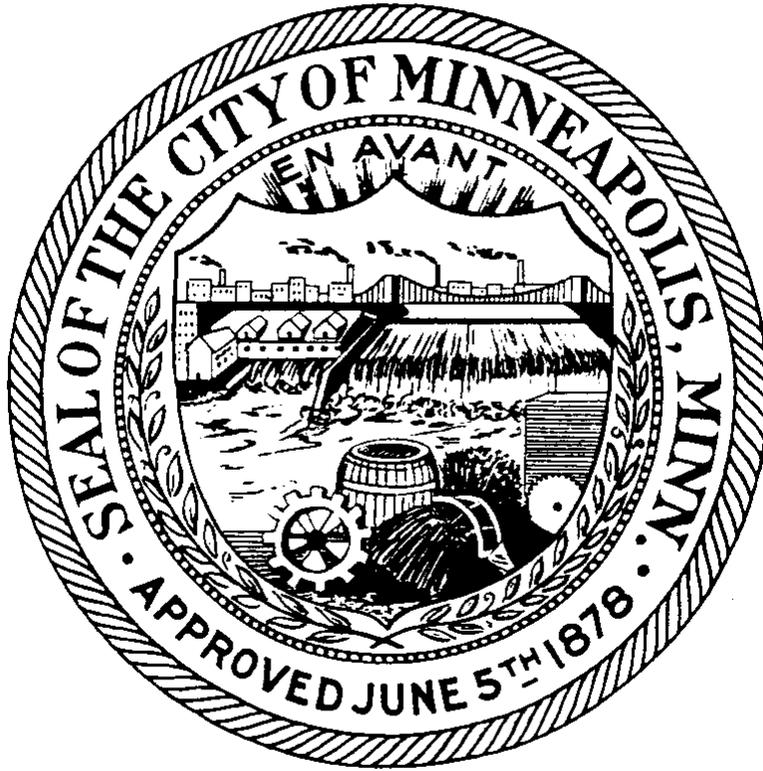
Because of the importance of real estate taxes as a source of local government revenue, real estate statistics are an important economic gauge for municipalities. Several commercial real estate companies compile and report real estate statistics. CB Richard Ellis reports on local real estate conditions quarterly. CB Richard Ellis' statistics indicate a slight decrease in vacancy rates in the Minneapolis CBD. Compared to the fourth quarter of 2011, the vacancy rate in the CBD has decreased from 17% to 16.3% in the fourth quarter of 2012.

Employment:

The unemployment rate for the City of Minneapolis as of February 2013 is 5.1% according to the Minnesota Department of Employment and Economic Development. This economic indicator compares favorably to the national unemployment rate (8.1%) and the State of Minnesota rate (6%).

REQUEST FOR INFORMATION

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



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STATEMENT OF NET POSITION
December 31, 2012

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

	Primary Government			Discrete Component Units	Total
	Governmental Activities	Business-type Activities	Total		
<u>ASSETS</u>					
Cash and cash equivalents	\$ 453,513	\$ 108,092	\$ 561,605	\$ 23,952	\$ 585,557
Deposits with fiscal agents	43	-	43	-	43
Investments with trustees	3,246	39,396	42,642	-	42,642
Receivables (net)	104,124	28,977	133,101	8,023	141,124
Loans receivable from component unit	2,020	-	2,020	-	2,020
Due from other governmental agencies	43,145	253	43,398	689	44,087
Capital leases	235	3,630	3,865	-	3,865
Prepays and other assets	894	169	1,063	201	1,264
Inventories	5,576	5,943	11,519	138	11,657
Internal Balances	19,747	(19,747)	-	-	-
Long-term portion of loans and notes receivable	-	345	345	-	345
Long-term portion of loans due from component unit	4,040	-	4,040	-	4,040
Long-term portion of capital lease receivable	9,091	80,653	89,744	-	89,744
Long-term deferred charges	3,432	820	4,252	-	4,252
Properties held for resale	48,446	-	48,446	-	48,446
Capital assets:					
Nondepreciable	320,670	163,845	484,515	118,992	603,507
Depreciable, net	817,109	802,686	1,619,795	198,156	1,817,951
Total assets	\$ 1,835,331	\$ 1,215,062	\$ 3,050,393	\$ 350,151	\$ 3,400,544
<u>LIABILITIES</u>					
Accrued salaries and benefits	\$ 8,254	\$ 920	\$ 9,174	\$ 1,508	\$ 10,682
Accounts payable	18,517	13,534	32,051	3,190	35,241
Interest payable	2,497	1,804	4,301	112	4,413
Unpaid claims payable	-	-	-	3,372	3,372
Loans payable to primary government	-	-	-	2,020	2,020
Due to other governmental agencies	11	359	370	-	370
Unearned revenue	17,629	1,146	18,775	427	19,202
Deposits held for others	4,793	7,140	11,933	2	11,935
Long-term interest payable	-	5,295	5,295	-	5,295
Compensated absences:					
Due within one year	16,744	797	17,541	2,720	20,261
Due beyond one year	15,304	1,861	17,165	1,787	18,952
Other postemployment benefits - due beyond one year	19,919	2,919	22,838	3,284	26,122
Long-term portion of loan payable to primary government	-	-	-	4,040	4,040
Long-term liabilities:					
Due within one year	67,603	35,320	102,923	1,424	104,347
Due beyond one year	532,946	327,778	860,724	2,059	862,783
Total liabilities	704,217	398,873	1,103,090	25,945	1,129,035
<u>NET POSITION</u>					
Net investment in capital assets	798,704	694,243	1,492,947	313,851	1,806,798
Restricted:					
Debt service	44,499	33,616	78,115	-	78,115
Community & economic development	146,714	-	146,714	-	146,714
Law enforcement	887	-	887	-	887
Grants	1,007	-	1,007	-	1,007
Capital improvements	-	-	-	502	502
Project and grant programs	-	-	-	271	271
Special trust	-	-	-	94	94
Special reserves	-	-	-	4,154	4,154
Unrestricted	139,303	88,330	227,633	5,334	232,967
Total net position	1,131,114	816,189	1,947,303	324,206	2,271,509
Total liabilities and net position	\$ 1,835,331	\$ 1,215,062	\$ 3,050,393	\$ 350,151	\$ 3,400,544

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

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2012

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

	Net (Expenses) Revenues and Changes in Net Position									
	Program Revenues			Primary Government			Discrete Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Discrete Component Units	Total	Total
FUNCTIONS/PROGRAMS										
Primary government										
Governmental Activities:										
General government	\$ 98,546	\$ 40,636	\$ 11,747	\$ 945	\$ (45,218)	\$ -	\$ (45,218)	\$ -	\$ -	\$ (45,218)
Public safety	248,333	46,992	33,121	-	(168,220)	-	(168,220)	-	-	(168,220)
Public works	71,736	15,507	17,800	24,285	(14,144)	-	(14,144)	-	-	(14,144)
Culture and recreation	5,528	-	-	-	(5,528)	-	(5,528)	-	-	(5,528)
Health and welfare	13,709	-	10,774	-	(2,935)	-	(2,935)	-	-	(2,935)
Community & economic development	139,190	35,523	54,763	-	(48,904)	-	(48,904)	-	-	(48,904)
Interest on long-term debt	16,503	-	-	-	(16,503)	-	(16,503)	-	-	(16,503)
Total governmental activities	593,545	138,658	128,205	25,230	(301,452)	-	(301,452)	-	-	(301,452)
Business-type activities:										
Sanitary sewer	51,564	61,849	94	-	-	10,379	10,379	-	-	10,379
Stormwater	25,998	38,383	2,503	919	-	15,807	15,807	-	-	15,807
Solid waste and recycling	31,158	31,001	266	875	-	984	984	-	-	984
Water treatment and distribution services	59,940	74,412	1,632	14	-	16,118	16,118	-	-	16,118
Community planning & economic development	7,875	2,239	-	-	-	(5,636)	(5,636)	-	-	(5,636)
Municipal parking	49,706	54,015	57	-	-	4,366	4,366	-	-	4,366
Total business-type activities	226,241	261,899	4,552	1,808	-	42,018	42,018	-	-	42,018
Total primary government	\$ 819,786	\$ 400,557	\$ 132,757	\$ 27,038	\$ (301,452)	\$ 42,018	\$ (259,434)	\$ -	\$ -	\$ (259,434)
Component units:										
Discrete component units	\$ 112,414	\$ 37,299	\$ 2,613	\$ 11,540				(60,962)		(60,962)
General Revenues:										
Taxes:										
General property tax and fiscal disparities					230,719	-	230,719	58,189		288,908
Property tax increment					52,679	-	52,679	-		52,679
Franchise fees					26,120	-	26,120	-		26,120
Convention center taxes					56,349	-	56,349	-		56,349
Other taxes					13,079	-	13,079	-		13,079
Local government aid - unrestricted					56,404	-	56,404	193		56,597
Grants and contributions not restricted to programs					-	-	-	7,776		7,776
Unrestricted interest and investment earnings					4,248	5,286	9,534	-		9,534
Other					4,548	56	4,604	129		4,733
Gain on sale of capital assets					-	54	54	22		76
Gain on lease termination					-	-	-	22		22
Transfers					10,889	(10,889)	-	-		-
Total general revenues and transfers					455,035	(5,493)	449,542	66,331		515,873
Change in net position					153,583	36,525	190,108	5,369		195,477
Net position- January 1, restated (see Note 1-A and 1-N)					977,531	779,664	1,757,195	318,837		2,076,032
Net position- December 31					\$ 1,131,114	\$ 816,189	\$ 1,947,303	\$ 324,206		\$ 2,271,509

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

**GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2012**

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

	General	Community Planning and Economic Development	Convention Center	Permanent Improvement	General Debt Service	Special Assessment	Non-Major Governmental	Total
ASSETS								
Cash and cash equivalents	\$ 87,807	\$ 169,679	\$ 44,421	\$ 12,560	\$ 17,656	\$ 10,644	\$ 25,796	\$ 368,563
Deposits with fiscal agents	-	-	-	-	-	-	43	43
Investments with trustees	-	-	-	-	-	-	3,246	3,246
Receivables:								
Accounts - net	4,474	995	5,755	631	-	-	322	12,177
Taxes	3,914	277	-	34	640	-	393	5,258
Special assessments	879	-	-	3,324	-	36,959	2,122	43,284
Intergovernmental	295	315	-	29,314	-	-	13,185	43,109
Loans	-	26,685	-	-	-	-	15,404	42,089
Loans due from component unit	-	-	6,060	-	-	-	-	6,060
Accrued interest	545	338	77	51	114	25	43	1,193
Due from other funds	3,800	150	-	750	-	-	2,700	7,400
Advances to other funds	-	10	6,250	-	-	-	-	6,260
Properties held for resale	-	38,222	-	-	-	-	9,791	48,013
Prepaid items	6	103	-	-	-	-	-	109
Total assets	\$ 101,720	\$ 236,774	\$ 62,563	\$ 46,664	\$ 18,410	\$ 47,628	\$ 73,045	\$ 586,804
LIABILITIES and FUNDBALANCES								
Liabilities:								
Salaries payable	\$ 6,619	\$ 92	\$ 243	\$ 169	\$ -	\$ -	\$ 349	\$ 7,472
Accounts payable	2,968	839	1,813	3,497	26	35	4,046	13,224
Intergovernmental payable	2	-	-	-	-	-	4	6
Due to other funds	58	-	-	-	-	-	7,250	7,308
Deposits held for others	2,351	566	1,856	-	-	-	-	4,773
Deferred Revenue - unavailable	3,418	26,963	26	19,904	456	36,874	17,604	105,245
Deferred Revenue - unearned	-	456	-	-	-	-	4,937	5,393
Total liabilities	15,416	28,916	3,938	23,570	482	36,909	34,190	143,421
Fund balances:								
Nonspendable	6	38,325	6,060	-	-	-	9,791	54,182
Restricted	-	146,714	-	12,369	17,928	10,719	5,377	193,107
Committed	-	2,347	-	-	-	-	-	2,347
Assigned	941	20,472	52,565	10,725	-	-	23,733	108,436
Unassigned	85,357	-	-	-	-	-	(46)	85,311
Total fund balances	86,304	207,858	58,625	23,094	17,928	10,719	38,855	443,383
Total liabilities and fund balances	\$ 101,720	\$ 236,774	\$ 62,563	\$ 46,664	\$ 18,410	\$ 47,628	\$ 73,045	\$ 586,804

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, 2012**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

Fund balances - total governmental funds	\$	443,383
<p>Amounts reported for governmental activities in the statement of net assets 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	286,551	
Depreciable	1,316,209	
Accumulated Depreciation	<u>(577,648)</u>	1,025,112
Capital Lease Receivable for parking ramp		9,326
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds, primarily deferred special assessments.</p>		
		105,245
<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>		
		97,158
<p>Receivable from business-type funds for internal service fund activity.</p>		
		19,587
<p>Accruals to record an accounts receivable allowance, interest receivable on loans and notes, and an adjustment to loans and notes receivable balances.</p>		
		(4,591)
<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	(513,827)	
Other postemployment benefits payable	(17,623)	
Operating and Capital leases payable	(120)	
Bond Interest Payable	(2,419)	
Compensated Absences	<u>(30,117)</u>	<u>(564,106)</u>
Net position of governmental activities	\$	<u><u>1,131,114</u></u>

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

CITY OF MINNEAPOLIS, MINNESOTA

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**

For the Fiscal Year Ended December 31, 2012

(In Thousands)

	General	Community Planning and Economic Development	Convention Center	Permanent Improvement	General Debt Service	Special Assessment	Non-Major Governmental	Total
REVENUES:								
Taxes	\$ 220,527	\$ 50,834	\$ 55,054	\$ 1,006	\$ 28,051	\$ -	\$ 24,047	\$ 379,519
Licenses and permits	36,089	-	-	283	-	-	1,291	37,663
Intergovernmental revenues	68,698	63	-	32,577	21	-	85,191	186,550
Charges for services and sales	44,653	8,844	5,957	6,416	-	-	2,288	68,158
Fines and forfeits	8,243	-	-	-	-	-	360	8,603
Special assessments	3,009	-	-	1,383	1	9,436	10,005	23,834
Interest	1,649	1,551	574	123	411	80	215	4,603
Miscellaneous revenues	1,327	14,242	9,708	1,272	1,484	-	6,700	34,733
Total revenues	<u>384,195</u>	<u>75,534</u>	<u>71,293</u>	<u>43,060</u>	<u>29,968</u>	<u>9,516</u>	<u>130,097</u>	<u>743,663</u>
EXPENDITURES:								
Current:								
General government	60,037	-	-	993	-	-	34,940	95,970
Public safety	220,387	-	-	-	-	-	23,910	244,297
Public works	47,321	-	-	-	-	-	2,438	49,759
Culture and recreation	4,982	-	-	546	-	-	-	5,528
Health and welfare	2,432	-	-	-	-	-	10,747	13,179
Community & economic development	3,547	37,466	36,590	-	-	-	58,473	136,076
Capital outlay	-	-	3,905	73,959	-	-	-	77,864
Debt Service:								
Principal retirement	-	-	-	-	68,817	7,370	31,855	108,042
Interest and fiscal charges	-	-	-	-	8,220	1,830	12,102	22,152
Total expenditures	<u>338,706</u>	<u>37,466</u>	<u>40,495</u>	<u>75,498</u>	<u>77,037</u>	<u>9,200</u>	<u>174,465</u>	<u>752,867</u>
Excess (deficiency) of revenues over (under) expenditures	<u>45,489</u>	<u>38,068</u>	<u>30,798</u>	<u>(32,438)</u>	<u>(47,069)</u>	<u>316</u>	<u>(44,368)</u>	<u>(9,204)</u>
OTHER FINANCING SOURCES (USES):								
Transfers from other funds	10,268	2,066	-	5,750	44,817	197	54,770	117,868
Transfers to other funds	(41,658)	(41,869)	(26,168)	(615)	(1,115)	-	(12,910)	(124,335)
Bonds issued	-	-	4,200	22,410	-	-	-	26,610
Premium (Discount)	-	-	111	627	555	151	37	1,481
Refunding bonds issued	-	-	-	-	28,860	4,600	3,000	36,460
Refunding notes issued	-	-	-	-	-	-	5,170	5,170
Payments to escrow agents	-	-	-	-	(28,860)	(4,600)	(8,170)	(41,630)
Total other financing sources (uses)	<u>(31,390)</u>	<u>(39,803)</u>	<u>(21,857)</u>	<u>28,172</u>	<u>44,257</u>	<u>348</u>	<u>41,897</u>	<u>21,624</u>
Net change in fund balances	14,099	(1,735)	8,941	(4,266)	(2,812)	664	(2,471)	12,420
Fund balances - January 1, 2012 restated (see Note 1-N)	72,205	209,593	49,684	27,360	20,740	10,055	41,326	430,963
Fund balances - December 31	<u>\$ 86,304</u>	<u>\$ 207,858</u>	<u>\$ 58,625</u>	<u>\$ 23,094</u>	<u>\$ 17,928</u>	<u>\$ 10,719</u>	<u>\$ 38,855</u>	<u>\$ 443,383</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, 2012**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

Net increase (decrease) in fund balances - total governmental funds	\$	12,420
Amounts reported for governmental activities in the statement of activities are different because:		
Interest revenue that is not recorded within the fund level statements.		(305)
Loan C program revenue is not recorded within the fund level statements.		1,765
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.		10,598
Transfers from business-type funds for internal service fund activity.		61
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:		76,977
Less loss on retirement of capital assets		(840)
Less current year depreciation		(30,397)
Revenues and expenses in the statement of activities that do not provide current financial resources are not reported as revenues and expenses in the funds.		1,762
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:		
Bonds Principal Payments	149,672	
Bond Proceeds	<u>(69,721)</u>	79,951
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	5,649	
Change in other postemployment benefits payable	(4,351)	
Change in compensated absences	<u>293</u>	<u>1,591</u>
Increase (decrease) in net position of governmental activities	\$	<u><u>153,583</u></u>

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

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2012**

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	\$ 20,018	\$ 37,409	\$ 19,066	\$ 7,729	\$ 23,856	\$ 14	\$ 108,092	\$ 84,950
Investments with trustees	-	-	-	-	-	39,396	39,396	-
Receivables:								
Accounts - net	3,951	3,616	4,524	3,231	2,873	29	18,224	123
Special assessments:								
Current	79	215	808	1	104	-	1,207	-
Delinquent	27	59	176	6	34	-	302	-
Deferred	-	129	1,319	7,608	-	-	9,056	-
Intergovernmental	-	205	35	-	13	-	253	36
Loans	-	-	-	-	-	150	150	-
Notes	-	-	-	-	-	-	-	4,591
Accrued interest	-	-	-	-	-	38	38	-
Capital leases	-	-	-	-	-	3,630	3,630	-
Due from other funds	-	-	-	-	-	-	-	223
Inventories	-	-	4,206	-	1,737	-	5,943	5,576
Properties held for resale	-	-	-	-	-	-	-	433
Prepaid items	161	8	-	-	-	-	169	785
Total current assets	24,236	41,641	30,134	18,575	28,617	43,257	186,460	96,717
Long-term assets:								
Receivables:								
Loans	-	-	-	-	-	345	345	-
Capital leases	-	-	-	-	-	80,653	80,653	-
Deferred charges	12	16	22	770	-	-	820	115
Capital assets:								
Nondepreciable								
Land, leaseholds and easements	1	7,211	2,993	112,452	1,877	3,848	128,382	23,007
Construction in progress	6,879	13,053	13,389	1,394	748	-	35,463	11,112
Depreciable								
Buildings and structures	-	-	222,658	281,284	2,047	12,743	518,732	55,649
Less accumulated depreciation	-	-	(64,190)	(112,833)	(2,034)	(10,803)	(189,860)	(28,731)
Public improvements	148,400	358,315	155,190	7,654	-	-	669,559	3,056
Less accumulated depreciation	(57,440)	(102,078)	(68,566)	(357)	-	-	(228,441)	(2,907)
Machinery and equipment	1,257	1,512	32,881	4,935	13,664	393	54,642	86,049
Less accumulated depreciation	(1,143)	(1,345)	(5,931)	(3,549)	(9,602)	(393)	(21,963)	(55,571)
Computer equipment	10	193	124	1,041	178	-	1,546	68,070
Less accumulated depreciation	(10)	(193)	(109)	(1,041)	(178)	-	(1,531)	(59,947)
Software	-	1,488	277	130	955	-	2,850	49,511
Less accumulated depreciation	-	(1,488)	(277)	(130)	(955)	-	(2,850)	(36,631)
Other capital outlay	-	-	19	15	-	-	34	50
Less accumulated depreciation	-	-	(19)	(13)	-	-	(32)	(50)
Total long-term assets	97,966	276,684	288,461	291,752	6,700	86,786	1,048,349	112,782
Total assets	\$ 122,202	\$ 318,325	\$ 318,595	\$ 310,327	\$ 35,317	\$ 130,043	\$ 1,234,809	\$ 209,499

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2012**

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

	Business-type Activities - Enterprise Funds						Total	Governmental
								Activities
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Internal Service Funds
<u>LIABILITIES</u>								
Current liabilities:								
Salaries payable	\$ 97	\$ 125	\$ 373	\$ 92	\$ 221	\$ 12.00	\$ 920	\$ 782
Accounts payable	2,085	882	1,426	5,989	3,122	30	13,534	5,293
Intergovernmental payable	-	5	3	18	333	-	359	5
Due to other funds	-	-	-	-	-	150	150	165
Deposits held for others	2	1	825	1,841	1	4,470	7,140	20
Advances from other funds	-	-	-	-	-	10	10	-
Interest payable	40	42	927	392	-	403	1,804	78
Unearned revenue	-	-	-	-	63	1,083	1,146	12,236
Bonds payable-current portion	4,150	6,650	2,201	14,629	-	3,630	31,260	4,960
Notes payable-current portion	-	162	3,781	-	-	117	4,060	-
Compensated absences payable-current portion	76	112	371	69	165	4	797	579
Unpaid claims payable-current portion	-	-	-	-	-	-	-	8,552
Total current liabilities	6,450	7,979	9,907	23,030	3,905	9,909	61,180	32,670
Long-term liabilities:								
Interest payable	-	1,467	2,128	1,700	-	-	5,295	-
Bonds payable	7,400	7,971	22,070	81,051	-	81,625	200,117	24,220
Unamortized premium (discounts)	553	493	1,157	2,693	-	-	4,896	1,075
Advances from other funds	-	-	-	-	-	-	-	6,250
Notes payable	-	-	84,075	38,650	-	40	122,765	-
Compensated absences payable	178	261	865	161	385	11	1,861	1,352
Other postemployment benefits	159	559	1,207	286	708	-	2,919	2,296
Unpaid claims payable	-	-	-	-	-	-	-	44,478
Total long-term liabilities	8,290	10,751	111,502	124,541	1,093	81,676	337,853	79,671
Total liabilities	14,740	18,730	121,409	147,571	4,998	91,585	399,033	112,341
<u>NET POSITION</u>								
Net investment in capital assets	86,688	265,578	175,155	154,334	6,700	5,788	694,243	83,568
Restricted - debt service	-	-	-	-	-	33,616	33,616	-
Unrestricted	20,774	34,017	22,031	8,422	23,619	(946)	107,917	13,590
Total net position	107,462	299,595	197,186	162,756	30,319	38,458	835,776	97,158
Total liabilities and net position	\$ 122,202	\$ 318,325	\$ 318,595	\$ 310,327	\$ 35,317	\$ 130,043	\$ 1,234,809	\$ 209,499

Net position - total enterprise funds \$ 835,776

Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities. (19,587)

Net position of business-type activities \$ 816,189

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Fiscal Year Ended December 31, 2012**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental
	Water					Internal		
	Sanitary Sewer	Stormwater	Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Service Funds
Operating revenues:								
Licenses and permits	\$ 188	\$ -	\$ 44	\$ 317	\$ -	\$ -	\$ 549	\$ -
Intergovernmental revenues	-	1,538	428	-	-	-	1,966	12
Charges for services and sales	62,045	38,383	74,765	53,696	31,001	2,239	262,129	78,590
Special assessments	94	965	1,204	-	266	-	2,529	-
Interest	-	-	-	-	-	5,199	5,199	-
Rents and commissions	-	-	-	2	-	-	2	33,863
Total operating revenues	62,327	40,886	76,441	54,015	31,267	7,438	272,374	112,465
Operating expenses:								
Personnel costs	3,751	5,491	17,768	3,915	10,095	254	41,274	37,475
Contractual services	15,822	12,983	17,498	29,476	18,959	2,153	96,891	42,615
Materials, supplies, services and other	32,346	3,117	12,025	6,470	1,687	7	55,652	15,177
Rent	-	-	130	-	-	-	130	1,462
Depreciation	1,358	4,079	10,551	6,905	665	347	23,905	19,869
Total operating expenses	53,277	25,670	57,972	46,766	31,406	2,761	217,852	116,598
Operating income (loss)	9,050	15,216	18,469	7,249	(139)	4,677	54,522	(4,133)
Non-operating revenues (expenses):								
Intergovernmental	-	919	14	-	875	-	1,808	-
Interest revenue	-	-	-	-	-	87	87	-
Interest expense	(295)	(329)	(3,304)	(4,498)	-	(5,114)	(13,540)	(680)
Gain (loss) on disposal of capital assets	19	16	-	-	19	-	54	233
Special assessments	-	-	-	57	-	-	57	-
Other revenues	-	-	46	10	-	-	56	1,883
Total non-operating revenues (expenses)	(276)	606	(3,244)	(4,431)	894	(5,027)	(11,478)	1,436
Income (loss) before contributions and transfers	8,774	15,822	15,225	2,818	755	(350)	43,044	(2,697)
Capital contributions	-	-	-	370	-	-	370	1,762
Transfers in (out):								
Transfers from other funds	-	151	994	13,799	296	400	15,640	19,077
Transfers to other funds	(2,150)	(1,245)	(4,992)	(11,429)	(1,271)	(1,381)	(22,468)	(5,782)
Total transfers	(2,150)	(1,094)	(3,998)	2,370	(975)	(981)	(6,828)	13,295
Change in net position	6,624	14,728	11,227	5,558	(220)	(1,331)	36,586	12,360
Net position - January 1, restated (see Note 1-N)	100,838	284,867	185,959	157,198	30,539	39,789	799,190	84,798
Net position - December 31	\$ 107,462	\$ 299,595	\$ 197,186	\$ 162,756	\$ 30,319	\$ 38,458	\$ 835,776	\$ 97,158

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.

(61)

Change in net assets of business-type activities

\$ 36,525

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, 2012**

CITY OF MINNEAPOLIS, MINNESOTA

(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	Total	Internal Service Funds
Cash flows from operating activities:								
Cash received from customers and users	\$ 61,573	\$ 39,067	\$ 76,713	\$ 53,540	\$ 31,455	\$ 14,358	\$ 276,706	\$ 115,821
Intergovernmental receipts	-	2,026	767	-	-	-	2,793	-
Loans issued	-	-	-	-	-	(522)	(522)	-
Payments to suppliers and users	(48,276)	(15,941)	(30,523)	(32,043)	(18,374)	(2,782)	(147,939)	(57,060)
Payments to employees	(3,664)	(5,398)	(17,459)	(3,850)	(9,873)	(240)	(40,484)	(37,232)
Other non-operating revenues	-	-	46	-	-	-	46	1,328
Net cash provided (used) by operating activities	9,633	19,754	29,544	17,647	3,208	10,814	90,600	22,857
Cash flows from non-capital financing activities:								
Subsidies from federal and local grants	-	-	14	-	-	-	14	-
Transfers from other funds	-	151	994	13,799	296	400	15,640	19,077
Principal paid on bonds and notes	-	-	-	-	-	(6,883)	(6,883)	-
Interest paid on bonds and notes	-	-	-	-	-	(5,145)	(5,145)	-
Transfers to other funds	(2,150)	(1,245)	(4,992)	(11,429)	(1,271)	(1,381)	(22,468)	(5,782)
Intergovernmental	-	919	-	-	875	-	1,794	-
Other non-operating revenues	-	-	-	10	-	-	10	-
Repayment of advances from other funds	-	-	-	-	-	-	-	(1,500)
Net cash provided (used) by non-capital financing activities	(2,150)	(175)	(3,984)	2,380	(100)	(13,009)	(17,038)	11,795
Cash Flows from capital and related financing activities:								
Bonds issued	1,750	5,400	-	1,900	-	-	9,050	1,275
Refunding bonds issued	-	-	-	22,060	-	-	22,060	1,500
Notes issued	-	452	151	38,650	-	-	39,253	-
Principal paid on bonds	(4,600)	(6,265)	(2,250)	(77,480)	-	-	(90,595)	(13,660)
Interest paid on bonds	(514)	(1,136)	(4,476)	(5,076)	-	-	(11,202)	(1,051)
Premium (discount)	46	143	-	313	-	-	502	(171)
Principal paid on notes	-	(290)	(3,546)	-	-	-	(3,836)	-
Interest paid on notes	-	-	-	(223)	-	-	(223)	-
Special assessments	-	-	-	602	-	-	602	-
Acquisition and construction of capital assets	(4,932)	(7,068)	(11,531)	(4,368)	(1,643)	-	(29,542)	(12,173)
Bond issuance costs	(3)	(10)	-	(325)	-	-	(338)	(31)
Proceeds from sale of capital assets	19	16	-	-	19	-	54	484
Contributions from other funds	-	-	-	-	-	-	-	555
Net cash provided (used) by capital and related financing activities	(8,234)	(8,758)	(21,652)	(23,947)	(1,624)	-	(64,215)	(23,272)
Cash flows from investing activities:								
Purchase of investments	-	-	-	-	-	(1,888)	(1,888)	-
Sale of investments	-	-	-	-	-	3,961	3,961	-
Interest	-	-	-	-	-	116	116	-
Net cash provided (used) by investing activities	-	-	-	-	-	2,189	2,189	-
Net increase (decrease) in cash and cash equivalents	(751)	10,821	3,908	(3,920)	1,484	(6)	11,536	11,380
Cash and cash equivalents, beginning of year	20,769	26,588	15,158	11,649	22,372	20	96,556	73,570
Cash and cash equivalents, end of year	\$ 20,018	\$ 37,409	\$ 19,066	\$ 7,729	\$ 23,856	\$ 14	\$ 108,092	\$ 84,950
Reconciliation of operating income to net cash provided (used) by operating activities								
Operating income (loss)	\$ 9,050	\$ 15,216	\$ 18,469	\$ 7,249	\$ (139)	\$ 4,677	\$ 54,522	\$ (4,133)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:								
Depreciation	1,358	4,079	10,551	6,905	665	347	23,905	19,869
Accounts receivable (net)	(861)	(86)	135	(482)	(36)	203	(1,127)	62
Intergovernmental receivable	-	488	338	-	113	-	939	150
Loans receivable	-	-	-	-	-	229	229	-
Notes receivable	-	-	-	-	-	-	-	1,284
Special assessments receivable	126	85	(260)	-	117	-	68	-
Capital lease receivable	-	-	-	-	-	6,208	6,208	-
Inventories	-	-	522	-	(170)	-	352	(127)
Prepaid items	(161)	(8)	-	-	-	-	(169)	249
Due from other funds	-	-	-	-	-	-	-	807
Salaries payable	22	(22)	-	4	44	12	60	33
Accounts payable	64	163	(1,351)	3,888	2,109	(72)	4,801	(17)
Due to other funds	-	-	-	-	-	(550)	(550)	(865)
Intergovernmental payable	(10)	4	(41)	15	333	-	301	(40)
Deposits held for others	(20)	(280)	825	7	(4)	(130)	398	-
Unearned revenue	-	-	-	-	(1)	(112)	(113)	1,067
Compensated absences payable	39	(29)	27	(8)	2	2	33	(331)
Other postemployment benefits	26	144	283	69	175	-	697	541
Unpaid claims	-	-	-	-	-	-	-	2,980
Other non-operating revenues	-	-	46	-	-	-	46	1,328
Net cash provided (used) by operating activities	\$ 9,633	\$ 19,754	\$ 29,544	\$ 17,647	\$ 3,208	\$ 10,814	\$ 90,600	\$ 22,857
Non-cash investing, capital and financing activities:								
Gain (Loss) on disposal of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (251)
Capitalization of interest on construction in progress	-	136	177	-	-	-	313	-
Capital contribution	-	-	-	370	-	-	370	1,762

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2012**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 7,566
Receivables:	
Accounts-net	<u>721</u>
Total assets	<u><u>\$ 8,287</u></u>
LIABILITIES	
Accounts payable	\$ 1,849
Intergovernmental payable	6,316
Deposits held for others	<u>122</u>
Total liabilities	<u><u>\$ 8,287</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, 2012**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Park Board</u>	<u>Municipal Building Commission</u>	<u>Meet Minneapolis</u>	<u>Total Discrete Component Units</u>
<u>ASSETS</u>				
Cash and investments	\$ 21,855	\$ 1,044	\$ 1,053	\$ 23,952
Receivables (net)	7,650	-	373	8,023
Due from other governmental agencies	-	689	-	689
Prepays and other assets	72	-	129	201
Inventories	138	-	-	138
Capital assets:				
Nondepreciable	107,996	10,984	12	118,992
Depreciable, net	179,453	18,242	461	198,156
Total assets	<u>\$ 317,164</u>	<u>\$ 30,959</u>	<u>\$ 2,028</u>	<u>\$ 350,151</u>
<u>LIABILITIES</u>				
Accrued salaries and benefits	\$ 998	\$ 122	\$ 388	\$ 1,508
Accounts payable	2,307	562	321	3,190
Interest payable	36	-	76	112
Unpaid claims payable	3,372	-	-	3,372
Loans payable to primary government	-	-	2,020	2,020
Unearned revenue	-	-	427	427
Deposits held for others	-	2	-	2
Compensated absences:				
Due within one year	2,597	123	-	2,720
Due beyond one year	1,725	62	-	1,787
Other postemployment benefits - due beyond one year	3,012	272	-	3,284
Long -term portion of loan payable -				
Due to primary government	-	-	4,040	4,040
Long-term liabilities:				
Due within one year	1,370	-	54	1,424
Due beyond one year	1,745	-	314	2,059
Total liabilities	<u>17,162</u>	<u>1,143</u>	<u>7,640</u>	<u>25,945</u>
<u>NET POSITION</u>				
Net investment in capital assets	284,334	29,226	291	313,851
Restricted				
Capital improvements	502	-	-	502
Project and grant programs	271	-	-	271
Special trust	94	-	-	94
Special reserves	4,154	-	-	4,154
Unrestricted	10,647	590	(5,903)	5,334
Total net position	<u>300,002</u>	<u>29,816</u>	<u>(5,612)</u>	<u>324,206</u>
Total liabilities and net position	<u>\$ 317,164</u>	<u>\$ 30,959</u>	<u>\$ 2,028</u>	<u>\$ 350,151</u>

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

COMBINING STATEMENT OF ACTIVITIES
DISCRETE COMPONENT UNITS
For the Fiscal Year Ended December 31, 2012

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenues and Changes in Net Position				Total Discrete Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Park Board	Municipal Building Commission	Meet Minneapolis	
Park Board	\$ 91,003	\$ 18,641	\$ 2,613	\$ 9,434	\$ (60,315)	\$ -	\$ -	\$ (60,315)
Municipal Building Commission	11,696	8,043	-	2,106	-	(1,547)	-	(1,547)
Meet Minneapolis	9,715	10,615	-	-	-	-	900	900
Total discrete component unit activities	\$ 112,414	\$ 37,299	\$ 2,613	\$ 11,540	\$ (60,315)	\$ (1,547)	\$ 900	\$ (60,962)
General Revenues:								
Taxes:								
General property tax and fiscal disparities					58,189	-	-	58,189
Local government aid					-	193	-	193
Grants and contributions not restricted to specific programs					7,776	-	-	7,776
Other					-	129	-	129
Gain on sale of capital assets					22	-	-	22
Gain on lease termination					-	-	22	22
Total general revenues					65,987	322	22	66,331
Change in net position					5,672	(1,225)	922	5,369
Net position- January 1, restated (see Note 1-A)					294,330	31,041	(6,534)	318,837
Net position- December 31					\$ 300,002	\$ 29,816	\$ (5,612)	\$ 324,206

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

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A - REPORTING ENTITY

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

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

BLENDED COMPONENT UNIT

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

▪ Board of Estimate and Taxation

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

DISCRETELY PRESENTED COMPONENT UNITS

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

▪ Minneapolis Park and Recreation Board

The Minneapolis Park and Recreation Board (Park Board) was established according to Chapter 16 of the City Charter. The nine-member board is elected by the voters of the City and is responsible for developing and maintaining parkland and parkways as well as planting and maintaining the City's boulevard trees. The Mayor recommends the tax levies and budget for the Park Board, and the City Council and Mayor approve the allocation of the state's local government aid for Park Board operations. All Park Board actions are submitted to the Mayor and a mayoral veto may be overridden by a vote of two thirds 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. The

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

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

2011 net position was restated in 2012. The detail of this restatement can be found in Note 2 of the Minneapolis Park and Recreation Board financial statements. Complete financial statements for the Park Board can be obtained from the Minneapolis Park and Recreation Board at 2117 West River Road, Minneapolis, Minnesota, 55411.

▪ Municipal Building Commission

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

▪ Meet Minneapolis

Greater Minneapolis Convention and Visitors Association was incorporated on July 29, 1987. Greater Minneapolis Convention and Visitors Association (d.b.a. Meet Minneapolis) and its subsidiary, Internet Destination Sales System, Inc. (hereinafter collectively the "Association") comprise the reporting entity for Meet Minneapolis. The Association was organized to promote the City of Minneapolis (the City) as a major destination for conventions and visitor travel, and to achieve maximum utilization of the Minneapolis Convention Center. Toward this purpose, the Association receives funding through annual contracts with the City and the state of Minnesota. The Association is a nonprofit corporation under Section 501 (c) (6) of the Internal Revenue Code. Complete financial statements for Meet Minneapolis and Subsidiary can be obtained from Meet Minneapolis at 250 Marquette Avenue South, Suite 1300, Minneapolis, Minnesota 55401.

RELATED ORGANIZATIONS

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

▪ Minnesota Sports Facilities Authority

On May 14, 2012 Governor Mark Dayton signed into law a stadium bill which provides for construction and operation of a new National Football League stadium to be located on the Metrodome site. The bill established a new Minnesota Sports Facilities Authority (MSFA) and required that members be appointed within 30 days, the bill also required the Metropolitan Sports Facilities Commission (MSFC) transfer its assets, liabilities, and obligations to the MSFA within 90 days and then abolish MSFC. The City is obligated to provide funding to build and maintain the new stadium.

The MSFA is charged with the design, construction and operation of the new multi-purpose stadium. The MSFA consists of five members. Three authority members, including the chair, are appointed by the governor. Two authority members are appointed by the City of Minneapolis. Complete financial statements for the Commission can be obtained from the Minnesota Sports Facilities Authority at 900 South Fifth Street, Minneapolis, Minnesota, 55415-1903.

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**RELATED ORGANIZATIONS (continued)****▪ 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 four Commissioners (one of whom must be a public housing family development resident) are appointed by the City Council.

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

JOINT VENTURES

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

• Minneapolis/Saint Paul Housing Finance Board

The Minneapolis/Saint Paul Housing Finance Board was established in accordance with a Joint Powers Agreement entered into between the Housing and Redevelopment Authority of the City of Saint Paul and the City of Minneapolis and accepted by both cities under State of Minnesota laws. The City of Minneapolis oversight responsibility of the Board is limited to its governing body's ability to appoint only three of the six members of the Board. The territorial jurisdiction of the Board extends beyond the corporate limits of the City of Minneapolis. The percentage share of the City in the Board's assets, liabilities and equity cannot be determined at fiscal year-end. Complete financial statements for the Minneapolis/Saint Paul Housing Finance Board can be obtained from the City of Minneapolis CPED office at Suite 700, Crown Roller Mill, 105 Fifth Avenue South, Minneapolis, Minnesota 55401-2534.

• Minneapolis Youth Coordinating Board

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

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

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

The *statement of net position* and *statement of activities* display information about the primary government (the City) and its component units using the economic resources measurement focus and the accrual basis of accounting. In GASB 63 the *statement of position* takes the place of the Statement of Net Assets. Net Position = ([assets + deferred outflows of resources] – [liabilities + deferred inflows of resources]). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between *governmental* and *business-type activities* of the City and between the City and its discretely presented component units. *Governmental* activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type* activities, which rely, to a significant extent on fees charged to external parties.

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

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

FUND FINANCIAL STATEMENTS

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

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

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

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

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

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

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

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

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

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

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

The City reports the following major governmental funds:

- **General Fund**

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

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

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

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

▪ Special Revenue Fund - Convention Center

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

▪ Capital Project Fund - Permanent Improvement

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

▪ Debt Service Fund - General

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

▪ Debt Service Fund - Special Assessment

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

PROPRIETARY FUNDS

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

All proprietary funds are accounted for on an economic resources management focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on the balance sheets. Their reported net 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, 2012

(Dollar Amounts Expressed in Thousands)

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

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project against interest earned on invested proceeds over the same period.

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

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

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

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
 HUD Consolidated Plan
 Downtown Improvement District
 Employee Retirement
 Grants-Federal
 Grants-Other
 Police
 Regulatory Services

Debt Service Funds:

Community Development Agency
 Development

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 & Testing** – This fund is used to account for operations of the City’s paving products laboratory.
- **Intergovernmental Services** – This fund is used to account for information technology service, central mailing and printing services, and the City’s telecommunication operations.
- **Property Services** – This fund is used to account for the physical management and maintenance of various City buildings, except for the City Hall/County Court House building.
- **Equipment Services** – This fund is used to account for the ownership and operation of various equipment and vehicles. The fund operates as a rental agent to various departments to support the construction and maintenance of city infrastructure, fire protection services and police services.
- **Public Works Stores** – This fund is used to account for centralized procurement, warehousing and distribution of stocked inventory items, as well as the purchase of special goods and services.
- **Self-Insurance** – This fund is used to account for employee benefit programs and administrative costs, occupational health services and severance payments to employees who have retired or resigned, a tort liability program and a workers’ compensation program.

- **Agency Funds**

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

- **The Minneapolis Agency** – Used to account for collection and remittance of funds to other governments and agencies.

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

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

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

C – BUDGETS

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

The 2011 process for the 2012 budget involved the following:

January-February*Departmental Performance Information*

City department heads bring their annual work plan and accomplishments to the Executive Committee, who then refers the work plan to the relevant Policy Committee for review and file.

March*Preliminary Year-End Budget Status Report*

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

March-April*Capital Improvement Budget Development*

The City has a five-year capital improvement plan. Annually, departments prepare and modify capital improvement proposals. Capital improvement proposals are reviewed by the Finance & Property Services Department, the City Planning Department and the Capital Long-Range Improvements Committee (CLIC). CLIC is the citizen advisory committee to the Mayor and City Council on capital programming.

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**C – BUDGETS (continued)****April***Preliminary Strategic Planning*

The City Council and Mayor meet for two half-day retreats to concentrate on financial and community development. The activities include a Strengths, Weaknesses, Opportunities and Threats (SWOT) presentation by department heads and a financial exercise.

April-June*Operating Budget Development*

Departments work in coordination with the Finance & Property Services Department to prepare department operating budget requests referred to as the "Current Service Level" (CSL). The Current Service Level Budget reflects the current year cost of providing the same level of service as provided in the prior year. In addition to preparing a Current Service Level budget, departments also prepare proposals which describe policy and the organizational changes with financial implications. The Current Service Levels and proposals form the basis for the Mayor's budget meetings with departments in June and July.

June-August*Mayor's Recommended Budget*

The Mayor holds departmental budget hearings to review department budget proposals, other additional policy changes, and alternative funding choices. In addition to reviewing operating budgets, the Mayor meets with representatives from CLIC in preparation of finalizing the capital budget recommendation. Following the departmental budget hearings and meetings with CLIC, the Mayor prepares a final budget recommendation with the assistance of the Finance & Property Services Department. The Mayor prepares and submits a budget to the City Council no later than August 15. The budget includes the Mayor's recommendation on annual property tax levy amounts.

September*Maximum Proposed Property Tax Levy*

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

September-October*Strategic Planning*

The City Council, with assistance from the Finance & Property Services Department and leadership from the Chair of the Ways and Means Committee, addresses mission, goals, and key business decisions.

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

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

The City Council holds public hearings on the budget. Departments present their Mayor Recommended Department Budgets to the Ways and Means/Budget Committee with all Council members present. Following departmental budget hearings, the Ways and Means/Budget Committee approves and moves forward a final recommended budget to the City Council. The Committee recommended budget includes any and all changes that are made to the Mayor's Recommended Budget.

Truth in Taxation

"Truth in Taxation" property tax statements are mailed by Hennepin County to property owners indicating the maximum amount of property taxes that the owner will be required to pay. These statements also indicate when the Truth in Taxation public hearings will be held, which is in early December as required by State law.

December*City Council Budget Adoption*

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C – BUDGETS (continued)

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

	Expenditure Budget at beginning of year	Changes during year	Expenditure Budget at end of year
General	\$ 343,081	\$ 7,110	\$ 350,191
CPED Special Revenue	37,628	83,526	121,154
Convention Center Special Revenue	41,272	5,160	46,432
HUD Consolidated Plan Special Revenue	16,136	9,676	25,812
Downtown Improvement District Special Revenue	5,800	210	6,010
Employee Retirement Special Revenue	22,061	8,403	30,464
Grants – Federal Special Revenue	15,718	27,139	42,857
Grants – Other Special Revenue	6,906	35,604	42,510
Police Special Revenue	1,832	353	2,185
TOTAL	\$ 490,434	\$ 177,181	\$ 667,615

D – NON-CURRENT GOVERNMENTAL ASSETS/LIABILITIES

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

E - DEPOSITS AND INVESTMENTS

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F - INVENTORIES OF MATERIALS AND SUPPLIES

Depending on the nature of the item, inventories are valued using the moving average valuation method or using the last price of the item purchased. Also, and depending on the nature of the item or the fund in which the inventory is recorded, the costs of inventories are recorded as expenses/expenditures when purchased, or when consumed rather than when purchased. Governmental fund inventories are recorded as expenditures at the time the inventory is consumed. Reported inventories of governmental funds are equally offset by nonspendable fund balance, to indicate that portion of fund balance not available for future appropriation. Inventory recorded in the proprietary funds is expensed as the supplies and materials are consumed.

G - LOANS RECEIVABLE

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

Several developers under various financial arrangements have agreed to pay back development loans only if certain events occur. 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.

H – CAPITAL ASSETS

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

The estimated useful lives are as follows:

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

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

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

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

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

J – INTERFUND TRANSACTIONS

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

K - PROPERTIES HELD FOR RESALE

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

L - DEBT SERVICE AND REQUIREMENTS

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

M - ESTIMATES

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N – RESTATEMENT OF FUND BALANCE AND NET POSITION

The City made adjustments to fund balance and net position to correct prior period accounting errors. Accounts receivable write-offs from prior periods were not reflected in the general ledger. An intergovernmental receivable in the Self-Insurance Internal Service fund was written off. Unearned revenue in the Intergovernmental Services Internal Service fund had not been reduced in prior years, and was corrected this year. Reconciling items in the Deposits held for others and Prepaid items accounts in the General Fund were written off. It was discovered that several capital assets in the Equipment Internal Service fund had been booked twice. The impact of these adjustments on fund balance/net position is illustrated in the table below.

	<u>Governmental Activities</u>					<u>Total Governmental Activities Net Position</u>
	<u>General</u>	<u>Community Planning and Economic Development</u>	<u>Permanent Improvement</u>	<u>Non-Major Governmental</u>	<u>Internal Service Funds</u>	
	Balance January 1, 2012	\$ 72,371	\$ 209,604	\$ 27,388	\$ 41,327	
<u>Prior period adjustments:</u>						
Accounts receivable	(78)	(11)	(28)	(1)	-	(118)
Intergovernmental receivable	-	-	-	-	(182)	(182)
Prepaid items	(22)	-	-	-	-	(22)
Unearned revenue	-	-	-	-	2,315	2,315
Deposits held for others	(66)	-	-	-	-	(66)
Capital assets - depreciable, net	-	-	-	-	(803)	(803)
Balance, January 1, 2012 - restated	<u>\$ 72,205</u>	<u>\$ 209,593</u>	<u>\$ 27,360</u>	<u>\$ 41,326</u>	<u>\$ 84,798</u>	<u>\$ 435,282</u>

	<u>Business-type Activities</u>	
	<u>Stormwater</u>	<u>Municipal Parking</u>
Balance January 1, 2012	\$ 284,897	\$ 157,208
<u>Prior period adjustments:</u>		
Accounts receivable	(30)	(10)
Balance, January 1, 2012 - restated	<u>\$ 284,867</u>	<u>\$ 157,198</u>

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits, per book	\$ (215)
Investments	635,999
Imprest cash held by City	24
Total	<u>\$ 635,808</u>
Primary Government:	
Cash and cash equivalents	\$ 561,605
Cash in Agency Funds	7,566
Deposits with fiscal agents	43
Investments with trustees	42,642
Total primary government	<u>\$ 611,856</u>
Discretely Presented Component Units:	
Park and Recreation Board:	
Cash and cash equivalents	<u>21,855</u>
Municipal Building Commission:	
Cash and cash equivalents	<u>1,044</u>
Meet Minneapolis:	
Cash and cash equivalents	<u>1,053</u>
Total	<u>\$ 635,808</u>

A - DEPOSITS

Minnesota Statutes Chapter 118A and the City Charter require the city to collateralize deposits at designated depositories. The City Finance Officer has arranged for the Federal Reserve Bank of Minneapolis to act as the City's agent in the safekeeping of securities as collateral. The bank balances at the City's designated depositories as of December 31, 2012, totaled \$7,556. The Dodd-Frank Wall Street Reform and Consumer Protection Act provides temporary unlimited deposit insurance coverage for noninterest-bearing transaction accounts at all FDIC-insured depository institutions. The separate coverage for noninterest-bearing transaction accounts became effective on December 31, 2010 and terminates on December 31, 2012.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to it. The City's policy is to have its designated depositories comply with Minnesota Statutes Chapter 118A to pledge allowable securities to collateralize the City's deposits. At December 31, 2012, the City was not exposed to custodial credit risk.

B - INVESTMENTS

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

B – INVESTMENTS (continued)

Interest Rate Risk

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

The following table presents the City of Minneapolis’ investment balances at December 31, 2012, and information relating to interest rate risks:

Investment Type	Weighted Average Maturity (Years)	Carrying (Fair) Value
U.S. Federal Agency obligations	1.4	\$ 187,522
U.S. Treasury obligations	1	237,870
U.S. Mortgage obligations	3.6	71,957
Municipal bonds	2.7	25,164
Commercial paper	0.1	23,276
Corporate securities	0.2	20,720
Mutual funds	0.1	66,258
Negotiable certificates of deposit	0.4	3,232
Portfolio Weighted Average Maturity	1.3	
Total investments		\$ 635,999
Deposits per book		(215)
Imprest cash		24
Total cash and investments		\$ 635,808

Credit Risk

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

“INVESTMENTS.

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

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

Subd. 3. State and local securities. Funds may be invested in the following:

- (1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
- (2) any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service; and

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

NOTE 2 - DEPOSITS AND INVESTMENTS**B – INVESTMENTS**

Credit Risk (continued)

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

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

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

At December 31, 2012, the City's investments were rated by Moody's and Standard & Poor's as follows:

Investment Type	Standard & Poor's		Moody's	
U.S. Federal agency obligations	AA+	\$ 187,522	Aaa	\$ 187,522
U.S. Treasury obligations	AA+	\$ 237,870	Aaa	\$ 237,870
U.S. Agency Mortgage obligations	AA+	\$ 71,957	Aaa	\$ 71,957
Municipal bonds				
	AAA	\$ 8,278	Aaa	\$ 7,838
	AA+	6,240	Aa1	8,058
	AA	3,186	Aa2	4,514
	AA-	2,156	Aa3	509
	A+	-	A1	264
	A-	264	A3	-
	BBB+	-	Baa1	36
	Not rated	5,040	Not rated	3,945
Total Municipal bonds		\$ 25,164		\$ 25,164
Commercial paper	A-1+	\$ 5,499	P-1	\$ 13,998
	A-1	17,777		9,278
Total Commercial paper		\$ 23,276		\$ 23,276
Corporate securities	Not rated	\$ 20,720	Not rated	\$ 20,720
Mutual funds	AAAmG	\$ 66,258	Aaa-mf	\$ 66,258
Negotiable certificates of deposit	Not rated	\$ 3,232	Not rated	\$ 3,232
Total		\$ 635,999		\$ 635,999

For the fiscal year ended December 31, 2012

(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 it uses a third party financial institution for safekeeping of securities.

Concentration of Credit Risk

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

Investment derivative instruments

At December 31, 2012, one of the City's Investment Managers held five "to-be-announced" (TBA) Government Sponsored Enterprise (GSE) mortgage-backed securities. These securities are investments within the general cash pool of the City. The change in the fair value of these securities would flow through to the City's funds participating in the cash pool and reported in interest earnings on the fund's statement of activities. The fair value would be reported with the fund's cash on the statement of net position. Generally, the risks associated with investments apply to derivatives. The change in fair value during FY 2012, the fair value at December 31, 2012, and the notional amount of these investments is shown below.

	Changes in Fair Value during FY 2012	Fair Value at December 31, 2012	Notional Amount
Governmental Activities	\$ 11	\$ 4,715	\$ 4,462
Business-Type Activities	3	1,124	1,063
Discrete Component Units:			
Minneapolis Park and Recreation Board	1	227	215
Municipal Building Commission	-	11	10
Fiduciary Funds	-	78	74
Total	<u>\$ 15</u>	<u>\$ 6,155</u>	<u>\$ 5,824</u>

NOTE 3 - RECEIVABLES

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

	General Fund	CPED	Convention Center	Permanent Improvement	General Debt Service
Governmental Activities					
Accounts	\$ 4,961	\$ 1,015	\$ 5,797	\$ 663	\$ -
Taxes	3,914	277	-	34	640
Special assessments	879	-	-	3,324	-
Intergovernmental	295	315	-	29,314	-
Loans	-	189,825	-	-	-
Loans due from component unit	-	-	2,020	-	-
Notes	-	-	-	-	-
Accrued interest	545	338	77	51	114
Gross receivables	10,594	191,770	7,894	33,386	754
Less: Allowance for uncollectibles	(487)	(163,160)	(42)	(32)	-
Total receivables (due within one year)	<u>\$ 10,107</u>	<u>\$ 28,610</u>	<u>\$ 7,852</u>	<u>\$ 33,354</u>	<u>\$ 754</u>
Long-term portion of loans and notes receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,040</u>	<u>\$ -</u>	<u>\$ -</u>

	Special Assessment Debt Service	Non-Major Governmental Funds	Internal Service Funds	Total Governmental
Governmental Activities (continued)				
Accounts	\$ -	\$ 497	\$ 129	\$ 13,062
Taxes	-	393	-	5,258
Special assessments	36,959	2,122	-	43,284
Intergovernmental	-	13,185	36	43,145
Loans	-	66,829	-	256,654
Loans due from component unit	-	-	-	2,020
Notes	-	-	4,591	4,591
Accrued interest	25	43	-	1,193
Gross receivables	36,984	83,069	4,756	369,207
Less: Allowance for uncollectibles	-	(51,600)	(6)	(215,327)
Total receivables (due within one year)	<u>\$ 36,984</u>	<u>\$ 31,469</u>	<u>\$ 4,750</u>	<u>\$ 153,880</u>
Long-term portion of loans and notes receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,040</u>

NOTE 3 - RECEIVABLES (continued)

Business-type Activities	Water				
	Sanitary Sewer	Stormwater	Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling
Accounts	\$ 3,952	\$ 3,616	\$ 4,784	\$ 3,291	\$ 2,873
Special assessments	106	403	2,303	7,615	138
Intergovernmental	-	205	35	-	13
Loans	-	-	-	-	-
Accrued interest	-	-	-	-	-
Gross receivables	4,058	4,224	7,122	10,906	3,024
Less: Allowance for uncollectibles	(1)	-	(260)	(60)	-
Total receivables (due within one year)	<u>\$ 4,057</u>	<u>\$ 4,224</u>	<u>\$ 6,862</u>	<u>\$ 10,846</u>	<u>\$ 3,024</u>
Long-term portion of loans and notes receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Business-type Activities (continued)	Total Business-type	
	CPED	type
Accounts	\$ 29	\$ 18,545
Special assessments	-	10,565
Intergovernmental	-	253
Loans	150	150
Accrued interest	38	38
Gross receivables	217	29,551
Less: Allowance for uncollectibles	-	(321)
Total receivables (due within one year)	<u>\$ 217</u>	<u>\$ 29,230</u>
Long-term portion of loans and notes receivable	<u>\$ 345</u>	<u>\$ 345</u>

Governmental Activities:

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

The annual lease payments approximate the principal and interest requirements on the outstanding bonds. The leases are capitalized in an amount equal to the principal of the related bonds. The lease agreement includes a bargain purchase option exercisable at the end of the lease term.

NOTE 3 - RECEIVABLES

Governmental Activities (continued):

The future payment requirements for these agreements are as follows:

	<u>Capitalized Lease</u>
Scheduled Lease Payments:	
2013	\$ 664
2014	684
2015	714
2016	737
2017	762
2018-2022	4,238
2023-2027	5,003
2028	<u>1,100</u>
Subtotal	13,902
Less: Interest over lease term	<u>(4,576)</u>
 Total Principal	 9,326
 Less: Current Portion	 <u>235</u>
 Noncurrent Portion	 <u><u>\$ 9,091</u></u>

Business-type Activities:

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

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

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

NOTE 3 - RECEIVABLES**Business-type Activities (continued):**

The future payment requirements for these agreements are as follows:

	Capitalized Leases
Scheduled Lease Payments:	
2013	\$ 8,464
2014	8,471
2015	8,337
2016	8,214
2017	8,065
2018-2022	34,378
2023-2027	29,132
2028-2032	21,897
2033-2037	17,919
2038-2040	7,911
Subtotal	<u>152,788</u>
Less: Interest over lease term	<u>(67,533)</u>
 Total Principal	 85,255
Less: Unexpended construction funds	 <u>(972)</u>
 Net Capitalized Leases and Notes receivable	 84,283
Less: Current Portion	<u>(3,630)</u>
 Noncurrent Portion	 <u><u>\$ 80,653</u></u>

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	Restated Balance January 1, 2012	Additions	Retirements	Balance December 31, 2012
Governmental activities				
<i>Capital assets, not being depreciated</i>				
Land and easements	\$ 110,789	\$ -	\$ -	\$ 110,789
Construction in progress	232,813	75,356	(98,288)	209,881
Total capital assets, not being depreciated	343,602	75,356	(98,288)	320,670
<i>Capital assets, being depreciated</i>				
Infrastructure	665,882	95,766	-	761,648
Buildings and structures	570,711	3,548	-	574,259
Public improvements	6,640	-	-	6,640
Machinery and equipment	111,125	11,900	(5,833)	117,192
Computer equipment	69,169	566	(270)	69,465
Software	47,967	2,088	-	50,055
Other capital outlay	51	-	-	51
Total capital assets, being depreciated	1,471,545	113,868	(6,103)	1,579,310
Less accumulated depreciation for:				
Infrastructure	(373,203)	(17,481)	-	(390,684)
Buildings and structures	(177,491)	(11,657)	-	(189,148)
Public improvements	(5,840)	(112)	-	(5,952)
Machinery and equipment	(73,952)	(8,654)	4,727	(77,879)
Computer equipment	(56,623)	(4,970)	268	(61,325)
Software	(29,789)	(7,373)	-	(37,162)
Other capital outlay	(51)	-	-	(51)
Total accumulated depreciation	(716,949)	(50,247)	4,995	(762,201)
Total capital assets, being depreciated, net	754,596	63,621	(1,108)	817,109
Governmental activities capital assets, net	<u>\$ 1,098,198</u>	<u>\$ 138,977</u>	<u>\$ (99,396)</u>	<u>\$ 1,137,779</u>

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

NOTE 4 - CAPITAL ASSETS (continued)

	Balance January 1, 2012	Additions	Retirements	Balance December 31, 2012
Business-type Activities				
<i>Capital assets, not being depreciated</i>				
Land and easements	\$ 128,382	\$ -	\$ -	\$ 128,382
Construction in progress	<u>39,937</u>	<u>25,729</u>	<u>(30,203)</u>	<u>35,463</u>
Total capital assets, not being depreciated	<u>168,319</u>	<u>25,729</u>	<u>(30,203)</u>	<u>163,845</u>
<i>Capital assets, being depreciated</i>				
Buildings and structures	500,461	19,967	(1,696)	518,732
Public improvements	658,878	10,681	-	669,559
Machinery and equipment	49,634	5,743	(735)	54,642
Computer equipment	1,546	-	-	1,546
Software	2,850	-	-	2,850
Capital outlay	<u>34</u>	<u>-</u>	<u>-</u>	<u>34</u>
Total capital assets, being depreciated	<u>1,213,403</u>	<u>36,391</u>	<u>(2,431)</u>	<u>1,247,363</u>
Less accumulated depreciation for:				
Buildings and structures	(179,179)	(10,682)	1	(189,860)
Public improvements	(219,010)	(9,431)	-	(228,441)
Machinery and equipment	(18,913)	(3,785)	735	(21,963)
Computer equipment	(1,527)	(4)	-	(1,531)
Software	(2,848)	(2)	-	(2,850)
Other capital outlay	<u>(31)</u>	<u>(1)</u>	<u>-</u>	<u>(32)</u>
Total accumulated depreciation	<u>(421,508)</u>	<u>(23,905)</u>	<u>736</u>	<u>(444,677)</u>
Total capital assets, being depreciated, net	<u>791,895</u>	<u>12,486</u>	<u>(1,695)</u>	<u>802,686</u>
Business-type Activities capital assets, net	<u>\$ 960,214</u>	<u>\$ 38,215</u>	<u>\$ (31,898)</u>	<u>\$ 966,531</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 102
Public safety	1,442
Public works	18,575
Community development	10,259
Depreciation on capital assets held in the City's internal service fund is charged to the various functions based on their usage of assets.	<u>19,869</u>
Total depreciation expense - governmental functions	<u>\$ 50,247</u>

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

NOTE 4 - CAPITAL ASSETS (continued)

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

Sanitary sewer	\$ 1,358
Stormwater	4,079
Solid waste and recycling	665
Water treatment and distribution services	10,551
Municipal parking	6,905
Community planning & economic development	<u>347</u>
Total depreciation expense – business-type functions	<u>\$ 23,905</u>

Construction in Progress

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

Property Services	\$ 29,678
Convention Center	2,963
Traffic Signals & Lighting	5,096
Bicycle Trail	14,930
Street Construction	105,282
Bridge Construction	18,113
Heritage Park	19,496
Sidewalk construction	3,211
Equipment Services	1,251
Property Services	17
Information Technology	<u>9,844</u>
Total CIP for Governmental Activities	<u>\$209,881</u>

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

Sanitary sewer	\$ 6,879
Stormwater	13,053
Solid waste and recycling	748
Water treatment and distribution services	13,389
Municipal parking	<u>1,394</u>
Total CIP for Business-type Activities	<u>\$ 35,463</u>

Capital Project Commitments

For the year 2013, the City of Minneapolis made Capital Project Commitments for the following:

Property Services	\$ 4,634
Sewer Construction	23,750
Street Construction	49,516
Bridge Construction	2,465
Sidewalk Construction	3,210
Street Lighting	990
Traffic Signals	4,890
Bicycle Trails	1,150
Non-Departmental	10,490
Information Technology	1,150
Water treatment and distribution services	18,700
Municipal parking	<u>1,700</u>
Total Capital Project Commitments	<u>\$122,645</u>

NOTE 4 - CAPITAL ASSETS (continued)

Discretely Presented Component Unit

Activity for the Minneapolis Park and Recreation Board for the year ended December 31, 2012, was as follows:

	Restated Balance			Balance
	January 1, 2012	Additions	Retirements	December 31, 2012
Capital assets, not being depreciated	\$ 108,445	\$ 14,614	\$ (15,063)	\$ 107,996
Capital assets, being depreciated, net	175,436	4,017	-	179,453
	<u>\$ 283,881</u>	<u>\$ 18,631</u>	<u>\$ (15,063)</u>	<u>\$ 287,449</u>
Depreciation expense charged	\$ 10,931			

NOTE 5 - LONG-TERM DEBT

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

Property Tax Supported General Obligation Bonds

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

Self- Supporting General Obligation Bonds

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

General Obligation Improvement Bonds

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

Tax Increment General Obligation Bonds

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

Revenue Bonds and Notes

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

Sinking Fund Provisions

Sinking fund provisions on certain general obligation bonds require sufficient deposits on or before October 1st of each year to pay all principal and interest amounts coming due on such bonds for the remainder of the current year, and during all of the following year. If this provision is not met, a general tax levy will be made for the balance required. Minnesota State Laws generally require initial tax levies for general obligation bonds to be at least five percent in excess of the bond and interest.

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBTSinking Fund Provisions (continued)

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.

2012 Bond Sales and Refunding Transactions

In 2012, the City of Minneapolis issued bonds & notes totaling \$141,378. Of this amount, \$103,840 was issued to refund existing debt. Below are details of the 2012 debt issuances.

In September 2012, the City issued \$37,500 of General Obligation Various Purpose Bonds, Series 2012. Of this amount, \$31,400 was issued to fund a variety of capital infrastructure improvements for the Public Works Department, parks system, Municipal Building Commission, Convention Center and Information Technology Department. The remaining \$6,100 was used to refund \$4,600 of General Obligation Improvement Bonds, Series 2004 and \$1,500 of General Obligation Various Purpose Bonds, Series 2004. The bonds were issued in fixed rate mode and had interest rates ranging from 1.00% to 2.00% and a final maturity date of December 1, 2024. The refunding details for each series follow.

For the \$4,600 portion of the above bonds related to the refunding of the General Obligation Improvement Bonds, Series 2004, the City received net proceeds of \$4,743, including a \$143 net premium. This refunding resulted in an aggregate debt service savings of \$682 and an economic gain of \$667 or 12.24% net present value savings on the refunded bonds debt service. The refunded bonds were redeemed on December 1, 2012.

For the \$1,500 portion of the above bonds related to the refunding of the General Obligation Various Purpose Bonds, Series 2004, the City received net proceeds of \$1,562 including a \$62 net premium. This refunding resulted in an aggregate debt service savings of \$225 and an economic gain of \$218 or 12.73% net present value savings on the refunded bonds debt service. The refunded bonds were redeemed on December 1, 2012.

In September 2012, the City also issued \$3,000 of General Obligation Tax Increment Refunding Bonds (Heritage Park), Series 2012. The City received net proceeds of \$3,002 including a net premium of \$2. These proceeds along with \$2,788 of cash on hand were used on October 26, 2012 to redeem \$5,750 of General Obligation Tax Increment Bonds (Heritage Park), Series 2003B. This refunding resulted in an aggregate debt service savings of \$1,166 and an economic gain of \$674 or 10.37% net present value savings on the refunded bonds debt service. The bonds were issued in fixed rate mode and had interest rates ranging from 2.00% to 3.00% and a final maturity date of March 1, 2026.

In September 2012, the City also issued \$28,860 of General Obligation Library Referendum Refunding Bonds, Series 2012. The City received net proceeds of \$29,147 including a net premium of \$287. These proceeds were used on December 1, 2012 to redeem \$6,500 of General Obligation Library Referendum Bonds, Series 2002 and \$22,600 of General Obligation Library Referendum Bonds, Series 2004. The net premium allowed the City to reduce the size of the refunding bond issue by \$24. The refunding bonds were issued in fixed rate mode and had interest rates ranging from 2.00% to 2.375% and a final maturity date of December 1, 2025. The refunding details for each series follow.

For the \$6,400 portion of the above refunding bonds issued to refund \$6,500 of General Obligation Library Referendum Bonds, Series 2002, the City received net proceeds of \$6,512 including a \$112 net premium. This refunding resulted in an aggregate debt service savings of \$1,335 and an economic gain of \$1,206 or 15.66% net present value savings on the refunded bonds debt service.

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (continued)

For the \$22,460 portion of the above refunding bonds issued to refund \$22,600 of General Obligation Library Referendum Bonds, Series 2004, the City received net proceeds of \$22,635 including a \$175 net premium. This refunding resulted in an aggregate debt service savings of \$5,575 and an economic gain of \$5,041 or 18.03% net present value savings on the refunded bonds debt service.

In September 2012, the City also issued \$22,060 of General Obligation Parking Assessment Refunding Bonds, Series 2012. The City received net proceeds of \$22,080 including a net premium of \$20. These proceeds were used on December 1, 2012 to redeem \$22,060 of General Obligation Parking Assessment Bonds, Series 2002. This refunding resulted in an aggregate debt service savings of \$5,924 and an economic gain of \$5,285 or 19.14% net present value savings on the refunded bonds debt service. The bonds were issued in fixed rate mode and had interest rates ranging from 2.00% to 2.50% and a final maturity date of December 1, 2026.

In October 2012, the City issued \$5,535 of General Obligation Improvement Bonds, Series 2012. These bonds were issued for a variety of special assessment projects related to street paving and street lighting. The bonds were issued in fixed rate mode and had interest rates ranging from 2.00% to 2.625% and a final maturity date of December 1, 2032.

2012 Notes Issued

In December 2011, the City entered into contracts for two general obligation term loan notes totaling \$43,820 with US Bank to refund the remaining balances of five series of variable rate bonds. The general obligation tax-exempt variable rate refunding notes were issued to replace Dexia Credit Local as the liquidity provider on the variable rate bond series. The refunding transactions took place on January 3, 2012 at which time the notes were drawn in full. Details for each note follow.

Proceeds from the \$15,840 General Obligation Term Loan Note Series 2011A along with funds on hand were used on January 3, 2012 to redeem \$5,820 of General Obligation Block E Bonds, Series 2000A, \$7,110 of General Obligation Various Purpose Refunding Bonds, Series 2003 and \$3,860 of General Obligation Tax Increment Bonds (Mill Quarter Ramp), Series 2005 bonds. The interest rate on the note is equal to 70% of the one-month LIBOR rate plus a spread. The final maturity date on the Series 2011A note will be December 1, 2032. Because the refunded bonds and refunding notes were both in variable rate mode, there is no way to determine the difference in debt service costs and there was no expectation of interest savings from these transactions.

Proceeds from the \$27,980 General Obligation Term Loan Note Series 2011B along with funds on hand were used on January 3, 2012 to redeem \$15,610 of General Obligation Guthrie Parking Ramp Bonds, Series 2003 and \$13,300 of General Obligation Guthrie Parking Ramp Bonds, Series 2005. The interest rate on the note is equal to 70% of the one-month LIBOR rate plus a spread. The final maturity date on the Series 2011B note will be December 1, 2033. Because the refunded bonds and refunding notes were both in variable rate mode, there is no way to determine the difference in debt service costs and there was no expectation of interest savings from these transactions.

Over the past several years the City entered into six general obligation notes with the Minnesota Public Facilities Authority (PFA) to finance the City's drinking water ultra-filtration projects and new filter presses project. The notes are part of a federally sponsored below market financing program related to the Safe Drinking Water Act and the City saves 1.5% on interest costs by participating in the program. During 2012, the City received additional proceeds of \$151 on Note 5 which completed the projects financed with these notes totaling \$104,190 over the years. At December 31, 2012, the outstanding debt balance of the six notes in this program is \$87,856.

In July 2012, the City entered into a general obligation note with the PFA for \$590 to finance a portion of the 37th Ave N Storm Sewer project. This note is part of the Clean Water Revolving Fund and has provisions similar to the Water notes mentioned above. The City received \$452 of note proceeds by the end of 2012. The interest rate on this note is at 1.0% with a final maturity date of August 20, 2013. During 2012, the City repaid \$290 of this note, leaving an outstanding balance at December 31, 2012 of \$162.

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (continued)Discrete Component Unit Debt

Due to current debt issuance policies, the City issues debt on behalf of the Minneapolis Park and 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, 2012, \$102,400 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, \$96,810 is related to library improvements transferred to the Hennepin County Library System. The capital assets purchased with funds obtained from this debt issuance are held by the respective discrete component units and are reported with their capital assets on the Statement of Net Position, with the exception of the library assets now held by Hennepin County.

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For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (continued)

Long-term liabilities at December 31, 2012 (in thousands) are detailed below.

	Balance 1/1/2012	Additions	Retirements	Balance 12/31/2012	Amounts Due Within One Year
Governmental Activities:					
<u>Bonds and Notes</u>					
Property Tax Supported GO Bonds	\$ 188,340	\$ 45,735	\$ 96,600	\$ 137,475	\$ 22,360
Self-Supporting GO Bonds	178,865	4,200	15,235	167,830	13,010
GO Improvement Bonds	50,975	10,135	11,970	49,140	7,661
Tax Increment GO Bonds	128,255	3,000	24,155	107,100	9,555
Tax Increment GO Notes	-	5,170	350	4,820	370
Revenue Bonds	25,990	-	780	25,210	825
Revenue Notes	15,276	-	581	14,695	310
Internal Service Fund Related GO Bonds	40,065	2,775	13,660	29,180	4,960
Total Governmental Bonds and Notes	627,766	71,015	163,331	535,450	59,051
Other Long-term Liabilities					
Operating Lease Payable	57	64	1	120	-
Unpaid Claims Payable	50,050	11,532	8,552	53,030	8,552
Unamortized Premium (Discount)	16,185	1,580	5,816	11,949	-
Compensated Absences Payable	32,674	17,513	18,139	32,048	16,744
Other Postemployment Benefits	15,028	4,891	-	19,919	-
Total Other Long-term Liabilities	113,994	35,580	32,508	117,066	25,296
Total Long-term Liabilities Governmental	741,760	106,595	195,839	652,516	84,347
Business-type activities:					
<u>Bonds and Notes</u>					
Stormwater Fund GO Bonds	15,486	5,400	6,265	14,621	6,650
Stormwater Fund GO Notes	-	452	290	162	162
Sanitary Sewer GO Bonds	14,400	1,750	4,600	11,550	4,150
Water Treatment and Distribution Services Fund GO Bonds	26,521	-	2,250	24,271	2,201
Water Treatment and Distribution Services Fund GO Notes	91,251	151	3,546	87,856	3,781
Municipal Parking Fund GO Bonds	149,200	23,960	77,480	95,680	14,629
Municipal Parking Fund GO Notes	-	38,650	-	38,650	-
CPED Related Non GO Fund					
General Agency Reserve Fund System	91,985	-	6,730	85,255	3,630
Revenue Notes	310	-	153	157	117
Total Bonds and Notes	389,153	70,363	101,314	358,202	35,320
Other Long-term Liabilities					
Unamortized Premium (Discount)	5,599	502	1,205	4,896	-
Compensated Absences Payable	2,626	2,571	2,539	2,658	797
Other Postemployment Benefits	2,225	694	-	2,919	-
Total Other Long-term Liabilities	10,450	3,767	3,744	10,473	797
Total Long-term Liabilities Business-type	399,603	74,130	105,058	368,675	36,117
Total Long-term Liabilities	\$ 1,141,363	\$ 180,725	\$ 300,897	\$ 1,021,191	\$ 120,464

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

NOTE 5 - LONG-TERM DEBT (continued)

Amortization of Outstanding Governmental City Debt

As of December 31, 2012, annual debt service requirements for Governmental activities to maturity are as follows:

Governmental Activities – Non-Proprietary

Year Ending Dec 31:	Bonds		Notes	
	Principal	Interest	Principal	Interest
2013	\$ 53,411	\$ 16,006	\$ 680	\$ 517
2014	48,776	14,467	720	483
2015	52,101	12,996	770	444
2016	40,721	11,270	820	407
2017	40,936	10,187	870	365
2018 - 2022	182,771	29,789	5,230	1,104
2023 - 2027	60,369	7,273	1,225	79
2028 - 2032	7,670	622	9,200	-
	<u>\$ 486,755</u>	<u>\$ 102,610</u>	<u>\$ 19,515</u>	<u>\$ 3,399</u>

Year Ending Dec 31:	Internal Service Fund Bonds		Total Governmental Activities Bonds & Notes	
	Principal	Interest	Principal	Interest
2013	\$ 4,960	\$ 886	\$ 59,051	\$ 17,409
2014	3,700	750	53,196	15,700
2015	3,665	627	56,536	14,067
2016	3,220	508	44,761	12,185
2017	3,345	413	45,151	10,965
2018 - 2022	10,290	330	198,291	31,223
2023 - 2027	-	-	61,594	7,352
2028 - 2032	-	-	16,870	622
	<u>\$ 29,180</u>	<u>\$ 3,514</u>	<u>\$ 535,450</u>	<u>\$ 109,523</u>

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (continued)

Amortization of Outstanding Business-type Activities City Debt

As of December 31, 2012, annual debt service requirements for Business-type activities to maturity (in thousands) are as follows:

Year Ending	Bonds		Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
Dec 31:						
2013	\$ 31,260	\$ 12,358	\$ 4,060	\$ 4,239	\$ 35,320	\$ 16,597
2014	21,970	11,323	3,885	4,130	25,855	15,453
2015	16,820	9,640	4,360	4,026	21,180	13,666
2016	17,239	7,344	4,455	3,920	21,694	11,264
2017	10,934	6,704	7,905	3,810	18,839	10,514
2018-2022	49,624	27,170	46,540	15,010	96,164	42,180
2023-2027	53,650	15,593	33,670	9,195	87,320	24,788
2028-2032	12,850	8,086	15,830	3,755	28,680	11,841
2033-2037	6,595	2,835	6,120	456	12,715	3,291
2038-2040	10,435	1,863	-	-	10,435	1,863
Total	<u>\$ 231,377</u>	<u>\$ 102,916</u>	<u>\$ 126,825</u>	<u>\$ 48,541</u>	<u>\$ 358,202</u>	<u>\$ 151,457</u>

Discretely Presented Component Unit

Activity for the Minneapolis Park and Recreation Board for the year ended December 31, 2012, was as follows:

	Balance			Retirements	Balance		Amounts due Within one year
	January 1, 2012	Additions			December 31, 2012		
Notes payable	\$ 4,483	\$ -	\$ 1,368	\$ 3,115	\$ 1,370		
Compensated absences	4,276	2,467	2,421	4,322	2,597		
Postemployment benefits	2,328	1,201	517	3,012	-		
Total	<u>\$ 11,087</u>	<u>\$ 3,668</u>	<u>\$ 4,306</u>	<u>\$ 10,449</u>	<u>\$ 3,967</u>		

Year Ending

December 31:	Principal	Interest
2013	\$ 1,370	\$ 95
2014	1,372	56
2015	50	18
2016	52	15
2017	55	13
2018-2021	216	22
Total	<u>\$ 3,115</u>	<u>\$ 219</u>

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

As of December 31, 2012, outstanding industrial, commercial, and housing revenue bonds and notes approximated \$2,411 million. The bonds are payable solely from revenues of the respective enterprises and do not constitute an indebtedness of the City. They are not a charge against the City’s general credit or taxing power.

NOTE 7– LEASES

Operating Leases

The City of Minneapolis leases office space for its community development operations. The lease for office space expires in the year 2016 and the office space lease payments were \$1,322 in 2012.

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

Year ending December 31	<u>Governmental Activities Amount</u>
2013	\$ 2,437
2014	2,332
2015	1,981
2016	1,701
2017	1,179
2018-2020	2,100
	<u>\$ 11,730</u>

Operating leases with scheduled rent increases

The City leases office space for various operations. The leases contain scheduled rent increases with terms varying from five to seventeen years. The operating lease transactions are measured on a straight-line basis over the lease term per GASB Statement No. 13-Accounting for Operating Leases with Scheduled Rent Increases. Application of the straight-line basis to the total lease expenditures of \$822 over the lease terms results in a total annual lease amount of \$182.

For 2012 the amount of lease expenditures is as follows:

Operating leases	<u>Amount</u> \$ 187
Additional Straight Line Basis	<u>(5)</u>
Total expenditures	<u>\$ 182</u>

NOTE 7– LEASES

Operating leases with scheduled rent increases (continued)

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

<u>Year</u>	<u>Governmental Activities Amount</u>
2013	\$ 147
2014	154
2015	61
2016	63
2017	65
2018-2019	<u>332</u>
Total minimum lease payments	<u>\$ 822</u>

NOTE 8 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables

The composition of interfund balances as of December 31, 2012 are as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non major Governmental Funds	\$ 3,800
CPED Special Revenue Fund	CPED Enterprise Fund	150
Permanent Improvement	Non major Governmental Funds	750
Non major Governmental Funds	Non major Governmental Funds	2,700
Internal Service Funds	General Fund	58
	Internal Service Funds	<u>165</u>
	Total	<u>\$ 7,623</u>

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

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
CPED Special Revenue Fund	CPED Enterprise Fund	\$ 10
Convention Center Special Revenue Fund	Internal Service Funds	<u>6,250</u>
	Total	<u>\$ 6,260</u>

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

NOTE 8 – INTERFUND TRANSACTIONS (continued)

Transfers

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

Fund Transferred To	Fund Transferred From	Total Transfers In
Governmental Funds:		
General Fund	CPED Special Revenue Fund	\$ 1,500
	Convention Center Fund	250
	Municipal Parking Fund	7,818
	Solid Waste & Recycling Fund	700
		10,268
CPED Special Revenue Fund	General Fund	10
	Non-Major Governmental Funds	675
	CPED Enterprise Fund	1,381
		2,066
Permanent Improvement	Non-Major Governmental Funds	750
	CPED Special Revenue Fund	5,000
		5,750
General Debt Service Fund	General Fund	24,440
	CPED Special Revenue Fund	329
	Convention Center Fund	504
	Permanent Improvement Fund	418
	Non-Major Governmental Funds	5,856
	Sanitary Sewer Fund	1,156
	Stormwater Fund	1,245
	Water Treatment and Distribution Services Fund	4,992
	Municipal Parking Fund	524
	Solid Waste & Recycling Fund	571
	Internal Service Funds	4,782
		44,817
Special Assessment Debt Service Fund	Permanent Improvement Fund	197
		197
Non-Major Governmental Funds	General Fund	96
	CPED Special Revenue Fund	26,421
	Convention Center Fund	19,834
	Non-Major Governmental Funds	5,478
	Municipal Parking Fund	2,941
		54,770
	Total Governmental Funds	\$ 117,868

NOTE 8- 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	Sanitary Sewer Fund	\$ 994	\$ 994
Stormwater Fund	Non-Major Governmental Funds	151	151
Municipal Parking Fund	CPED Special Revenue Fund Convention Center	8,219 5,580	13,799
Solid Waste & Recycling Fund	General Fund Municipal Parking	150 146	296
CPED Enterprise Fund	CPED Special Revenue Fund	400	400
	Total Business-Type Activities	\$ 15,640	
Governmental Type Activities			
Internal Service Funds	General Fund General Debt Service Fund Internal Service Funds	16,962 1,115 1,000	19,077
	Total Governmental Type Activities	\$ 19,077	

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 9 - 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.

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

NOTE 9 - NET POSITION/FUND BALANCES (continued)

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 are 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. It also includes the long-term amount of Interfund loans in the General Fund.

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted, or committed. The City Council has authorized the Finance Officer to assign fund balances.

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

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

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 15% of the following year’s budgeted revenues for cash-flow timing needs.

NOTE 9 - NET POSITION/FUND BALANCES (continued)

Fund Balances	General	Community Planning and Economic Development	Convention Center	Permanent Improvement
<u>Nonspendable:</u>				
Loans due from component unit	\$ -	\$ -	\$ 6,060	\$ -
Properties held for resale	-	38,325	-	-
Prepaid items	6	-	-	-
<i>Total nonspendable</i>	<u>6</u>	<u>38,325</u>	<u>6,060</u>	<u>-</u>
<u>Restricted for:</u>				
Debt service	-	-	-	-
Community and economic development	-	146,714	-	-
Capital improvements	-	-	-	12,369
Grants	-	-	-	-
Law enforcement	-	-	-	-
<i>Total restricted</i>	<u>-</u>	<u>146,714</u>	<u>-</u>	<u>12,369</u>
<u>Committed to:</u>				
Accelerated Infrastructure	-	2,347	-	-
<u>Assigned to:</u>				
General government	-	-	-	-
Public safety	-	-	-	-
Community & economic development	-	20,472	52,565	-
Neighborhood & community relations	941	-	-	-
Pension obligations	-	-	-	-
Capital improvements	-	-	-	10,725
<i>Total assigned</i>	<u>941</u>	<u>20,472</u>	<u>52,565</u>	<u>10,725</u>
<u>Unassigned</u>	<u>85,357</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 86,304</u>	<u>\$ 207,858</u>	<u>\$ 58,625</u>	<u>\$ 23,094</u>

Fund Balances (continued)	General Debt Service	Special Assessment	Non-Major Governmental	Total
<u>Nonspendable:</u>				
Loans due from component unit	\$ -	\$ -	\$ -	\$ 6,060
Properties held for resale	-	-	9,791	48,116
Prepaid items	-	-	-	6
<i>Total nonspendable</i>	<u>-</u>	<u>-</u>	<u>9,791</u>	<u>54,182</u>
<u>Restricted for:</u>				
Debt service	17,928	10,719	3,483	32,130
Community & economic development	-	-	-	146,714
Capital improvements	-	-	-	12,369
Grants	-	-	1,007	1,007
Law enforcement	-	-	887	887
<i>Total restricted</i>	<u>17,928</u>	<u>10,719</u>	<u>5,377</u>	<u>193,107</u>
<u>Committed to:</u>				
Accelerated Infrastructure	-	-	-	2,347
<u>Assigned to:</u>				
General government	-	-	403	403
Public safety	-	-	5,207	5,207
Community & economic development	-	-	5,568	78,605
Neighborhood & community relations	-	-	-	941
Pension obligations	-	-	12,555	12,555
Capital improvements	-	-	-	10,725
<i>Total assigned</i>	<u>-</u>	<u>-</u>	<u>23,733</u>	<u>108,436</u>
<u>Unassigned</u>	<u>-</u>	<u>-</u>	<u>(46)</u>	<u>85,311</u>
Total fund balances	<u>\$ 17,928</u>	<u>\$ 10,719</u>	<u>\$ 38,855</u>	<u>\$ 443,383</u>

NOTE 10 - RESTRICTED NET POSITION – GOVERNMENTAL ACTIVITIES

Certain components of net position are classified on the statement of net position as restricted because their use is limited. The Governmental Activities report restricted amounts that are not available for operations or are legally restricted by outside parties for use for a specific purpose. As of December 31, 2012, the Governmental Activities restricted net position is as follows:

Debt service	\$ 44,499
Community & economic development	146,714
Law enforcement	887
Grants	<u>1,007</u>
Total restricted net position	<u>\$ 193,107</u>

NOTE 11 – RESTRICTED NET POSITION – BUSINESS - TYPE ACTIVITIES

Certain components of net position are classified on the statement of net position as restricted because their use is limited. The Business-type Activities report restricted net position amounts that are not available for operations or are legally restricted by outside parties for use for a specific purpose. As of December 31, 2012, the Business-type component of restricted net position is as follows:

Debt service	<u>\$ 33,616</u>
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NOTE 12 - DEFINED BENEFIT PENSION PLAN – STATEWIDE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description

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

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

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

PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute. Defined retirement benefits are based on a member’s average yearly salary for the five highest-paid consecutive years of allowable service, age, and years of credit at termination of service.

NOTE 12 - DEFINED BENEFIT PENSION PLAN – STATEWIDE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Plan Description (continued)

Two methods are used to compute benefits for the General Employees Retirement Fund Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each year thereafter. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each successive year. Using Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For Public Employees Police and Fire Fund members, the annuity accrual rate is 3.0 percent of average salary for each year of service.

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

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

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

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Rates for employer and employee contributions are set by Minn. Stat. ch. 353. These statutes are established and amended by the State Legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. General Employees Retirement Fund Basic Plan members and Coordinated Plan members are required to contribute 9.10 and 6.25 percent, respectively, of their annual covered salary. Public Employees Police and Fire Fund members are required to contribute 9.60 percent

The City is required to contribute the following percentages of annual covered payroll in 2012:

General Employees Retirement Fund	
Coordinated Plan members	7.25 %
Public Employees Police and Fire Fund	14.40 %

NOTE 12 - DEFINED BENEFIT PENSION PLAN – STATEWIDE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Funding Policy (continued)

The City’s contributions for the years ending December 31, 2012, 2011, and 2010, for the General Employees Retirement Fund, the Public Employees Police and Fire Fund, the Minneapolis Fire Department Relief Association, the Minneapolis Police Department Relief Association, and the Minneapolis Employees Retirement Fund were:

	2012	2011	2010
General Employees Retirement Fund	\$ 10,544	\$ 9,347	\$ 8,986
Public Employees Police and Fire Fund	21,593	14,058	13,884
Minneapolis Fire Department Relief Association*	-	6,911	3,672
Minneapolis Police Department Relief Association*	-	16,818	15,212
Minneapolis Employees Retirement Fund	21,311	3,132	4,145

* These plans were combined with the Public Employees Poice and Fire Fund on December 30, 2011

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

Minneapolis Employees Retirement Fund

Plan Description

All full-time City employees hired on or before June 30, 1978, other than firefighters, and police officers, are covered by the MERF division of the PERA General Employees Retirement Fund, a defined benefit pension plan which is a cost-sharing, multiple-employer retirement plan. This plan is administered in accordance with Minnesota Statutes Chapter 353, and sections of Minnesota Statutes 422A(2008). The MERF division pension plan provides pension benefits, deferred annuity, and death and disability benefits as set by state statute. Members are eligible for service retirement either:

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

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

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

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

NOTE 12 - DEFINED BENEFIT PENSION PLAN – STATEWIDE PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**Minneapolis Employees Retirement Fund****Plan Description (continued)**

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

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

Funding Policy

MERF division employees contribute 9.75% of salary into the Deposit Accumulation Reserve and .50% of salary (subject to annual adjustment) into the Survivor Benefits Reserve. Employers, including the City contribute any excess of normal cost contributions of 10.09% of salary. The unfunded actuarial liability is funded partially by payments each year of 2.68% of salary plus \$3.9 million from all employers. The City levies taxes to finance the employer's share of pension costs for the PERA General Employees Retirement Fund.

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

Additional Information

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

Minneapolis Firefighters Relief Association and Minneapolis Police Relief Association

Firefighters and police officers hired prior to June 15, 1980, were members of their respective relief associations. Each Association was the administrator of a single-employer defined benefit pension plan. The Minneapolis Fire Relief Association (MFRA) was established November 24, 1886. It operated under the provisions its bylaws and Minnesota State Law. The Minneapolis Police Relief Association (MPRA) was established on August 23, 1905, and it operated under the provisions of Minnesota Statutes, sections 423B.01-.18 and 69.80. On December 30, 2011 both MFRA and MPRA were consolidated under PERA.

Potential Impact of New Accounting Standards on Current Period Financial Statements

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

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

NOTE 13 - DEFINED CONTRIBUTION PLAN – CPED**Plan Description**

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

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

The payroll for employees covered by the CPED's defined contribution plan for the year ended December 31, 2012, was \$2,343 and the CPED's total payroll was \$9,472.

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 \$130 and \$119 respectively to the plan during the year, which amounts represented 5.53% and 5.1% respectively of the covered payroll.

NOTE 14 - POSTEMPLOYMENT BENEFITS PLAN**Plan Description**

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

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

Funding Policy

Retirees and their spouses contribute to the healthcare plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with Medica and Delta Dental. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2012, the City contributed \$4,299 to the plan. As of January 1, 2012, there were approximately 1,269 retirees receiving health benefits from the City's health plan.

NOTE 14 - POSTEMPLOYMENT BENEFITS PLAN (continued)

Annual OPEB Cost and Net OPEB Obligation

The City’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the City (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost of the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation to the plan.

Annual required contribution	\$ 9,986
Interest on net OPEB obligation	518
Adjustment to annual required contribution	(617)
Annual OPEB cost (expense)	<u>9,887</u>
Contributions made	<u>4,302</u>
Increase in net OPEB obligation	5,585
Net OPEB obligation – beginning of year	<u>17,253</u>
Net OPEB obligation – end of year	<u>\$ 22,838</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012, 2011 and 2010 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2012	\$ 9,887	43.5%	\$ 22,841
12/31/2011	\$ 9,432	42.3%	\$ 17,253
12/31/2010	\$ 7,412	54.6%	\$ 11,844

Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the City had no assets deposited to fund the plan. The actuarial accrued liability for benefits was \$101,381 and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$101,381. These are projected figures based on the valuation assumptions. The covered payroll (annual payroll of active employees covered by the plan) was \$294,840, and the ratio of the UAAL to the covered payroll was 34.4%.

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

For the fiscal year ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

NOTE 14 - POSTEMPLOYMENT BENEFITS PLAN (continued)**Actuarial Methods and Assumptions**

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

In the January 1, 2011, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 3.0% discount rate, which is based on the investment yield expected to finance benefits depending on whether the plan is funded in a separate trust (about 7% to 8.5%, long-term, similar to a pension plan) or unfunded (3.0% to 5%, shorter term, based on City's general assets). The City currently does not plan to prefund for this benefit. At the actuarial valuation date, the annual healthcare cost trend rate was calculated to be 9% initially, reduced incrementally to an ultimate rate of 5% after eight years. Both rates included a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The original amortization period is 30 years, as of January 1, 2011, 30 years remain.

NOTE 15-VACATION, SEVERANCE, SICK AND COMPENSATORY TIME PAY

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

Sick leave may be accumulated indefinitely by employees. Also, employees have the option of being paid once a year for current unused sick leave accumulated over a minimum base of 60 days or, under certain circumstances, CPED employees may be allowed to have unused sick leave converted to vacation and added to their vacation balance. Payments are based on a sliding scale ranging from 50 percent to 100 percent depending on the base level attained. In addition, under certain circumstances, employees leaving City employment may qualify to receive payment for 50 percent of their unused sick leave at their current rate of pay.

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

NOTE 16 - RISK MANAGEMENT & CLAIMS

The City is self-insured and exposed to a variety of risks related to liability claims; property, personal injury and accidents. The City is self-insured for workers' compensation, general liability and re-employment. Claims under \$25 and unrepresented are handled by Risk Management & Claims. Claims that are represented and over \$25 are handled by the City Attorneys' Office. The workers' compensation program includes the Board of Estimate and Taxation blended component unit and all City departments. The Minneapolis Park and Recreation Board and the Municipal Building Commission, discretely presented component units, maintained their own workers' compensation & liability programs. The City, CPED and the Board of Estimate and Taxation are self-insured for general liability. The City, including all discrete and blended component units of government, also maintains a self-funded dental plan for covered employees. The claims liability of \$53,030, reported in the Self-Insurance Internal Service Fund at December 31, 2012, is based on the requirements of GASB Statement No. 10-Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, and covers the exposures of workers' compensation, liability, dental and re-employment. An actuarial study completed in March of 2013 for claim exposure and settlements payments, calculated that the claims liability at December 31, 2012 is \$53,030, an increase of \$2,980 from the liability amount of \$50,050 at December 31, 2011.

NOTE 16 - RISK MANAGEMENT & CLAIMS (continued)

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

Dental coverage is based on plan design and includes Delta Dental PPO coverage of up to \$1.5 or Delta Dental Premier coverage of up to \$1 per person annually. Based on an actuarial review of the dental plan, it has been determined that the premium rates charged to departments are sufficient to cover projected dental claims.

Changes in the claims liabilities during fiscal 2011 and 2012 are:

	<u>2011</u>	<u>2012</u>
Liability balance – January 1	\$ 47,292	\$ 50,050
Current year claims and changes in estimates	17,037	11,532
Claim payments	<u>(14,279)</u>	<u>(8,552)</u>
Liability balance – December 31	<u>\$ 50,050</u>	<u>\$ 53,030</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, 2012

(Dollar Amounts Expressed in Thousands)

NOTE 18 - 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 five cases that allege injury or wrongful death, as a result of police misconduct.
- The City is a defendant in a multiple plaintiff case of denial of civil rights and employment discrimination.
- The City is a defendant in case alleging inverse condemnation due to traffic re-engineering and restrictions affecting parking and stopping.
- The City is a defendant in a class action lawsuit alleging that the City levied “vacant building registration fees” plus interest in excess of the amount permitted by City Ordinance.
- The City is a defendant in a qui tam, false claims lawsuit alleging the City defrauded the U.S. government by falsely swearing that the City was affirmatively furthering fair housing creation and enforcement in consideration for the acceptance of federal fair housing grants.

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2012**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 204,608	\$ 217,644	\$ 220,527	\$ 2,883
Licenses and permits	29,321	29,321	36,089	6,768
Intergovernmental revenues	67,513	67,513	68,698	1,185
Charges for services and sales	40,361	41,979	44,653	2,674
Fines and forfeits	9,495	9,495	8,243	(1,252)
Special assessments	2,343	2,526	3,009	483
Interest	1,500	1,500	1,649	149
Miscellaneous revenues	1,782	2,018	1,327	(691)
Total revenues	<u>356,923</u>	<u>371,996</u>	<u>384,195</u>	<u>12,199</u>
CURRENT EXPENDITURES:				
Current:				
General government:				
Mayor	1,548	1,560	1,449	111
Council & Clerk	6,631	7,081	6,256	825
Assessor	4,196	4,196	3,920	276
Attorney	7,758	8,299	7,852	447
Civil rights	2,153	2,153	2,152	1
Clerk-Elections	1,396	1,511	1,336	175
Coordinator	1,518	1,610	1,559	51
Coordinator-311	2,962	3,113	3,113	-
Coordinator-Communications	2,161	2,161	2,104	57
Coordinator-Finance	19,633	19,770	19,243	527
Coordinator-Human resources	5,510	5,536	5,188	348
Coordinator-Intergovernmental relations	1,405	1,405	1,341	64
Coordinator-Neighborhood and community relations	6,112	6,475	4,065	2,410
Internal audit	438	457	398	59
Contingency	4,000	3,750	11	3,739
Business Information Systems	50	50	50	-
Total general government	<u>67,471</u>	<u>69,127</u>	<u>60,037</u>	<u>9,090</u>
Public safety:				
Regulatory services	30,258	31,978	31,393	585
Coordinator-911	7,297	7,297	7,282	15
Coordinator-Emergency Management	711	1,064	610	454
Fire	52,272	52,841	52,617	224
Police	128,015	128,900	128,485	415
Total public safety	<u>218,553</u>	<u>222,080</u>	<u>220,387</u>	<u>1,693</u>
Public works:				
Administration	2,782	2,782	2,540	242
Engineering design	2,749	2,874	2,439	435
Field services	27,136	28,827	28,827	-
Transportation and special projects	13,417	13,528	13,515	13
Total public works	<u>46,084</u>	<u>48,011</u>	<u>47,321</u>	<u>690</u>
Culture and recreation - Library				
	<u>4,982</u>	<u>4,982</u>	<u>4,982</u>	<u>-</u>
Health and welfare - Health and family support				
	<u>2,433</u>	<u>2,433</u>	<u>2,432</u>	<u>1</u>
Community & economic development				
	<u>3,558</u>	<u>3,558</u>	<u>3,547</u>	<u>11</u>
Total expenditures	<u>343,081</u>	<u>350,191</u>	<u>338,706</u>	<u>11,485</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,842</u>	<u>21,805</u>	<u>45,489</u>	<u>23,684</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	22,594	8,858	10,268	1,410
Transfers to other funds	(41,648)	(41,678)	(41,658)	20
Total other financing sources (uses)	<u>(19,054)</u>	<u>(32,820)</u>	<u>(31,390)</u>	<u>1,430</u>
Net change in fund balance	(5,212)	(11,015)	14,099	25,114
Fund balance - January 1, restated	<u>72,205</u>	<u>72,205</u>	<u>72,205</u>	<u>-</u>
Fund balance - December 31	<u>\$ 66,993</u>	<u>\$ 61,190</u>	<u>\$ 86,304</u>	<u>\$ 25,114</u>

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

**COMMUNITY PLANNING AND ECONOMIC DEVELOPMENT
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2012**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes:				
Property tax increment	\$ 52,945	\$ 52,945	\$ 50,834	\$ (2,111)
Intergovernmental revenues:				
State grants and shared revenues	-	-	18	18
Other local grants	-	-	45	45
Total intergovernmental revenues	-	-	63	63
Charges for services and sales	425	425	8,844	8,419
Interest	188	188	1,551	1,363
Miscellaneous revenues:				
Rents and commissions	3,302	3,381	4,166	785
Sale of land	-	-	556	556
Loan recapture	1,005	1,005	9,495	8,490
Other	10,593	10,893	25	(10,868)
Total miscellaneous revenues	14,900	15,279	14,242	(1,037)
Total revenues	68,458	68,837	75,534	6,697
EXPENDITURES:				
Current:				
Community & economic development	37,628	121,154	37,466	83,688
Excess (deficiency) of revenues over (under) expenditures	30,830	(52,317)	38,068	90,385
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	4,635	4,635	2,066	(2,569)
Transfers to other funds	(42,308)	(42,308)	(41,869)	439
Total other financing sources (uses)	(37,673)	(37,673)	(39,803)	(2,130)
Net change in fund balance	(6,843)	(89,990)	(1,735)	88,255
Fund balance - January 1, restated	209,593	209,593	209,593	-
Fund balance - December 31	\$ 202,750	\$ 119,603	\$ 207,858	\$ 88,255

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

**CONVENTION CENTER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2012**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amount		Actual	Variance
	Original	Final		
REVENUES:				
Taxes:				
Sales and use tax	\$ 28,842	\$ 28,842	\$ 31,731	\$ 2,889
Entertainment tax	13,937	-	-	-
Food tax	11,097	11,097	11,465	368
Liquor tax	4,865	4,865	5,426	561
Lodging tax	6,125	6,125	6,432	307
Total taxes	64,866	50,929	55,054	4,125
Charges for services and sales	5,140	5,140	5,957	817
Interest	459	459	574	115
Miscellaneous revenues:				
Rents and commissions	6,492	6,492	7,005	513
Damage claims	-	-	10	10
Privileges	2,509	2,509	2,689	180
Other	-	-	4	4
Total miscellaneous revenues	9,001	9,001	9,708	707
Total revenues	79,466	65,529	71,293	5,764
EXPENDITURES:				
Current:				
Community & economic development	41,272	41,432	36,590	4,842
Capital Outlay	-	5,000	3,905	1,095
Total Expenditures	41,272	46,432	40,495	5,937
Excess (deficiency) of revenues over (under) expenditures	38,194	19,097	30,798	11,701
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(41,242)	(26,305)	(26,168)	137
Bonds issued	-	5,000	4,200	(800)
Premium (discount)	-	-	111	111
Total other financing sources (uses)	(41,242)	(21,305)	(21,857)	(552)
Net change in fund balance	(3,048)	(2,208)	8,941	11,149
Fund balance - January 1	49,684	49,684	49,684	-
Fund balance - December 31	\$ 46,636	\$ 47,476	\$ 58,625	\$ 11,149

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

NOTE 1 – BUDGETS

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

NOTE 2 – POSTEMPLOYMENT BENEFITS PLAN

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2007	\$ -	\$ 61,251	\$ 61,251	0.0%	\$ 288,996	21.2%
1/1/2009	\$ -	\$ 72,210	\$ 72,210	0.0%	\$ 401,097	18.0%
1/1/2011	\$ -	\$ 96,450	\$ 96,450	0.0%	\$ 287,649	33.5%

Non-Major Special Revenue Funds

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

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

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

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

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

Grants - Federal – This fund is used to account for all federal grants, except for those included in the HUD Consolidated Plan, Permanent Improvement, Police, Enterprise and Internal Service Funds.

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

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

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

Non-Major Debt Service Funds

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

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

Internal Service Funds

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

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

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.

Internal Service Funds (continued)

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

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

Agency Funds

The Minneapolis Agency – Used to account for collection and remittance of funds to other governments and agencies.

The Skyway Debt Service Agency – Used to account for the collection and payment of funds related to the debt service for the skyway system.

The Youth Coordinating Board Agency – Used to account for cash deposited with the City.

The Minneapolis Public Housing Authority Agency – Used to account for cash deposited with the City.

The Joint Board Agency – Used to account for cash deposited with the City.

**GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - NON-MAJOR FUNDS
December 31, 2012**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

<u>ASSETS</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental</u>
Cash and cash equivalents	\$ 25,560	\$ 236	\$ 25,796
Deposits with fiscal agents	43	-	43
Investments with trustees	-	3,246	3,246
Receivables:			
Accounts - net	322	-	322
Taxes	393	-	393
Special assessments	2,122	-	2,122
Intergovernmental	13,185	-	13,185
Loans - net	15,404	-	15,404
Accrued interest	41	2	43
Due from other funds	2,700	-	2,700
Properties held for resale	9,791	-	9,791
Total assets	\$ 69,561	\$ 3,484	\$ 73,045
<u>LIABILITIES and FUND BALANCES</u>			
Liabilities:			
Salaries payable	\$ 349	\$ -	\$ 349
Accounts payable	4,046	-	4,046
Intergovernmental payable	4	-	4
Due to other funds	7,250	-	7,250
Deferred Revenue - unavailable	17,603	1	17,604
Deferred Revenue - unearned	4,937	-	4,937
Total liabilities	34,189	1	34,190
Fund balances:			
Nonspendable	9,791	-	9,791
Restricted	1,894	3,483	5,377
Assigned	23,733	-	23,733
Unassigned	(46)	-	(46)
Total fund balances	35,372	3,483	38,855
Total liabilities and fund balances	\$ 69,561	\$ 3,484	\$ 73,045

GOVERNMENTAL FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2012 **(In Thousands)**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental</u>
REVENUES:			
Taxes	\$ 24,047	\$ -	\$ 24,047
Licenses and permits	1,291	-	1,291
Intergovernmental revenues	85,191	-	85,191
Charges for services and sales	2,288	-	2,288
Fines and forfeits	360	-	360
Special assessments	10,005	-	10,005
Interest	206	9	215
Miscellaneous revenues	6,459	241	6,700
	<hr/>	<hr/>	<hr/>
Total revenues	129,847	250	130,097
EXPENDITURES:			
Current:			
General government	34,940	-	34,940
Public safety	23,910	-	23,910
Public works	2,438	-	2,438
Health and welfare	10,747	-	10,747
Community & economic development	58,473	-	58,473
Debt Service:			
Principal retirement	-	31,855	31,855
Interest and fiscal charges	-	12,102	12,102
	<hr/>	<hr/>	<hr/>
Total expenditures	130,508	43,957	174,465
Excess (deficiency) of revenues over (under) expenditures			
	<hr/>	<hr/>	<hr/>
	(661)	(43,707)	(44,368)
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	10,503	44,267	54,770
Transfers to other funds	(12,230)	(680)	(12,910)
Premium (discount)	-	37	37
Refunding bonds issued	-	3,000	3,000
Refunding notes issued	-	5,170	5,170
Payments to escrow agents	-	(8,170)	(8,170)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(1,727)	43,624	41,897
Net change in fund balance			
	<hr/>	<hr/>	<hr/>
	(2,388)	(83)	(2,471)
Fund balances - January 1	<hr/>	<hr/>	<hr/>
	37,760	3,566	41,326
Fund balances - December 31	<hr/>	<hr/>	<hr/>
	\$ 35,372	\$ 3,483	\$ 38,855

**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET - NON-MAJOR FUNDS
December 31, 2012**

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

	Arena Reserve	Board of Estimate and Taxation	HUD Consolidated Plan	Downtown Improvement District	Employee Retirement	Grants-Federal	Grants-Other	Police	Regulatory Services	Total
ASSETS										
Cash and cash equivalents	\$ 5,823	\$ 314	\$ 210	\$ 63	\$ 12,061	\$ 55	\$ 1,192	\$ 701	\$ 5,141	\$ 25,560
Deposits with fiscal agents	-	-	-	-	-	-	43	-	-	43
Receivables:										
Accounts - net	-	-	18	-	-	6	6	290	2	322
Taxes	-	5	-	-	388	-	-	-	-	393
Special assessments	-	-	250	33	-	-	-	-	1,839	2,122
Intergovernmental	-	-	3,479	-	309	8,212	1,185	-	-	13,185
Loans - net	-	-	15,404	-	-	-	-	-	-	15,404
Accrued interest	8	-	-	1	32	-	-	-	-	41
Due from other funds	-	-	-	-	-	-	2,700	-	-	2,700
Properties held for resale	-	-	6,244	-	-	1,512	2,035	-	-	9,791
Total assets	\$ 5,831	\$ 319	\$ 25,605	\$ 97	\$ 12,790	\$ 9,785	\$ 7,161	\$ 991	\$ 6,982	\$ 69,561

LIABILITIES and FUND BALANCES

Liabilities:										
Salaries payable	\$ -	\$ 6	\$ 96	\$ -	\$ -	\$ 86	\$ 91	\$ 15	\$ 55	\$ 349
Accounts payable	257	1	911	3	-	1,557	1,178	127	12	4,046
Intergovernmental payable	3	-	-	-	-	1	-	-	-	4
Due to other funds	-	-	2,700	-	-	4,550	-	-	-	7,250
Deferred revenue - unavailable	3	3	15,654	-	235	-	-	-	1,708	17,603
Deferred revenue - unearned	-	-	-	-	-	2,079	2,850	8	-	4,937
Total liabilities	263	10	19,361	3	235	8,273	4,119	150	1,775	34,189
Fund balances:										
Non-spendable	-	-	6,244	-	-	1,512	2,035	-	-	9,791
Restricted	-	-	-	-	-	-	1,007	887	-	1,894
Assigned	5,568	309	-	94	12,555	-	-	-	5,207	23,733
Unassigned	-	-	-	-	-	-	-	(46)	-	(46)
Total fund balances	5,568	309	6,244	94	12,555	1,512	3,042	841	5,207	35,372
Total liabilities and fund balances	\$ 5,831	\$ 319	\$ 25,605	\$ 97	\$ 12,790	\$ 9,785	\$ 7,161	\$ 991	\$ 6,982	\$ 69,561

CITY OF MINNEAPOLIS, MINNESOTA

**SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2012**

(In Thousands)

	Arena Reserve	Board of Estimate and Taxation	HUD Consolidated Plan	Downtown Improvement District	Employee Retirement	Grants-Federal	Grants-Other	Police	Regulatory Services	Total
REVENUES:										
Taxes	\$ 1,295	\$ 174	\$ -	\$ -	\$ 22,427	\$ -	\$ 2	\$ 149	\$ -	\$ 24,047
Licenses and permits	-	-	-	-	-	-	-	833	458	1,291
Intergovernmental revenues	-	1	22,873	-	5,701	31,965	24,627	24	-	85,191
Charges for services and sales	-	-	1,015	-	-	260	453	433	127	2,288
Fines and forfeits	-	-	-	-	-	-	-	314	46	360
Special assessments	-	-	50	6,013	-	-	-	-	3,942	10,005
Interest	35	-	53	-	118	-	-	-	-	206
Miscellaneous revenues	-	-	523	3	3,847	1,204	876	6	-	6,459
Total revenues	1,330	175	24,514	6,016	32,093	33,429	25,958	1,759	4,573	129,847
CURRENT EXPENDITURES:										
General government	-	172	2,043	6,005	22,855	3,245	620	-	-	34,940
Public safety	-	-	1,781	-	7,609	6,538	953	2,185	4,844	23,910
Public works	-	-	-	-	-	2,433	5	-	-	2,438
Health and welfare	-	-	838	-	-	4,835	5,074	-	-	10,747
Community & economic development	3,393	-	20,221	-	-	15,431	19,428	-	-	58,473
Total expenditures	3,393	172	24,883	6,005	30,464	32,482	26,080	2,185	4,844	130,508
Excess (deficiency) of revenues over (under) expenditures	(2,063)	3	(369)	11	1,629	947	(122)	(426)	(271)	(661)
OTHER FINANCING SOURCES (USES):										
Transfers from other funds	5,021	4	-	-	-	-	-	-	5,478	10,503
Transfers to other funds	-	-	-	-	(5,851)	(901)	(5,478)	-	-	(12,230)
Total other financing sources (uses)	5,021	4	-	-	(5,851)	(901)	(5,478)	-	5,478	(1,727)
Net change in fund balances	2,958	7	(369)	11	(4,222)	46	(5,600)	(426)	5,207	(2,388)
Fund balances - January 1, restated	2,610	302	6,613	83	16,777	1,466	8,642	1,267	-	37,760
Fund balances - December 31	\$ 5,568	\$ 309	\$ 6,244	\$ 94	\$ 12,555	\$ 1,512	\$ 3,042	\$ 841	\$ 5,207	\$ 35,372

DEBT SERVICE FUNDS
 COMBINING BALANCE SHEET - NON-MAJOR FUNDS
 DECEMBER 31, 2012

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Community Development Agency</u>	<u>Development</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 203	\$ 33	\$ 236
Investments with trustees	3,246	-	3,246
Receivables:			
Accrued Interest	1	1	2
Total assets	<u>\$ 3,450</u>	<u>\$ 34</u>	<u>\$ 3,484</u>
<u>LIABILITIES and FUND BALANCES</u>			
Liabilities:			
Deferred revenue - unavailable	\$ 1	-	\$ 1
Fund balances:			
Restricted	3,449	34	3,483
Total liabilities and fund balances	<u>\$ 3,450</u>	<u>\$ 34</u>	<u>\$ 3,484</u>

DEBT SERVICE FUNDS
CITY OF MINNEAPOLIS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2012

(In Thousands)

	Community Development Agency	Development	Total
REVENUES:			
Interest	\$ 6	\$ 3	\$ 9
Miscellaneous revenues:			
Rents and commissions	-	241	241
Total revenues	<u>6</u>	<u>244</u>	<u>250</u>
EXPENDITURES:			
Principal retirement	780	31,075	31,855
Interest and fiscal charges	1,714	10,388	12,102
Total expenditures	<u>2,494</u>	<u>41,463</u>	<u>43,957</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,488)</u>	<u>(41,219)</u>	<u>(43,707)</u>
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	3,090	41,177	44,267
Transfers to other funds	(675)	(5)	(680)
Premium (discount)	-	37	37
Refunding bonds issued	-	3,000	3,000
Refunding notes issued	-	5,170	5,170
Payments to escrow agents	-	(8,170)	(8,170)
Total other financing sources (uses)	<u>2,415</u>	<u>41,209</u>	<u>43,624</u>
Net change in fund balances	(73)	(10)	(83)
Fund balances - January 1	<u>3,522</u>	<u>44</u>	<u>3,566</u>
Fund balances - December 31	<u><u>\$ 3,449</u></u>	<u><u>\$ 34</u></u>	<u><u>\$ 3,483</u></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, 2012

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
Entertainment tax	\$ -	\$ -	\$ 1,295	\$ 1,295
Interest	-	-	35	35
Total revenues	-	-	1,330	1,330
CURRENT EXPENDITURES:				
Community & economic development	7,448	7,448	3,393	4,055
Excess (deficiency) of revenues over (under) expenditures	(7,448)	(7,448)	(2,063)	5,385
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	3,933	3,933	5,021	1,088
Net change in fund balance	(3,515)	(3,515)	2,958	6,473
Fund balance - January 1	2,610	2,610	2,610	-
Fund balance - December 31	<u>\$ (905)</u>	<u>\$ (905)</u>	<u>\$ 5,568</u>	<u>\$ 6,473</u>

BOARD OF ESTIMATE AND TAXATION SPECIAL REVENUE FUND CITY OF MINNEAPOLIS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2012 **(In Thousands)**

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes:				
General property tax	\$ 167	\$ 167	\$ 174	\$ 7
Intergovernmental revenues:				
State grants and shared revenues	-	-	1	1
Total revenues	<u>167</u>	<u>167</u>	<u>175</u>	<u>8</u>
CURRENT EXPENDITURES:				
General government	<u>176</u>	<u>176</u>	<u>172</u>	<u>4</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9)</u>	<u>(9)</u>	<u>3</u>	<u>12</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>
Net change in fund balance	(5)	(5)	7	12
Fund balance - January 1	<u>302</u>	<u>302</u>	<u>302</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 297</u></u>	<u><u>\$ 297</u></u>	<u><u>\$ 309</u></u>	<u><u>\$ 12</u></u>

HUD CONSOLIDATED PLAN SPECIAL REVENUE FUND CITY OF MINNEAPOLIS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2012 **(In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental revenues:				
Federal grantor agencies	\$ 14,847	\$ 14,847	\$ 22,873	\$ 8,026
Charges for services and sales	-	-	1,015	1,015
Special assessments	200	200	50	(150)
Interest	-	-	53	53
Miscellaneous revenues:				
Other	1,089	1,089	523	(566)
Total revenues	16,136	16,136	24,514	8,378
CURRENT EXPENDITURES:				
General government	2,079	2,373	2,043	330
Public safety	1,251	2,379	1,781	598
Health and welfare	612	839	838	1
Community & economic development	12,194	20,221	20,221	-
Total expenditures	16,136	25,812	24,883	929
Net change in fund balance	-	(9,676)	(369)	9,307
Fund balance - January 1	6,613	6,613	6,613	-
Fund balance - December 31	\$ 6,613	\$ (3,063)	\$ 6,244	\$ 9,307

DOWNTOWN IMPROVEMENT DISTRICT SPECIAL REVENUE FUND CITY OF MINNEAPOLIS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2012 **(In Thousands)**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Special assessments	\$ 5,800	\$ 6,010	\$ 6,013	\$ 3
Miscellaneous revenues:				
Other	-	-	3	3
Total revenues	<u>5,800</u>	<u>6,010</u>	<u>6,016</u>	<u>6</u>
CURRENT EXPENDITURES:				
General government	<u>5,800</u>	<u>6,010</u>	<u>6,005</u>	<u>5</u>
Net change in fund balance	-	-	11	11
Fund balance - January 1	<u>83</u>	<u>83</u>	<u>83</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 83</u></u>	<u><u>\$ 83</u></u>	<u><u>\$ 94</u></u>	<u><u>\$ 11</u></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, 2012**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes:				
General property tax	\$ 22,061	\$ 22,061	\$ 19,308	\$ (2,753)
Property tax increment	-	-	104	104
Fiscal disparities	-	-	3,012	3,012
Other taxes	-	-	3	3
Total taxes	22,061	22,061	22,427	366
Intergovernmental revenues:				
State grants and shared revenues	-	-	5,701	5,701
Interest	-	-	118	118
Miscellaneous revenues:				
Other	-	-	3,847	3,847
Total revenues	22,061	22,061	32,093	10,032
CURRENT EXPENDITURES:				
General government	19,513	22,855	22,855	-
Public safety	2,548	7,609	7,609	-
Total expenditures	22,061	30,464	30,464	-
Excess (deficiency) of revenues over (under) expenditures	-	(8,403)	1,629	10,032
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	-	(5,851)	(5,851)	-
Net change in fund balance	-	(14,254)	(4,222)	10,032
Fund balance - January 1	16,777	16,777	16,777	-
Fund balance - December 31	\$ 16,777	\$ 2,523	\$ 12,555	\$ 10,032

**GRANTS - FEDERAL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2012**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental revenues:				
Federal grantor agencies	\$ 15,813	\$ 26,506	\$ 31,965	\$ 5,459
Charges for services and sales	-	-	260	260
Miscellaneous revenues:				
Loan recapture	-	-	1,204	1,204
Total revenues	15,813	26,506	33,429	6,923
CURRENT EXPENDITURES:				
General government	334	3,597	3,245	352
Public safety	8,380	14,164	6,538	7,626
Public works	-	2,433	2,433	-
Health and welfare	3,803	7,082	4,835	2,247
Community & economic development	3,201	15,581	15,431	150
Total expenditures	15,718	42,857	32,482	10,375
Excess (deficiency) of revenues over (under) expenditures	95	(16,351)	947	17,298
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(90)	(991)	(901)	90
Net change in fund balance	5	(17,342)	46	17,388
Fund balance - January 1	1,466	1,466	1,466	-
Fund balance - December 31	\$ 1,471	\$ (15,876)	\$ 1,512	\$ 17,388

**GRANTS - OTHER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2012**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes:				
Other taxes	\$ 10	\$ 10	\$ 2	\$ (8)
Intergovernmental revenues:				
State grants and shared revenues	6,416	39,883	24,627	(15,256)
Charges for services	300	366	453	87
Miscellaneous revenues:				
Private contributions	176	967	621	(346)
Other	3	26	255	229
Total miscellaneous revenues	179	993	876	(117)
Total revenues	6,905	41,252	25,958	(15,294)
CURRENT EXPENDITURES:				
General government	124	774	620	154
Public safety	999	1,760	953	807
Public works	-	-	5	(5)
Health and welfare	3,869	6,219	5,074	1,145
Community & economic development	1,914	33,757	19,428	14,329
Total expenditures	6,906	42,510	26,080	16,430
Excess (deficiency) of revenues over (under) expenditures	(1)	(1,258)	(122)	1,136
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	(700)	(6,178)	(5,478)	700
Net change in fund balance	(701)	(7,436)	(5,600)	1,836
Fund balance - January 1	8,642	8,642	8,642	-
Fund balance - December 31	\$ 7,941	\$ 1,206	\$ 3,042	\$ 1,836

**POLICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2012**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes:				
Lawful gambling	\$ 145	\$ 145	\$ 149	\$ 4
Licenses and permits	1,040	1,040	833	(207)
Intergovernmental revenues:				
Federal grantor agencies	-	-	24	24
Charges for services and sales	415	598	433	(165)
Fines and forfeits	535	535	314	(221)
Miscellaneous revenues:				
Other	-	-	6	6
Total revenues	<u>2,135</u>	<u>2,318</u>	<u>1,759</u>	<u>(559)</u>
CURRENT EXPENDITURES:				
Public safety	<u>1,832</u>	<u>2,185</u>	<u>2,185</u>	<u>-</u>
Net change in fund balance	303	133	(426)	(559)
Fund balance - January 1, restated	<u>1,267</u>	<u>1,267</u>	<u>1,267</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 1,570</u></u>	<u><u>\$ 1,400</u></u>	<u><u>\$ 841</u></u>	<u><u>\$ (559)</u></u>

**REGULATORY SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2012**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Licenses and permits	\$ 537	\$ 537	\$ 458	\$ (79)
Charges for services and sales	272	272	127	(145)
Fines and forfeits	70	70	46	(24)
Special assessments	5,173	5,173	3,942	(1,231)
Total revenues	6,052	6,052	4,573	(1,479)
CURRENT EXPENDITURES:				
Public safety	8,452	8,452	4,844	3,608
Excess (deficiency) of revenues over (under) expenditures	(2,400)	(2,400)	(271)	2,129
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	-	5,478	5,478	-
Net change in fund balance	(2,400)	3,078	5,207	2,129
Fund balance - January 1	-	-	-	-
Fund balance - December 31	\$ (2,400)	\$ 3,078	\$ 5,207	\$ 2,129

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2012**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	Total
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 1,745	\$ 15,805	\$ 762	\$ 10,237	\$ 2	\$ 56,399	\$ 84,950
Receivables:							
Accounts - net	15	32	11	61	2	2	123
Intergovernmental	-	34	1	1	-	-	36
Notes	-	4,591	-	-	-	-	4,591
Due from other funds	-	58	-	-	-	165	223
Inventories	-	-	13	1,275	4,288	-	5,576
Properties held for resale	-	-	-	-	-	433	433
Prepaid items	-	452	-	-	-	333	785
Total current assets	1,760	20,972	787	11,574	4,292	57,332	96,717
Long-term assets:							
Deferred charges	-	4	24	87	-	-	115
Capital assets:							
Non-depreciable:							
Land, leaseholds and easements	-	-	20,821	2,186	-	-	23,007
Construction in progress	-	9,844	17	1,251	-	-	11,112
Depreciable:							
Buildings and structures	-	-	25,588	30,061	-	-	55,649
Less accumulated depreciation	-	-	(20,848)	(7,883)	-	-	(28,731)
Public improvements	-	-	2,726	330	-	-	3,056
Less accumulated depreciation	-	-	(2,669)	(238)	-	-	(2,907)
Machinery and equipment	287	1,817	12,662	71,151	132	-	86,049
Less accumulated depreciation	(283)	(1,577)	(7,242)	(46,337)	(132)	-	(55,571)
Computer equipment	61	67,840	162	-	7	-	68,070
Less accumulated depreciation	(61)	(59,717)	(162)	-	(7)	-	(59,947)
Software	-	49,494	8	-	9	-	49,511
Less accumulated depreciation	-	(36,614)	(8)	-	(9)	-	(36,631)
Other capital outlay	15	-	21	-	14	-	50
Less accumulated depreciation	(15)	-	(21)	-	(14)	-	(50)
Total long-term assets	4	31,091	31,079	50,608	-	-	112,782
Total assets	\$ 1,764	\$ 52,063	\$ 31,866	\$ 62,182	\$ 4,292	\$ 57,332	\$ 209,499
LIABILITIES							
Current liabilities:							
Salaries payable	\$ 20	\$ 159	\$ 112	\$ 289	\$ 14	\$ 188	\$ 782
Accounts payable	63	2,002	414	940	330	1,544	5,293
Intergovernmental payable	-	3	-	-	2	-	5
Due to other funds	-	-	-	-	165	-	165
Deposits held for others	-	14	-	5	-	1	20
Interest payable	-	10	12	56	-	-	78
Unearned revenue	-	12,235	1	-	-	-	12,236
Bonds payable-current portion	-	1,955	730	2,275	-	-	4,960
Compensated absences payable-current portion	14	110	92	233	12	118	579
Unpaid claims payable	-	-	-	-	-	8,552	8,552
Total current liabilities	97	16,488	1,361	3,798	523	10,403	32,670
Long-term liabilities:							
Bonds payable	-	1,160	4,045	19,015	-	-	24,220
Unamortized premium (discount)	-	151	213	711	-	-	1,075
Advances from other funds	-	6,250	-	-	-	-	6,250
Compensated absences payable	33	258	214	543	28	276	1,352
Other postemployment benefits	50	346	462	915	49	474	2,296
Unpaid claims payable	-	-	-	-	-	44,478	44,478
Total long-term liabilities	83	8,165	4,934	21,184	77	45,228	79,671
Total liabilities	180	24,653	6,295	24,982	600	55,631	112,341
NET POSITION							
Net investment in capital assets	4	28,976	26,067	28,521	-	-	83,568
Unrestricted	1,580	(1,566)	(496)	8,679	3,692	1,701	13,590
Total net position	1,584	27,410	25,571	37,200	3,692	1,701	97,158
Total liabilities and net position	\$ 1,764	\$ 52,063	\$ 31,866	\$ 62,182	\$ 4,292	\$ 57,332	\$ 209,499

INTERNAL SERVICE FUNDS
CITY OF MINNEAPOLIS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
For the Fiscal Year Ended December 31, 2012
(In Thousands)

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	Total
Operating revenues:							
Intergovernmental	\$ -	12	\$ -	\$ -	\$ -	\$ -	12
Charges for services and sales	1,989	32,018	3,283	13,151	1,920	26,229	78,590
Rents and commissions	-	-	12,637	21,226	-	-	33,863
Total operating revenues	1,989	32,030	15,920	34,377	1,920	26,229	112,465
Operating expenses:							
Personnel costs	825	5,511	5,450	14,079	728	10,882	37,475
Contractual services	447	19,938	9,047	3,912	272	8,999	42,615
Materials, supplies, services and other	56	2,218	1,023	7,876	99	3,905	15,177
Rent	7	226	-	965	38	226	1,462
Depreciation	4	12,314	1,127	6,424	-	-	19,869
Total operating expenses	1,339	40,207	16,647	33,256	1,137	24,012	116,598
Operating income (loss)	650	(8,177)	(727)	1,121	783	2,217	(4,133)
Non-operating revenues (expenses):							
Interest expense	-	(26)	(131)	(523)	-	-	(680)
Gain (loss) on disposal of capital assets	-	-	-	233	-	-	233
Other revenues	-	2	23	680	-	1,178	1,883
Total non-operating revenues (expenses)	-	(24)	(108)	390	-	1,178	1,436
Income (loss) before contributions and transfers	650	(8,201)	(835)	1,511	783	3,395	(2,697)
Capital contribution	-	23	47	1,692	-	-	1,762
Transfers in (out):							
Transfers from other funds	-	12,185	894	1,926	-	4,072	19,077
Transfers to other funds	(195)	(1,103)	(598)	(2,284)	(117)	(1,485)	(5,782)
Total transfers	(195)	11,082	296	(358)	(117)	2,587	13,295
Change in net position	455	2,904	(492)	2,845	666	5,982	12,360
Net position - January 1 restated	1,129	24,506	26,063	34,355	3,026	(4,281)	84,798
Net position - December 31	\$ 1,584	\$ 27,410	\$ 25,571	\$ 37,200	\$ 3,692	\$ 1,701	\$ 97,158

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended December 31, 2012**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	Total
Cash flows from operating activities:							
Cash received from customers and users	\$ 2,054	\$ 34,611	\$ 15,968	\$ 34,332	\$ 1,921	\$ 26,935	\$ 115,821
Payments to suppliers and users	(473)	(21,870)	(9,825)	(12,929)	(1,095)	(10,868)	(57,060)
Payments to employees	(805)	(5,403)	(5,506)	(13,834)	(710)	(10,974)	(37,232)
Other non-operating revenue	-	2	23	125	-	1,178	1,328
Net Cash Provided (used) by operating activities	776	7,340	660	7,694	116	6,271	22,857
Cash flows from non-capital financing activities:							
Transfers from other funds	-	12,185	894	1,926	-	4,072	19,077
Transfers to other funds	(195)	(1,103)	(598)	(2,284)	(117)	(1,485)	(5,782)
Repayment of advances from other funds	-	(1,500)	-	-	-	-	(1,500)
Net cash provided (used) by non-capital financing activities	(195)	9,582	296	(358)	(117)	2,587	11,795
Cash flows from capital and related financing activities:							
Bonds issued	-	1,275	-	-	-	-	1,275
Refunding bonds issued	-	-	-	1,500	-	-	1,500
Principal paid on bonds	-	(9,215)	(700)	(3,745)	-	-	(13,660)
Interest paid on bonds	-	(389)	(132)	(530)	-	-	(1,051)
Premium (discount)	-	34	(32)	(173)	-	-	(171)
Acquisition and construction of capital assets	-	(4,680)	-	(7,493)	-	-	(12,173)
Bond issuance costs	-	(2)	(29)	-	-	-	(31)
Proceeds from sale of capital assets	-	-	-	484	-	-	484
Contributions from other funds	-	-	-	555	-	-	555
Net cash provided (used) by capital and related financing activities	-	(12,977)	(893)	(9,402)	-	-	(23,272)
Net increase (decrease) in cash and cash equivalents	581	3,945	63	(2,066)	(1)	8,858	11,380
Cash and cash equivalents, beginning of year	1,164	11,860	699	12,303	3	47,541	73,570
Cash and cash equivalents, end of year	\$ 1,745	\$ 15,805	\$ 762	\$ 10,237	\$ 2	\$ 56,399	\$ 84,950
Reconciliation of operating income to net cash provided (used) by operating activities							
Operating income (loss)	\$ 650	\$ (8,177)	\$ (727)	\$ 1,121	\$ 783	\$ 2,217	\$ (4,133)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:							
Depreciation	4	12,314	1,127	6,424	-	-	19,869
Accounts receivable (net)	65	36	20	(58)	1	(2)	62
Intergovernmental receivable	-	102	35	13	-	-	150
Notes receivable	-	1,284	-	-	-	-	1,284
Inventories	-	-	3	(210)	80	-	(127)
Prepaid items	-	82	-	-	-	167	249
Due from other funds	-	(58)	-	-	-	865	807
Salaries payable	7	21	(36)	24	2	15	33
Accounts payable	37	429	242	43	117	(885)	(17)
Due to other funds	-	-	-	-	(865)	-	(865)
Intergovernmental payable	-	(5)	(8)	(10)	(17)	-	(40)
Unearned revenue	-	1,223	1	-	-	(157)	1,067
Compensated absences payable	2	8	(126)	(1)	3	(217)	(331)
Other postemployment benefits	11	79	106	223	12	110	541
Unpaid claims	-	-	-	-	-	2,980	2,980
Other non-operating revenue	-	2	23	125	-	1,178	1,328
Net cash provided (used) by operating activities	\$ 776	\$ 7,340	\$ 660	\$ 7,694	\$ 116	\$ 6,271	\$ 22,857
Non-cash investing, capital and financing activities:							
Gain (Loss) on disposal of capital assets	\$ -	\$ -	\$ -	\$ (251)	\$ -	\$ -	\$ (251)
Capital contribution	-	23	47	1,692	-	-	1,762

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 December 31, 2012**

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

	Minneapolis Agency	Skyway Debt Service	Youth Coordinating Board	Minneapolis Public Housing Authority	Joint Board	Total
ASSETS						
Cash and cash equivalents	\$ 5,675	\$ 122	\$ 1,651	\$ 64	\$ 54	\$ 7,566
Receivables:						
Accounts-net	537	-	76	40	68	721
Total assets	\$ 6,212	\$ 122	\$ 1,727	\$ 104	\$ 122	\$ 8,287
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 1,727	\$ -	\$ 122	\$ 1,849
Intergovernmental payable	6,212	-	-	104	-	6,316
Deposits held for others	-	122	-	-	-	122
Total liabilities	\$ 6,212	\$ 122	\$ 1,727	\$ 104	\$ 122	\$ 8,287

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

CITY OF MINNEAPOLIS, MINNESOTA

For the fiscal year ended December 31, 2012

(In Thousands)

	<u>Balance January 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2012</u>
MINNEAPOLIS AGENCY				
Assets:				
Cash and cash equivalents	\$ 22	\$ 125,304	\$ 119,651	\$ 5,675
Receivables:				
Accounts-net	<u>129</u>	<u>3,385</u>	<u>2,977</u>	<u>537</u>
Total assets	<u><u>151</u></u>	<u><u>128,689</u></u>	<u><u>122,628</u></u>	<u><u>6,212</u></u>
Liabilities:				
Intergovernmental payable	<u>151</u>	<u>128,689</u>	<u>122,628</u>	<u>6,212</u>
SKYWAY DEBT SERVICE				
Assets:				
Cash and cash equivalents	<u>122</u>	<u>-</u>	<u>-</u>	<u>122</u>
Liabilities:				
Deposits held for others	<u>122</u>	<u>-</u>	<u>-</u>	<u>122</u>
YOUTH COORDINATING BOARD				
Assets:				
Cash and cash equivalents	1,767	14,318	14,434	1,651
Receivables:				
Accounts-net	<u>180</u>	<u>72</u>	<u>176</u>	<u>76</u>
Total assets	<u><u>1,947</u></u>	<u><u>14,390</u></u>	<u><u>14,610</u></u>	<u><u>1,727</u></u>
Liabilities:				
Accounts payable	<u>1,947</u>	<u>14,390</u>	<u>14,610</u>	<u>1,727</u>
NEIGHBORHOOD REVITALIZATION PROGRAM BOARD				
Assets:				
Cash and cash equivalents	739	7,456	8,195	-
Receivables:				
Accounts-net	<u>97</u>	<u>5</u>	<u>102</u>	<u>-</u>
Total assets	<u><u>836</u></u>	<u><u>7,461</u></u>	<u><u>8,297</u></u>	<u><u>-</u></u>
Liabilities:				
Accounts payable	<u>836</u>	<u>7,461</u>	<u>8,297</u>	<u>-</u>
MINNEAPOLIS PUBLIC HOUSING AUTHORITY				
Assets:				
Cash and cash equivalents	4	130,143	130,083	64
Receivables:				
Accounts-net	<u>-</u>	<u>40</u>	<u>-</u>	<u>40</u>
Total assets	<u><u>4</u></u>	<u><u>130,183</u></u>	<u><u>130,083</u></u>	<u><u>104</u></u>
Liabilities:				
Intergovernmental payable	<u>4</u>	<u>130,183</u>	<u>130,083</u>	<u>104</u>

FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the fiscal year ended December 31, 2012

CITY OF MINNEAPOLIS, MINNESOTA

(Continued)
(In Thousands)

	<u>Balance</u> <u>January 1,</u> <u>2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31,</u> <u>2012</u>
JOINT BOARD				
Assets:				
Cash and cash equivalents	61	53	60	54
Receivables:				
Accounts-net	68	-	-	68
Total assets	<u>129</u>	<u>53</u>	<u>60</u>	<u>122</u>
Liabilities:				
Accounts payable	<u>129</u>	<u>53</u>	<u>60</u>	<u>122</u>
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	2,715	277,274	272,423	7,566
Receivables:				
Accounts-net	474	3,502	3,255	721
Total assets	<u>3,189</u>	<u>280,776</u>	<u>275,678</u>	<u>8,287</u>
Liabilities:				
Accounts payable	2,912	21,904	22,967	1,849
Intergovernmental payable	155	258,872	252,711	6,316
Deposits held for others	122	-	-	122
Total liabilities	<u>\$ 3,189</u>	<u>\$ 280,776</u>	<u>\$ 275,678</u>	<u>\$ 8,287</u>

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2012

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal		Interest Due in 2013
							Due in 2013	Due in 2013	
<u>Property Tax Supported General Obligation Bonds</u>									
General Infrastructure Bonds									
Bridges	1.00%	10/30/12	12/01/13	300	-	300	300	300	3
Public Buildings	2.00% to 4.00%	05/21/09	12/01/14	9,493	3,893	5,600	3,000	3,000	224
	2.00%	06/03/10	12/01/12	2,891	2,891	-	-	-	-
	1.00%	10/30/12	12/01/13	1,150	-	1,150	1,150	1,150	13
Municipal Buildings	1.00%	10/30/12	12/01/13	1,054	-	1,054	1,054	1,054	11
Street Improvements	2.00% to 4.00%	05/21/09	12/01/14	9,633	3,513	6,120	3,520	3,520	245
	2.00% to 5.00%	06/03/10	12/01/15	7,915	6,920	995	115	115	50
	3.00%	05/26/11	12/01/12	6,747	6,747	-	-	-	-
	1.00% to 2.00%	10/30/12	12/01/15	13,615	-	13,615	4,615	4,615	246
	1.00%	10/30/12	12/01/13	756	-	756	756	756	8
Public Safety Capital Initiative	3.00%	06/24/10	12/01/15	12,965	1,890	11,075	1,525	1,525	332
<u>Sub-total General Infrastructure Bonds</u>									
				66,519	25,854	40,665	16,035	16,035	1,132
Library Referendum Bonds									
	3.00% to 5.00%	12/19/02	12/01/25	9,500	9,500	-	-	-	-
	2.00%	11/22/11	12/01/19	42,200	2,000	40,200	2,200	2,200	804
	3.00% to 5.00%	12/01/04	12/01/25	28,000	28,000	-	-	-	-
	2.00% to 2.375%	10/30/12	12/01/25	28,860	-	28,860	1,600	1,600	653
	4.00% to 4.375%	06/30/05	12/01/25	29,915	8,165	21,750	1,025	1,025	910
	3.00% to 3.50%	05/29/08	12/01/16	11,605	5,605	6,000	1,500	1,500	206
<u>Sub-total Library Referendum Bonds</u>									
				150,080	53,270	96,810	6,325	6,325	2,573
Pension Obligation Bonds									
Pension Bonds (MERF)	5.80% to 5.85%	12/19/02	12/01/26	25,000	25,000	-	-	-	-
Pension Bonds (MPRA)	2.00% to 4.98%	12/19/02	12/01/14	10,600	10,600	-	-	-	-
	5.00% to 5.30%	12/01/04	12/01/21	24,970	24,970	-	-	-	-
<u>Sub-total Pension Obligation Bonds</u>									
				60,570	60,570	-	-	-	-
<u>Total Property Tax Supported General Obligation Bonds</u>									
				277,169	139,694	137,475	22,360	22,360	3,705

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2012

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal		Interest	
							Due in 2013	Due in 2013	Due in 2013	Due in 2013
<u>Self-Supporting General Obligation Bonds</u>										
Convention Center	4.00%	11/19/09	12/01/15	9,250	-	9,250	-	-	370	370
	4.00%	11/19/09	12/01/15	10,000	-	10,000	-	-	400	400
	2.00%	11/22/11	12/01/19	39,300	-	39,300	-	-	786	786
	3.00%	04/05/11	12/01/17	33,800	4,800	29,000	12,000	-	870	870
	3.25% to 3.80%	04/05/11	12/01/20	71,250	-	71,250	-	-	2,521	2,521
	5.00%	06/24/04	12/01/14	39,740	39,740	-	-	-	-	-
	1.00% to 2.00%	10/30/12	12/01/17	4,200	-	4,200	500	-	86	86
Park Acquisition	3.00%	06/24/10	12/01/20	5,795	1,365	4,430	485	-	133	133
Park Board Energy Efficiency Project	2.00% to 5.00%	06/03/10	12/01/17	450	50	400	25	-	20	20
Total Self-Supporting General Obligation Bonds							167,830	13,010	5,186	5,186
<u>Special Assessment General Obligation Bonds</u>										
Improvements	3.50% to 4.50%	11/17/05	12/01/16	815	415	400	100	-	18	18
	3.50% to 4.50%	11/17/05	12/01/17	960	510	450	90	-	20	20
	3.00%	06/24/10	12/01/18	1,970	775	1,195	140	-	36	36
	3.00%	06/24/10	12/01/18	3,380	600	2,780	250	-	83	83
	Variable	10/30/03	12/01/13	1,460	1,460	-	-	-	-	-
	3.00%	06/24/10	12/01/18	3,375	890	2,485	445	-	75	75
	2.50% to 4.375%	12/01/04	12/01/24	9,740	9,740	-	-	-	-	-
	1.00% to 2.00%	10/30/12	12/01/24	4,600	-	4,600	595	-	93	93
	4.00% to 4.375%	11/30/05	12/01/25	4,610	2,360	2,250	250	-	94	94
	4.00% to 4.50%	11/16/06	12/01/26	3,780	1,450	2,330	220	-	96	96
	4.00% to 4.50%	11/28/07	12/01/27	5,400	1,825	3,575	350	-	147	147
	3.25% to 4.75%	11/26/08	12/01/28	7,725	3,105	4,620	770	-	181	181
	2.00% to 4.00%	11/19/09	12/01/29	9,800	2,680	7,120	860	-	285	285
	2.00% to 4.00%	11/22/10	12/01/25	5,950	1,975	3,975	960	-	105	105
	2.00% to 3.50%	11/22/11	12/01/31	8,495	1,465	7,030	1,415	-	156	156
	2.00% to 2.625%	12/04/12	12/01/32	5,535	-	5,535	870	-	113	113
Northop Lane Improvement (Refunding)	4.00% to 5.00%	11/17/05	12/01/18	35	-	35	6	-	2	2

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2012

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal		Interest	
							Due in 2013	Due in 2013	Due in 2013	Due in 2013
<u>Special Assessment General Obligation Bonds (continued)</u>										
Park Diseased Trees	4.00% to 5.00%	07/12/07	12/01/12	500	500	-	-	-	-	-
	4.00% to 5.00%	05/29/08	12/01/13	500	400	100	100	100	5	5
	2.00% to 4.00%	05/21/09	12/01/14	300	180	120	60	60	5	5
	2.00% to 5.00%	06/03/10	12/01/15	400	160	240	80	80	12	12
	3.00%	05/26/11	12/01/15	400	100	300	100	100	9	9
				79,730	30,590	49,140	7,661	7,661	1,335	1,335
Total Special Assessment General Obligation Bonds										
<u>Tax Increment General Obligation Bonds and Notes</u>										
Laurel Village Tax Increment (Refunding)	2.00% to 2.50%	06/24/10	03/01/15	4,360	1,500	2,860	895	895	58	58
Laurel Village Tax Increment - Taxable	4.00% to 4.85%	03/11/08	03/01/18	12,360	1,400	10,960	600	600	506	506
Tax Increment	3.50% to 5.00%	06/30/05	03/01/13	36,260	33,215	3,045	3,045	3,045	76	76
Tax Redevelopment - Arena Acquisition	2.50% to 4.90%	12/30/09	03/01/25	57,480	4,030	53,450	3,065	3,065	2,207	2,207
West Side Milling District Tax Increment	2.00% to 4.40%	06/24/10	03/01/23	14,900	1,600	13,300	775	775	479	479
	2.00% to 3.50%	06/25/03	03/01/15	1,725	1,725	-	-	-	-	-
Block E Development	Variable Bond	10/26/00	03/01/27	10,610	10,610	-	-	-	-	-
Block E Development (Refunding)	Variable Note	01/03/12	12/01/22	5,170	350	4,820	370	370	241	241
Block E Development - Taxable	4.60% to 5.30%	10/20/05	03/01/27	14,000	4,900	9,100	700	700	452	452
Milwaukee Depot Development (Refunding)	2.00 to 3.50%	10/01/09	03/01/28	5,400	520	4,880	200	200	148	148
Humboldt Greenway	2.00% to 4.00%	06/24/10	03/01/30	4,170	200	3,970	80	80	128	128
Heritage Park	2.15% to 4.25%	06/25/03	03/01/25	6,900	6,900	-	-	-	-	-
Heritage Park (Refunding)	2.00% to 3.000%	10/30/12	03/01/26	3,000	-	3,000	130	130	60	60
Midtown Exchange	4.00% to 5.00%	03/11/08	03/01/32	2,770	235	2,535	65	65	118	118
				179,105	67,185	111,920	9,925	9,925	4,473	4,473
Total Tax Increment General Obligation Bonds and Notes										

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2012

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2013	Interest Due in 2013
<u>Revenue Bonds</u>								
2004 Village at St. Anthony Falls-Tax Exempt	2.35% to 5.75%	03/01/04	03/01/27	7,470	1,315	6,155	215	339
2005 Village at St. Anthony Falls-Tax Exempt	4.00% to 5.65%	12/13/05	02/01/27	4,430	625	3,805	125	205
2005 Ivy Tower	5.10% to 5.70%	12/20/05	02/01/29	4,935	325	4,610	125	254
2006 Grant Park TI Revenue (Refunding)	5.00% to 5.350%	09/26/06	02/01/30	10,545	1,405	9,140	315	472
2007 East River Unocal Site	4.50% to 5.40%	07/12/07	02/01/31	1,750	250	1,500	45	78
Total Revenue Bonds				29,130	3,920	25,210	825	1,348
Total General Government Bonds				778,919	287,344	491,575	53,781	16,247
<u>Revenue Notes</u>								
Community Health and Education Tax Increment- College of St. Thomas District Section 108 - Midtown Exchange	5.86%	08/05/97	08/05/12	680	680	-	-	-
	6.93%	04/01/91	02/01/16	9,200	-	9,200	-	-
	Variable	12/01/04	08/01/24	6,500	1,005	5,495	310	276
Total Revenue Notes				16,380	1,685	14,695	310	276
Total General Government Bonds and Notes				795,299	289,029	506,270	54,091	16,523
<u>Internal Service Funds General Obligation Bonds</u>								
Equipment Services Fund General Obligation Bonds								
Currie Facility	3.00%	06/24/10	12/01/18	16,640	1,255	15,385	1,070	462
Equipment Purchases 2003 (Refunding)	3.00%	06/24/10	12/01/18	4,470	1,820	2,650	530	80
Equipment Purchases 2004	4.00% to 5.00%	06/24/04	12/01/19	5,450	5,450	-	-	-
Equipment Purchases 2004 (Refunding)	1.00% to 2.00%	10/30/12	12/01/17	1,500	-	1,500	300	29
Equipment Purchases 2005	3.00% to 4.00%	06/30/05	12/01/20	5,540	3,785	1,755	375	70
Sub-total Equipment Services Fund General Obligation Bonds				33,600	12,310	21,290	2,275	641
Property Services Fund General Obligation Bonds				4,290	1,160	3,130	430	94
	3.00%	06/24/10	12/01/18	2,535	890	1,645	300	49
		06/24/10	12/01/17					
Sub-total Property Services Fund General Obligation Bonds				6,825	2,050	4,775	730	143

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2012

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal		Interest	
							Due in 2013	Due in 2013	Due in 2013	Due in 2013
<u>Internal Service Funds - General Obligation Bonds (continued)</u>										
Intergovernmental Services Fund - General Obligation Bonds										
	3.00%	10/01/09	12/01/12	16,800	16,800	-	-	-	-	-
	3.00%	06/24/10	12/01/12	4,560	4,560	-	-	-	-	-
	3.50% to 4.00%	10/20/05	12/01/12	4,370	4,370	-	-	-	-	-
	4.00% to 5.00%	07/12/07	12/01/12	1,450	1,450	-	-	-	-	-
	2.00% to 4.00%	05/21/09	12/01/14	1,115	715	400	200	16	16	16
	2.00% to 5.00%	06/03/10	12/01/15	2,407	967	1,440	480	72	72	72
	1.00%	10/30/12	12/01/13	1,275	-	1,275	1,275	14	14	14
Sub-total Intergovernmental Services Fund - General Obligation Bonds				31,977	28,862	3,115	1,955	102	102	102
Total Internal Service Funds General Obligation Bonds				72,402	43,222	29,180	4,960	886	886	886
Total Governmental Activity Bonds and Notes				867,701	332,251	535,450	59,051	17,409	17,409	17,409

SCHEDULE OF BUSINESS-TYPE ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2012

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal		Interest	
							Due in 2013	Due in 2013	Due in 2013	Due in 2013
<u>Stormwater Fund General Obligation Bonds and Notes</u>										
	4.70% to 5.75%	06/01/93	12/01/15	3,856	3,135	721	250	549		
	2.00% to 4.00%	05/21/09	12/01/16	6,910	970	5,940	970	238		
	4.00% to 5.00%	06/01/07	12/01/12	6,304	-	-	-	-		
	4.00% to 5.00%	05/29/08	12/01/15	3,635	2,135	1,500	500	75		
	2.00% to 4.00%	05/21/09	12/01/14	2,500	1,440	1,060	530	42		
	3.00%	05/26/11	12/01/12	8,988	-	-	-	-		
	1.00% to 2.00%	10/30/12	12/01/14	5,400	-	5,400	4,400	70		
Stormwater Program General Obligation Notes										
	3.00%	04/30/12	08/20/13	452	290	162	162	2		
Total Stormwater Fund General Obligation Bonds and Notes				38,045	23,262	14,783	6,812	976		
<u>Sanitary Sewer Fund General Obligation Bonds</u>										
	4.00% to 5.00%	07/12/07	12/01/12	6,250	6,250	-	-	-		
	4.00% to 5.00%	05/29/08	12/01/14	5,500	3,500	2,000	1,000	100		
	2.00% to 4.00%	05/21/09	12/01/16	5,800	2,200	3,600	800	144		
	2.00% to 5.00%	06/03/10	12/01/15	3,650	1,450	2,200	600	110		
	3.00%	05/26/11	12/01/15	4,000	2,000	2,000	1,000	60		
	1.00% to 2.00%	10/30/12	12/01/14	1,750	-	1,750	750	30		
Total Sanitary Sewer Fund General Obligation Bonds				26,950	15,400	11,550	4,150	444		
<u>Water Treatment and Distribution Services Fund General Obligation Bonds and Notes</u>										
	4.70% to 5.75%	06/01/93	12/01/15	6,715	5,669	1,046	501	1,101		
	2.00% to 4.00%	05/21/09	12/01/25	12,615	-	12,615	-	505		
	4.00% to 5.00%	05/29/08	12/01/15	10,250	5,750	4,500	1,500	225		
	2.00% to 4.00%	05/21/09	12/01/17	4,000	915	3,085	-	123		
	2.00% to 5.00%	06/03/10	12/01/17	3,366	341	3,025	200	151		
Sub-total Water Treatment and Distribution Services Fund General Obligation Bonds				36,946	12,675	24,271	2,201	2,105		

SCHEDULE OF BUSINESS-TYPE ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2012

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal		Interest		
							Due in 2013	Due in 2013	Due in 2013	Due in 2013	
<u>Water Treatment and Distribution Services Fund General Obligation Bonds and Notes (continued)</u>											
Drinking Water Program General Obligation Notes	2.819%	12/17/02	08/20/22	27,400	6,400	21,000	1,000	592			
	2.800%	02/21/04	08/20/23	25,000	3,100	21,900	600	613			
	2.530%	03/23/05	08/20/19	12,500	3,550	8,950	1,225	226			
	2.600%	08/23/06	08/20/26	13,500	2,095	11,405	570	297			
	2.688%	12/09/09	08/20/27	19,558	463	19,095	350	513			
	1.000%	03/02/10	08/20/21	6,230	724	5,506	36	55			
Sub-total Drinking Water Program General Obligation Notes							104,188	16,332	87,856	3,781	2,296
Total Water Treatment and Distribution Services Fund General Obligation Bonds and Notes							141,134	29,007	112,127	5,982	4,401
<u>Municipal Parking Fund General Obligation Bonds and Notes</u>											
	4.70% to 5.75%	06/01/93	12/01/15	4,530	3,695	835	250	549			
	3.50% to 5.00%	06/30/05	03/01/12	12,400	12,400	-	-	-			
	4.00% to 5.00%	11/17/05	12/01/18	685	-	685	114	31			
	2.00% to 4.00%	05/21/09	12/01/12	4,350	4,350	-	-	-			
	2.00% to 4.00%	05/21/09	12/01/24	19,200	650	18,550	-	742			
	3.50% to 5.00%	11/17/05	12/01/17	5,340	55	5,285	1,515	244			
	3.00% to 4.00%	06/24/10	12/01/26	10,325	700	9,625	325	311			
	4.00% to 5.00%	11/07/02	12/01/26	25,000	25,000	-	-	-			
	2.00% to 2.50%	10/30/12	12/01/26	22,060	-	22,060	590	509			
	Variable Bond	10/30/03	12/01/18	10,525	10,525	-	-	-			
	Variable Note	01/03/12	12/01/20	6,810	-	6,810	-	341			
	Variable Bond	12/11/03	12/01/28	16,100	16,100	-	-	-			
	Variable Note	01/03/12	12/01/33	27,980	-	27,980	-	1,399			
	2.00% to 4.00%	11/19/09	12/01/14	11,245	6,575	4,670	2,330	187			
	Variable Bond	03/17/05	12/01/33	16,400	16,400	-	-	-			
	3.50% to 4.00%	07/12/07	12/01/14	1,700	-	1,700	300	85			
	4.00% to 5.00%	05/21/09	12/01/14	1,400	840	560	280	22			
	2.00% to 4.00%	05/21/09	12/01/14	2,000	1,200	800	400	32			
	2.00% to 5.00%	06/03/10	12/01/13	1,700	1,200	500	500	25			
	3.00%	05/26/11	12/01/15	1,500	300	1,200	400	36			
	3.00%	10/30/12	12/01/18	1,900	-	1,900	100	40			

SCHEDULE OF BUSINESS-TYPE ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2012

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal		Interest	
							Due in 2013	Due in 2013	Due in 2013	Due in 2013
<u>Municipal Parking Fund General Obligation Bonds and Notes (continued)</u>										
Municipal Parking Fund General Obligation/Tax Increment Bonds and Notes										
	2.50% to 4.25%	11/23/09	12/01/24	6,125	1,875	4,250	150	172		
	3.50% to 5.00%	11/17/05	12/01/21	7,100	100	7,000	30	318		
	3.00%	06/24/10	12/01/15	2,700	1,200	1,500	500	45		
	2.00% to 3.25%	10/01/09	03/01/26	13,675	9,300	4,375	-	135		
	3.50% to 5.00%	11/17/05	12/01/21	15,355	5,170	10,185	6,845	494		
	Variable Bond	03/17/05	03/01/32	4,250	4,250	-	-	-		
	Variable Note	01/03/12	12/01/32	3,860	-	3,860	-	193		
Total Municipal Parking Fund General Obligation Bonds and Notes				256,215	121,885	134,330	14,629	5,910		
Total Business-Type Activity General Obligation Bonds and Notes				462,344	189,554	272,790	31,573	11,731		
<u>Community Planning and Economic Development Fund - General Agency Reserve Fund System Bonds</u>										
Halper Box	5.10% to 6.15%	04/01/97	06/01/17	2,400	1,570	830	155	46		
Baker Bearing	5.10% to 6.20%	05/01/97	12/01/16	2,900	2,195	705	190	38		
Laurel Village Alden Limited Partnership II	4.30% to 5.75%	10/01/97	06/01/27	2,515	735	1,780	75	101		
100 East 22nd Associates - A	4.00% to 5.50%	10/01/97	06/01/12	2,820	2,820	-	-	-		
Cord Sets	4.10% to 5.50%	07/01/98	06/01/18	1,500	910	590	90	30		
Discount Steel - A	5.00% to 5.25%	12/01/99	06/01/19	1,900	530	1,370	175	67		
Pajor and Associates	4.75% to 6.75%	03/01/00	12/01/25	1,505	1,505	-	-	-		
Bridgerail Properties (All-Weather Roofing)	4.31 % to 7.00%	09/01/02	06/01/22	2,750	2,750	-	-	-		
Kristol Properties	2.45% to 5.12%	11/20/03	12/01/23	3,300	1,730	1,570	160	78		
Infinite Graphics	2.25% to 5.50%	07/14/04	12/01/24	2,475	950	1,525	140	83		
Theatres Bonds, Series 2005-1	5.23% to 6.30%	12/20/05	12/01/35	21,055	2,255	18,800	395	1,167		
Ambassador Press Refunding	4.27% to 6.50%	6/26/06	12/01/26	8,400	2,550	5,850	565	321		
Quality Resource Group	5.28% to 5.84%	03/04/07	12/01/27	3,100	500	2,600	115	148		
New French Bakery (Taxable)	5.70%	07/01/07	06/01/12	1,000	1,000	-	-	-		
New French Bakery (Tax-Exempt)	5.00% to 5.25%	07/01/07	06/01/28	8,990	290	8,700	365	439		
Open Systems International, Inc	2.29% to 6.75%	06/01/10	06/01/40	18,000	275	17,725	285	1,111		
Open Access Technology Int'l, Inc (Taxable)	1.25% to 3.00%	12/29/10	12/01/13	1,930	1,790	140	140	4		
Open Access Technology Int'l, Inc (Tax Exempt)	3.25% to 6.25%	12/29/10	12/01/40	23,070	-	23,070	780	1,226		
Total Community Planning and Economic Development Fund - General Agency Reserve Fund System Bonds				109,610	24,355	85,255	3,630	4,859		

SCHEDULE OF BUSINESS-TYPE ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2012

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	(In Thousands)	
							Principal Due in 2013	Interest Due in 2013
<u>Community Planning & Economic Development Fund - Revenue Notes</u>								
Economic Development Program								
Federal Home Loan Note		12/14/97	12/14/12	440	440	-	-	-
Federal Home Loan Note		04/01/99	04/01/14	1,200	1,043	157	117	8
Total Community Planning & Economic Development Fund - Revenue Notes				1,640	1,483	157	117	8
Total Business-Type Activity Bonds and Notes				573,594	215,392	358,202	35,320	16,598

SCHEDULE OF INTERGOVERNMENTAL REVENUE
For the Fiscal Year Ended December 31, 2012

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

	General Fund	Community Planning and Economic Development	Permanent Improvement	General Debt Service	Non-Major Governmental	Total Governmental Funds
Shared revenue						
State						
Local government aid	\$ 56,404	\$ -	\$ -	\$ -	\$ -	\$ 56,404
Police state aid	4,440	-	-	-	2,831	7,271
Fire state aid	1,908	-	-	-	2,812	4,720
PERA rate increase aid	515	1	-	-	-	516
Market value homestead credit	141	17	1	-	22	181
Disaster aid	2	-	1	-	-	3
Municipal state aid	3,621	-	15,732	-	12	19,365
Total shared revenue	<u>67,031</u>	<u>18</u>	<u>15,734</u>	<u>-</u>	<u>5,677</u>	<u>88,460</u>
Payments						
Local						
Local contributions	-	-	-	-	251	251
County state aid	569	-	529	-	-	1,098
Other county grants	-	-	-	-	1,921	1,921
Other local governments	-	-	4,977	-	-	4,977
Mississippi watershed management organization	-	-	-	-	1,243	1,243
Metropolitan council	-	-	-	-	5,983	5,983
Minnesota historical society	-	-	160	-	18	178
Minneapolis public schools	-	-	-	-	196	196
Other local payments	-	45	20	-	6	71
Payments in lieu of tax	204	-	1	21	29	255
Total local	<u>773</u>	<u>45</u>	<u>5,687</u>	<u>21</u>	<u>9,647</u>	<u>16,173</u>
Grants						
State						
Department of employment and economic development	-	-	-	-	9,552	9,552
Department of health	-	-	-	-	4,222	4,222
Department of public safety	283	-	531	-	520	1,334
Department of transportation	611	-	-	-	-	611
Minnesota public facilities authority	-	-	-	-	-	-
Department of commerce	-	-	-	-	161	161
Minnesota housing finance agency	-	-	-	-	358	358
Minnesota judicial branch	-	-	-	-	110	110
Minnesota board of firefighter training and education	-	-	-	-	83	83
Total state grants	<u>894</u>	<u>-</u>	<u>531</u>	<u>-</u>	<u>15,006</u>	<u>16,431</u>
Federal						
Department of agriculture	-	-	-	-	8	8
Department of energy	-	-	-	-	2,962	2,962
Department of health and human services	-	-	-	-	4,711	4,711
Department of homeland security	-	-	-	-	4,396	4,396
Department of housing and urban development	-	-	-	-	33,487	33,487
Department of the interior	-	-	-	-	15	15
Department of justice	-	-	-	-	2,796	2,796
Department of labor	-	-	-	-	3,386	3,386
Department of transportation	-	-	10,625	-	2,655	13,280
Equal employment opportunity commission	-	-	-	-	60	60
Environmental protection agency	-	-	-	-	377	377
Department of treasury	-	-	-	-	8	8
Total federal grants	<u>-</u>	<u>-</u>	<u>10,625</u>	<u>-</u>	<u>54,861</u>	<u>65,486</u>
Total state and federal grants	<u>894</u>	<u>-</u>	<u>11,156</u>	<u>-</u>	<u>69,867</u>	<u>81,917</u>
Total intergovernmental revenue	<u>\$ 68,698</u>	<u>\$ 63</u>	<u>\$ 32,577</u>	<u>\$ 21</u>	<u>\$ 85,191</u>	<u>\$ 186,550</u>

SCHEDULE OF INTERGOVERNMENTAL REVENUE (continued)
For the Fiscal Year Ended December 31, 2012

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

	Stormwater	Water Treatment and Distribution Services	Solid Waste and Recycling	Total Enterprise Funds	Internal Service Funds	Total Intergovernmental Revenue
Shared revenue						
State						
Local government aid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,404
Police state aid	-	-	-	-	-	7,271
Fire state aid	-	-	-	-	-	4,720
PERA rate increase aid	-	-	-	-	-	516
Market value homestead credit	-	-	-	-	-	181
Disaster aid	-	-	-	-	-	3
Municipal state aid	919	-	10	929	-	20,294
Total shared revenue	919	-	10	929	-	89,389
Payments						
Local						
Local contributions	-	-	-	-	-	251
County state aid	400	-	-	400	-	1,498
Other county grants	-	-	865	865	-	2,786
Other local governments	167	428	-	595	-	5,572
Mississippi watershed management organization	-	-	-	-	-	1,243
Metropolitan council	-	-	-	-	-	5,983
Minnesota historical society	-	-	-	-	-	178
Minneapolis public schools	-	-	-	-	-	196
Other local payments	-	-	-	-	-	71
Payments in lieu of tax	-	-	-	-	-	255
Total local	567	428	865	1,860	-	18,033
Grants						
State						
Department of employment and economic development	-	-	-	-	-	9,552
Department of health	-	-	-	-	-	4,222
Department of public safety	196	-	-	196	-	1,530
Department of transportation	-	-	-	-	-	611
Minnesota public facilities authority	602	-	-	602	-	602
Department of commerce	-	-	-	-	-	161
Minnesota housing finance agency	-	-	-	-	-	358
Minnesota Judicial Branch	-	-	-	-	-	110
Minnesota board of firefighter training and education	-	-	-	-	-	83
Total state grants	798	-	-	798	-	17,229
Federal						
Department of agriculture	-	-	-	-	-	8
Department of energy	-	-	-	-	-	2,962
Department of health and human services	-	-	-	-	-	4,711
Department of homeland security	-	14	-	14	-	4,410
Department of housing and urban development	-	-	-	-	-	33,487
Department of the interior	-	-	-	-	-	15
Department of justice	-	-	-	-	12	2,808
Department of labor	-	-	-	-	-	3,386
Department of transportation	173	-	-	173	-	13,453
Equal employment opportunity commission	-	-	-	-	-	60
Environmental protection agency	-	-	-	-	-	377
Department of treasury	-	-	-	-	-	8
Total federal grants	173	14	-	187	12	65,685
Total state and federal grants	971	14	-	985	12	82,914
Total intergovernmental revenue	\$ 2,457	\$ 442	\$ 875	\$ 3,774	\$ 12	\$ 190,336

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF MINNEAPOLIS, MINNESOTA

ALL FUND TYPES

For the Fiscal Year Ended December 31, 2012

(In Thousands)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed Through the University of Minnesota Integrated Programs	10.303	\$ <u>8</u>
U.S. Department of Housing and Urban Development		
Direct		
Community Development Block Grants (CDBG)/Entitlement Grants Cluster		
Community Development Block Grants/Entitlement Grants	14.218	\$ 16,725
Community Development Block Grants/Entitlement Grants - ARRA	14.253	269
Emergency Solutions Grants Program	14.231	375
HOME Investment Partnerships Program	14.239	5,058
Housing Opportunities for Persons with AIDS	14.241	979
Neighborhood Stabilization Program - ARRA	14.256	9,628
Homelessness Prevention and Rapid Re-Housing Program - ARRA	14.257	1,083
Lead-Based Paint Hazard Control in Privately-Owned Housing (Total Lead-Based Paint Hazard Control in Privately-Owned Housing CFDA 14.900 - \$180)	14.900	40
Healthy Homes Demonstration Grants	14.901	220
Asthma Interventions in Public and Assisted Multifamily Housing (Total Asthma Interventions in Public and Assisted Multifamily Housing CFDA 14.914 - \$266)	14.914	246
Passed Through Minnesota Department of Health Asthma Interventions in Public and Assisted Multifamily Housing (Total Asthma Interventions in Public and Assisted Multifamily Housing CFDA 14.914 - \$266)	14.914	20
Passed Through Minnesota Housing and Finance Agency Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	1,579
Passed Through Hennepin County Lead-Based Paint Hazard Control in Privately-Owned Housing (Total Lead-Based Paint Hazard Control in Privately-Owned Housing CFDA 14.900 - \$180)	14.900	140
Lead Hazard Reduction Demonstration Grant Program	14.905	<u>78</u>
Total U.S. Department of Housing and Urban Development		\$ <u>36,440</u>
U.S. Department of the Interior		
Direct		
Migratory Bird Monitoring, Assessment and Conservation	15.655	<u>\$ 15</u>
U.S. Department of Justice		
Direct		
Youth Gang Prevention	16.544	\$ 184
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	46
Public Safety Partnerships and Community Policing Grants Cluster		
Public Safety Partnership and Community Policing Grants	16.710	1,098
Public Safety Partnership and Community Policing Grants - ARRA (Total Public Safety Partnership and Community Policing Grants CFDA 16.710 - \$1,240)	16.710	140
Paul Coverdell Forensic Sciences Improvement Grant Program (Total Paul Coverdell Forensic Sciences Improvement Grant Program CFDA 16.742 - \$128)	16.742	82
Edward Byrne Memorial Competitive Grant Program - ARRA (Total Edward Byrne Memorial Competitive Grant Program - ARRA CFDA 16.808 - \$124)	16.808	112
National Forum on Youth Violence Prevention	16.819	2
Equitable Sharing Program	16.922	16

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF MINNEAPOLIS, MINNESOTA

ALL FUND TYPES

For the Fiscal Year Ended December 31, 2012

(In Thousands)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Justice (continued)		
Passed Through Minnesota Department of Public Safety		
Violence Against Women Formula Grants - ARRA	16.588	53
Public Safety Partnerships and Community Policing Grants Cluster		
Public Safety Partnership and Community Policing Grants	16.710	2
(Total Public Safety Partnership and Community Policing Grants CFDA 16.710 - \$1,240)		
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	46
(Total Paul Coverdell Forensic Sciences Improvement Grant Program CFDA 16.742 - \$128)		
Passed Through Hennepin County		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	545
Edward Byrne Memorial Competitive Grant Program - ARRA	16.808	12
(Total Edward Byrne Memorial Competitive Grant Program - ARRA CFDA 16.808 - \$124)		
		\$ 2,338
U.S. Department of Labor		
Direct		
Worforce Investment Act Pilots, Demonstrations, and Research Projects	17.261	\$ 59
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors Cluster		
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - ARRA	17.275	545
(Total Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors CFDA 17.275 - \$662)		
Passed Through Minnesota Department of Employment and Economic Development		
Worforce Investment Act Cluster		
Worforce Investment Act Adult Program	17.258	672
Worforce Investment Act Youth Activities	17.259	923
Worforce Investment Act Dislocated Workers	17.260	928
Worforce Investment Act Dislocated Worker Formula Grants	17.278	142
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors Cluster		
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	117
(Total Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors CFDA 17.275 - \$662)		
		\$ 3,386
U.S. Department of Transportation		
Passed Through Metropolitan Council		
Federal Transit Cluster		
Federal Transit Capital Investment Grants	20.500	\$ 666
Federal Transit Formula Grants	20.507	390
Alternatives Analysis	20.522	49
Passed Through Minnesota Department of Transportation		
Highway Planning and Construction	20.205	10,193

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF MINNEAPOLIS, MINNESOTA

ALL FUND TYPES

For the Fiscal Year Ended December 31, 2012

(In Thousands)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Transportation (continued)		
Passed Through Minnesota Department of Public Safety		
Highway Safety Cluster		
State and Community Highway Safety	20.600	46
Occupant Protection Incentive Grants	20.602	17
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	107
Total U.S. Department of Transportation		\$ 11,468
U.S. Department of Treasury		
Direct		
National Foreclosure Mitigation Counseling	21.000	\$ 8
U.S. Environmental Protection Agency		
Direct		
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	\$ 227
Passed Through Minnesota Public Facilities Authority		
Capitalization Grants for Clean Water State Revolving Funds	66.458	602
Total U.S. Environmental Protection Agency		\$ 829
U.S. Department of Energy		
Direct		
Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA (Total Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA CFDA 81.128 - \$1,887)	81.128	\$ 1,886
Passed Through Minnesota Department of Commerce		
Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA (Total Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA CFDA 81.128 - \$1,887)	81.128	1
State Energy Program - ARRA	81.041	1,201
Total U.S. Department of Energy		\$ 3,088
U.S. Department of Health and Human Services		
Direct		
Affordable Care Act (ACA) Grants for School-Based Health Center Capital Expenditures	93.501	\$ 116
Healthy Start Initiative	93.926	906
Passed Through Hennepin County		
Teenage Pregnancy Prevention Program	93.297	241
PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants - financed solely by 2012 Prevention and Public Health Funds	93.531	178
Temporary Assistance for Needy Families (Total Temporary Assistance for Needy Families CFDA 93.558 - \$1,436)	93.558	505

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF MINNEAPOLIS, MINNESOTA

ALL FUND TYPES

For the Fiscal Year Ended December 31, 2012

(In Thousands)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Health and Human Services (continued)		
Passed Through Minnesota Department of Health		
Postal Model for Medical Countermeasures Delivery and Distribution	93.016	10
Public Health Emergency Preparedness	93.069	364
Environmental Public Health and Emergency Response	93.070	25
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	185
Temporary Assistance for Needy Families	93.558	931
(Total Temporary Assistance for Needy Families CFDA 93.558 - \$1,436)		
Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA) - ARRA	93.724	399
Preventive Health and Health Services Block Grant	93.991	10
Maternal and Child Health Services Block Grant to the States	93.994	846
		\$ 4,716
U.S. Department of Homeland Security		
Direct		
Assistance to Firefighters Grant	97.044	\$ 503
Passed Through Minnesota Department of Public Safety		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1
Emergency Operations Center	97.052	750
Port Security Grant Program	97.056	1,261
Homeland Security Grant Program	97.067	1,861
(Total Homeland Security Grant Program CFDA 97.067 - \$1,880)		
Passed Through City of Bloomington		
Homeland Security Grant Program	97.067	19
(Total Homeland Security Grant Program CFDA 97.067 - \$1,880)		
		\$ 4,395
Total U.S. Department of Homeland Security		\$ 4,395
Total Federal Awards		\$ 66,691

For the Fiscal Year Ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the City of Minneapolis. The City’s reporting entity is defined in Note 1 to the basic financial statements. This schedule does not include \$869 in federal awards expended by the Minneapolis Park and Recreation Board component unit, which had a separate single audit.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Minneapolis under programs of the federal government for the year ended December 31, 2012. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non Profit Organizations. Because the schedule presents only a selected portion of the operations of the City of Minneapolis, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Minneapolis.

3. Summary of Significant Accounting Policies

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

4. Clusters

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

Community Development Block Grant (CDBG) - Entitlement Grants Cluster	\$	16,994
Public Safety Partnership and Community Policing Grants Cluster		1,240
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors Cluster		662
Workforce Investment Act (WIA) Cluster		2,665
Federal Transit Cluster		1,056
Highway Safety Cluster		63

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

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

5. Subrecipients

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

CFDA Number	Program Name	Amount Provided to Subrecipients
14.218	Community Development Block Grants/Entitlement Grants	\$ 2,506
14.241	Housing Opportunities for Persons with AIDS	946
14.256	Neighborhood Stabilization Program - ARRA	1,498
14.257	Homelessness Prevention and Rapid Re-Housing Program - ARRA	1,103
14.914	Asthma Interventions in Public and Assisted Multifamily Housing	17
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing	89
14.905	Lead Hazard Reduction Demonstration Grant Program	38
15.655	Migratory Bird Monitoring, Assessment and Conservation	15
16.544	Youth Gang Prevention	127
16.588	Violence Against Women Formula Grants – ARRA	30
17.261	Workforce Investment Act (WIA) Pilots, Demonstrations, and Research Proje	56
17.275	Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - ARRA	514
17.258	Workforce Investment Act (WIA) Adult Program	385
17.259	Workforce Investment Act (WIA) Youth Activities	822
17.260	Workforce Investment Act (WIA) Dislocated Workers	481
17.278	Workforce Investment Act (WIA) Dislocated Worker Formula Grants	106
20.507	Federal Transit Formula Grants	334
20.205	Highway Planning and Construction	32
20.600	State and Community Highway Safety	3
20.602	Occupant Protection Incentive Grants	9
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	24
81.128	Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA	367
81.041	State Energy Program – ARRA	219
93.926	Healthy Start Initiative	472
93.531	PPHF 2012: Community Transformation Grants and National Dissemination and Support for Community Transformation Grants financed solely by 2012 Prevention and Public Health Funds	18
93.558	Temporary Assistance for Needy Families	1,232
93.070	Environmental Public Health and Emergency Response	13
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	180
93.724	Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA) - ARRA	144
93.994	Maternal and Child Health Services Block Grant to the States	466
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	1
	Total	<u>\$ 12,247</u>

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

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2012

(Dollar Amounts Expressed in Thousands)

6. Reconciliation to Schedule of Intergovernmental Revenue

Federal grant revenue per Schedule of Intergovernmental Revenue	\$ 65,685
Federal Fixed Price Contracts	
Equal Employment Opportunity Commission	(60)
Armadillo	(15)
Criminal Investigations Division Sex Task Force	(1)
Drug Enforcement Admin TF	(36)
GET-ATF	(43)
GET-ICE	(8)
Hamburglar	(95)
MN Cyber Crime Task Force	(23)
MN Violent Crime/Fugitive	(17)
Organized Crime Drug Enforcement	(2)
Safe Streets Violent Crime TF	(208)
Federal Projects	(1)
U.S. Marshalls OT May - Dec 2012	(18)
Joint Terrorism Task Force	(2)
Heat Incident Response CDC	(2)
Timing Differences Between Expenditures and Related Reimbursements	67
Minnesota Public Facility Agency Loans	452
Expenditures occurring prior to 2012 but reimbursed in 2012	(2,094)
Credit to Maternal and Child Health Federal Consolidated Programs	7
Federal Program Income	
State Energy Program – ARRA	126
Neighborhood Stabilization Program - ARRA	1,073
Healthy Homes Demonstration Grant	31
Neighborhood Stabilization Program	283
Community Development Block Grants/Entitlement Grants	506
HOME Investment Partnerships Program	1,086
Expenditures Per Schedule of Expenditures of Federal Awards	<u>\$ 66,691</u>

7. American Recovery and Reinvestment Act

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

**MUNICIPAL BUILDING COMMISSION
BALANCE SHEET
December 31, 2012**

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 871	\$ 173	\$ 1,044
Receivables:			
Intergovernmental	472	217	689
Total assets	\$ 1,343	\$ 390	\$ 1,733
<u>LIABILITIES and FUND BALANCES</u>			
Liabilities:			
Salaries payable	\$ 122	\$ -	\$ 122
Accounts payable	411	151	562
Deposits held for others	-	2	2
Total liabilities	533	153	686
Fund balances:			
Assigned	810	237	1,047
Total liabilities and fund balances	\$ 1,343	\$ 390	\$ 1,733

**MUNICIPAL BUILDING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the fiscal year ended December 31, 2012**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	General Fund	Capital Projects Fund	Total
REVENUES:			
Intergovernmental revenues	\$ 193	\$ 2,106	\$ 2,299
Charges for services and sales	8,043	-	8,043
Miscellaneous revenues	129	-	129
 Total revenues	 8,365	 2,106	 10,471
EXPENDITURES:			
Current:			
General government	8,460	-	8,460
Capital outlay	-	2,108	2,108
 Total expenditures	 8,460	 2,108	 10,568
 Net change in fund balances	 (95)	 (2)	 (97)
 Fund balances - January 1	 905	 239	 1,144
 Fund balances - December 31	 \$ 810	 \$ 237	 \$ 1,047



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STATISTICAL SECTION

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

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

Schedule 1
City of Minneapolis
Net Position by Component (In Thousands)
Last 10 Fiscal Years
December 31, 2012

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Net investment in capital assets	\$ 276,744	\$ 353,750	\$ 319,954	\$ 471,115	\$ 492,007	\$ 536,126	\$ 526,551	\$ 631,808	\$ 691,926	\$ 798,704
Restricted	47,504	49,028	42,667	47,526	54,226	59,629	112,895	60,814	192,829	193,107
Unrestricted	(135,763)	(191,289)	(107,885)	(224,659)	(113,865)	(33,767)	58,216	87,443	91,652	139,303
Total governmental activities net position	\$ 188,485	\$ 211,489	\$ 254,736	\$ 293,982	\$ 432,368	\$ 561,988	\$ 697,662	\$ 780,065	\$ 976,407	\$ 1,131,114
Business-type activities										
Net investment in capital assets	\$ 480,562	\$ 504,453	\$ 523,073	\$ 541,670	\$ 529,140	\$ 591,964	\$ 615,455	\$ 634,686	\$ 666,986	\$ 694,243
Restricted	42,906	40,140	37,030	33,222	33,015	34,456	34,464	34,674	34,967	33,616
Unrestricted	36,845	14,865	320	14,460	83,340	46,266	57,157	69,905	77,751	88,330
Total business-type activities net position	\$ 560,313	\$ 559,458	\$ 560,423	\$ 589,352	\$ 645,495	\$ 672,686	\$ 707,076	\$ 739,265	\$ 779,704	\$ 816,189
Primary government										
Net investment in capital assets	\$ 757,306	\$ 858,203	\$ 843,027	\$ 1,012,785	\$ 1,021,147	\$ 1,128,090	\$ 1,142,006	\$ 1,266,494	\$ 1,358,912	\$ 1,492,947
Restricted	90,410	89,168	79,697	80,748	87,241	94,085	147,359	95,488	227,796	226,723
Unrestricted	(98,918)	(176,424)	(107,565)	(210,199)	(30,525)	12,499	115,373	157,348	169,403	227,633
Total primary government net position	\$ 748,798	\$ 770,947	\$ 815,159	\$ 883,334	\$ 1,077,863	\$ 1,234,674	\$ 1,404,738	\$ 1,519,330	\$ 1,756,111	\$ 1,947,303

(UNAUDITED)

Schedule 2
City of Minneapolis
Changes in Net Position (In Thousands)
Last 10 Fiscal Years
December 31, 2012

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$ 123,139	\$ 75,530	\$ 68,095	\$ 67,780	\$ 57,519	\$ 79,609	\$ 72,276	\$ 120,378	\$ 82,897	\$ 98,546
Public safety	168,976	202,334	215,366	221,160	226,050	232,210	244,134	263,806	269,036	248,333
Public works	68,296	20,691	28,909	52,267	80,315	50,523	94,752	73,848	5,210	71,736
Culture and recreation	26,346	49,968	48,744	15,851	5,279	29,607	13,483	13,861	7,287	5,528
Health and welfare	23,502	9,905	13,502	14,572	14,325	13,028	14,164	14,240	16,260	13,709
Community planning & economic development	107,061	105,676	133,037	116,369	118,066	122,936	110,344	146,439	138,537	139,190
Interest on long-term debt	44,014	56,283	34,383	89,147	40,691	36,405	28,753	26,152	21,916	16,503
Total governmental activities expenses	\$ 561,334	\$ 520,387	\$ 542,036	\$ 577,146	\$ 542,245	\$ 564,318	\$ 577,906	\$ 658,724	\$ 541,143	\$ 593,545
Business-type activities:										
Sanitary sewer	\$ 56,746	\$ 53,690	\$ 26,880	\$ 36,710	\$ 37,696	\$ 38,057	\$ 32,892	\$ 35,233	\$ 33,659	\$ 51,564
Stormwater	-	-	25,898	23,815	24,459	24,027	24,856	26,273	24,502	25,998
Solid waste and recycling	23,568	26,007	24,500	26,554	26,570	26,514	23,641	27,804	29,784	31,158
Water treatment and distribution services	46,757	50,683	46,292	53,209	52,983	56,310	51,751	55,980	52,891	59,940
Community planning & economic development	14,962	18,551	24,517	9,035	6,446	6,367	6,860	6,472	8,266	7,875
Municipal parking	62,832	67,195	56,676	60,097	58,714	50,833	51,929	49,920	46,106	49,706
Total business-type activities expenses	\$ 204,865	\$ 216,126	\$ 204,763	\$ 209,420	\$ 206,868	\$ 202,108	\$ 191,929	\$ 201,682	\$ 195,208	\$ 226,241
Total primary government expenses	\$ 766,199	\$ 736,513	\$ 746,799	\$ 786,566	\$ 749,113	\$ 766,426	\$ 769,835	\$ 860,406	\$ 736,351	\$ 819,786
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 48,345	\$ 18,036	\$ 19,805	\$ 28,320	\$ 30,490	\$ 45,882	\$ 6,060	\$ 69,827	\$ 23,537	\$ 40,636
Public safety	6,498	36,073	38,002	43,889	34,486	37,525	42,511	41,805	49,673	46,992
Public works	4,419	2,059	5,169	8,461	10,239	11,670	22,112	22,567	5,998	15,507
Culture and recreation	-	-	-	-	2,252	-	-	-	-	-
Health and welfare	712	449	536	528	500	524	452	14	-	-
Community planning & economic development	7,915	35,243	44,447	35,595	30,169	30,470	29,416	27,601	36,233	35,523
Operating grants and contributions	65,751	52,288	85,301	68,894	84,926	100,095	92,775	118,118	115,622	128,205
Capital grants and contributions	19,793	35,637	13,858	18,717	19,174	13,136	26,928	28,198	20,630	25,230
Total governmental activities program revenues	\$ 153,433	\$ 179,785	\$ 207,118	\$ 204,404	\$ 212,236	\$ 239,302	\$ 220,254	\$ 308,130	\$ 251,693	\$ 292,093
Business-type activities:										
Charges for services:										
Sanitary sewer	\$ 59,834	\$ 64,132	\$ 33,756	\$ 37,968	\$ 40,369	\$ 40,787	\$ 43,949	\$ 49,358	48,456	61,849
Stormwater	-	-	31,336	30,209	32,205	35,109	39,418	39,903	41,063	38,383
Solid waste and recycling	27,071	28,396	29,443	28,546	7,917	29,626	30,411	31,152	31,957	31,001
Water treatment and distribution services	55,903	58,669	60,118	59,541	29,193	61,088	67,539	67,408	69,301	74,412
Community planning & economic development	10,791	13,838	12,125	7,483	60,152	7,698	31,820	6,426	7,872	2,239
Municipal parking	51,859	55,274	55,300	57,884	60,625	52,564	52,507	58,316	52,687	54,015
Operating grants and contributions	1,537	-	-	13,553	1,737	2,641	-	-	-	4,552
Capital grants and contributions	-	-	-	-	-	-	1,826	1,215	2,146	1,808
Total business-type activities program revenues	\$ 206,995	\$ 220,309	\$ 222,078	\$ 235,184	\$ 232,198	\$ 229,513	\$ 267,470	\$ 253,778	\$ 253,482	\$ 268,259
Total primary government program revenues	\$ 360,428	\$ 400,094	\$ 429,196	\$ 439,588	\$ 444,434	\$ 468,815	\$ 487,724	\$ 561,908	\$ 505,175	\$ 560,352
Net (Expenses) Revenue										
Governmental activities	\$ (407,901)	\$ (340,602)	\$ (334,918)	\$ (372,742)	\$ (330,009)	\$ (325,016)	\$ (357,652)	\$ (350,594)	\$ (289,450)	\$ (301,452)
Business-type activities	2,130	4,183	17,315	25,764	25,330	27,405	75,541	52,096	58,274	42,018
Total primary government net expense	\$ (405,771)	\$ (336,419)	\$ (317,603)	\$ (346,978)	\$ (304,679)	\$ (297,611)	\$ (282,111)	\$ (298,498)	\$ (231,176)	\$ (259,434)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
General property tax and fiscal disparities	\$ 109,340	\$ 124,485	\$ 131,261	\$ 145,073	\$ 159,878	\$ 184,985	\$ 263,776	\$ 217,519	\$ 218,756	\$ 230,719
Property tax increment	67,506	64,118	64,044	71,556	77,979	82,686	13,440	42,117	61,003	52,679
Franchise fees	24,083	25,112	27,702	29,026	29,548	31,705	28,053	27,855	29,128	26,120
Convention center taxes	48,908	52,169	55,064	56,725	60,065	60,480	54,868	61,307	65,850	56,349
Other taxes	341	273	228	188	215	183	202	42	218	13,079
Local government aid - unrestricted	88,818	81,722	65,921	81,626	70,712	60,702	70,540	56,578	56,378	56,404
Grants and contributions not restricted to programs	2,689	-	-	9	8	7	-	-	-	-
Unrestricted interest and investment earnings	14,251	6,152	13,510	14,407	17,574	13,121	6,843	5,961	5,088	4,248
Sale of land	-	-	-	-	-	-	-	-	-	-
Other	20,500	1,028	1,144	2,862	2,715	1,287	10,239	1,440	31,078	4,548
Gain on sale of capital assets	-	3	-	-	-	-	-	-	-	-
Transfers	7,308	8,544	19,291	416	5,023	4,250	45,365	20,178	18,293	10,889
Total governmental activities	\$ 383,744	\$ 363,606	\$ 378,165	\$ 401,888	\$ 423,717	\$ 439,406	\$ 493,326	\$ 432,997	\$ 485,792	\$ 455,035
Business-type activities:										
Unrestricted interest and investment earnings	\$ 2,181	\$ 1,236	\$ 1,359	\$ 1,542	\$ 1,924	\$ 1,487	\$ 4,126	\$ 271	\$ 438	\$ 5,286
Other	4,724	2,270	1,580	2,039	3,187	1,479	88	-	-	56
Gain on sale of capital assets	62	-	2	-	30,725	565	-	-	20	54
Transfers	(7,308)	(8,544)	(19,291)	(416)	(5,023)	(4,250)	(45,365)	(20,178)	(18,293)	(10,889)
Total business-type activities	\$ (341)	\$ (5,038)	\$ (16,350)	\$ 3,165	\$ 30,813	\$ (719)	\$ (41,151)	\$ (19,907)	\$ (17,835)	\$ (5,493)
Total primary government	\$ 383,403	\$ 358,568	\$ 361,815	\$ 405,053	\$ 454,530	\$ 438,687	\$ 452,175	\$ 413,090	\$ 467,957	\$ 449,542
Changes in Net Position										
Governmental activities	\$ (24,157)	\$ 23,004	\$ 43,247	\$ 29,146	\$ 93,708	\$ 114,390	\$ 135,674	\$ 82,403	\$ 196,342	\$ 153,583
Business-type activities	1,789	(855)	965	28,929	56,143	26,686	34,390	32,189	40,439	36,525
Total primary government	\$ (22,368)	\$ 22,149	\$ 44,212	\$ 58,075	\$ 149,851	\$ 141,076	\$ 170,064	\$ 114,592	\$ 236,781	\$ 190,108

(UNAUDITED)

Schedule 3
City of Minneapolis
Fund Balance, Governmental Funds (In Thousands)
Last 10 Fiscal Years
December 31, 2012

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 436	\$ 880	\$ 2,724	\$ 2,471	\$ 1,394	\$ 1,073	\$ 927	\$ 1,270		
Unreserved	53,111	60,472	50,838	52,641	53,851	48,615	67,340	60,092		
Total general fund	<u>\$ 53,547</u>	<u>\$ 61,352</u>	<u>\$ 53,562</u>	<u>\$ 55,112</u>	<u>\$ 55,245</u>	<u>\$ 49,688</u>	<u>\$ 68,267</u>	<u>\$ 61,362</u>		
All Other Government Funds										
Reserved	\$ 241,008	\$ 230,653	\$ 201,202	\$ 206,285	\$ 210,056	\$ 213,450	\$ 205,490	\$ 227,174		
Unreserved										
Special revenue funds	90,422	93,908	96,828	77,561	79,230	84,491	106,681	65,760		
Debt Service funds	47,504	42,419	42,667	47,526	54,226	58,989	112,895	60,814		
Capital project funds	67,658	49,028	21,283	5,445	1,192	20,994	17,364	20,024		
Total all other governmental funds	<u>\$ 446,592</u>	<u>\$ 416,008</u>	<u>\$ 361,980</u>	<u>\$ 336,817</u>	<u>\$ 344,704</u>	<u>\$ 377,924</u>	<u>\$ 442,430</u>	<u>\$ 373,772</u>		
General Fund										
Nonspendable	\$ 36	\$ 6								
Assigned	2,444	941								
Unassigned	69,891	85,357								
Total general fund	<u>\$ 72,371</u>	<u>\$ 86,304</u>								
All Other Government Funds										
Nonspendable	\$ 55,604	\$ 54,176								
Restricted	192,829	193,107								
Committed	7,058	2,347								
Assigned	103,307	107,495								
Unassigned	-	(46)								
Total all other governmental funds	<u>\$ 358,798</u>	<u>\$ 357,079</u>								

Note: The City implemented GASB 54 starting in 2011.

(UNAUDITED)

Schedule 4
City of Minneapolis
Changes in Fund Balance, Governmental Funds (In Thousands)
Last 10 Fiscal Years
December 31, 2012

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$ 248,584	\$ 265,672	\$ 277,411	\$ 300,893	\$ 326,187	\$ 362,553	\$ 359,500	\$ 343,956	\$ 374,123	\$ 379,519
Licenses and permits	22,915	24,780	25,835	25,838	26,407	27,118	29,348	29,301	32,851	37,663
Intergovernmental revenues	164,600	161,820	169,558	175,981	160,384	151,308	179,880	189,510	167,316	186,550
Charges for services and sales	34,192	43,798	52,590	55,112	53,778	62,186	59,340	56,776	58,722	68,158
Fines and forfeits	8,704	9,641	10,680	9,249	9,397	9,700	9,621	9,934	10,620	8,603
Special assessments	10,921	11,091	11,503	12,363	13,555	18,018	20,897	23,849	22,678	23,834
Interest	14,455	6,141	13,292	14,517	19,075	13,660	7,037	6,269	5,050	4,603
Miscellaneous revenues	31,603	32,042	34,696	34,001	29,626	29,420	35,542	35,366	26,831	34,733
Total Revenues	535,974	554,985	593,565	627,954	638,409	673,963	701,165	694,961	698,191	743,663
Expenditures										
General government	98,201	57,557	58,880	66,803	55,581	59,567	65,357	72,746	72,546	95,970
Public safety	160,750	190,638	209,453	220,346	222,823	237,692	242,061	258,507	260,307	244,297
Public works	33,542	40,049	39,204	39,171	41,892	43,893	43,495	50,165	49,918	49,759
Culture and recreation	26,346	49,968	48,744	15,851	5,279	29,607	13,424	13,808	7,287	5,528
Health and welfare	22,856	9,403	13,258	14,613	14,193	13,309	13,953	13,822	16,014	13,179
Community and economic development	110,576	106,348	128,464	112,103	116,348	117,396	115,384	146,082	128,338	136,076
Capital outlay	59,714	63,365	46,141	45,447	43,846	39,160	83,656	60,659	44,633	77,864
Debt Service:										
Principal retirement	67,329	76,175	90,825	72,768	66,744	68,617	102,518	179,242	96,947	108,042
Interest and fiscal charges	52,263	57,462	62,456	63,490	62,424	60,191	56,924	30,505	26,247	22,152
Total expenditures	631,577	650,965	697,425	650,592	629,130	669,432	736,772	825,536	702,237	752,867
Excess (deficiency) of revenues over (under) expenditures	(95,603)	(95,980)	(101,860)	(22,638)	9,279	4,531	(35,607)	(130,575)	(4,046)	(9,204)
Other Financing Sources (Uses)										
Transfers from other funds	118,655	112,918	159,664	157,161	129,321	133,635	151,259	115,103	105,800	117,868
Transfers to other funds	(149,381)	(147,725)	(179,836)	(185,576)	(151,672)	(152,056)	(154,190)	(139,658)	(129,803)	(124,335)
Bonds issued	160,229	84,770	59,356	26,835	20,344	39,965	35,280	24,687	20,377	26,610
Premium (discount)	1,736	4,898	4,293	49	478	1,490	4,213	3,165	3,707	1,481
Refunding bonds issued	31,810	51,210	71,385	10,545	1,750	12,360	82,130	51,715	186,550	36,460
Loans and notes issued	1,725	6,500	-	-	-	-	-	-	-	5,170
Payments to escrow agents	(31,625)	(39,370)	(74,820)	(9,989)	(1,480)	(12,262)	-	-	(186,550)	(41,630)
Total other financing sources (uses)	133,149	73,201	40,042	(975)	(1,259)	23,132	118,692	55,012	81	21,624
Net change in fund balance	\$ 37,546	\$ (22,779)	\$ (61,818)	\$ (23,613)	\$ 8,020	\$ 27,663	\$ 83,085	\$ (75,563)	\$ (3,965)	\$ 12,420
Debt service as a percentage of noncapital expenditures	20.0%	23.8%	24.0%	22.4%	21.1%	20.6%	24.1%	27.4%	20.6%	19.3%

(UNAUDITED)

Schedule 5
City of Minneapolis
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2012

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
2003	\$ 4,895,935	\$ 2,633,849	\$ 16,664,348	\$ 1,314,200	\$ 363,997	\$ 8,160,621	\$ 25,872,529	8.78	\$ 29,315,775	88%
2004	4,670,904	3,005,654	19,172,856	1,302,065	372,891	8,739,232	28,524,370	8.50	33,473,533	85%
2005	4,646,615	3,199,757	21,504,339	1,347,262	392,195	10,351,037	31,090,168	8.19	35,289,521	88%
2006	5,282,718	3,393,675	24,309,842	1,392,094	413,521	8,426,487	34,791,850	7.75	39,067,565	89%
2007	6,141,186	3,341,167	25,883,768	1,305,858	424,587	8,465,785	37,096,566	7.55	39,943,095	93%
2008	6,869,181	3,448,334	26,571,451	1,341,775	415,390	9,549,066	38,646,131	7.52	43,857,249	88%
2009	7,295,669	3,499,200	25,461,784	1,459,942	401,699	9,025,112	38,118,294	7.68	43,473,340	88%
2010	7,020,347	3,556,811	24,611,900	1,474,662	393,785	8,777,609	37,057,504	7.81	39,746,514	93%
2011	6,304,914	3,287,604	23,533,625	1,426,447	529,962	10,550,339	35,082,552	9.23	41,079,647	85%
2012	5,987,868	3,266,162	22,638,806	1,301,688	404,729	10,340,495	33,599,253	10.33	39,412,937	85%

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

Notes:

¹Total of the first five property types.

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

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

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

(UNAUDITED)

Schedule 6
City of Minneapolis
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
December 31, 2012

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
City Direct Rates										
<i>Tax Capacity Based Rates</i>										
General	3.63	4.13	4.40	4.27	4.24	4.80	4.86	5.04	5.73	6.09
Estimate and Taxation	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Building Commission	0.19	0.17	0.16	0.14	0.13	0.13	0.13	0.13	0.14	0.15
Permanent Improvement	0.14	0.10	0.08	0.07	0.05	0.05	0.05	0.05	0.06	0.03
Bond Redemption	1.69	1.25	0.97	0.74	0.63	0.57	0.69	0.47	0.61	0.65
Firefighter's Relief Association	-	-	-	0.05	0.10	0.11	0.06	0.04	0.16	0.01
Police Relief Association	0.16	0.14	-	0.08	0.12	0.11	0.09	0.35	0.51	0.79
Minneapolis Employees Retirement Fund	0.21	0.19	0.13	0.11	0.08	0.09	0.07	0.07	0.09	0.60
Parks	1.75	1.65	1.55	1.42	1.34	1.29	1.35	1.33	1.56	1.63
Libraries	0.60	0.56	0.52	0.48	0.45	-	-	-	-	-
Community Development	0.21	-	-	-	-	-	-	-	-	-
Public Housing	0.05	0.05	0.05	0.04	0.04	0.04	0.04	-	-	-
Teacher's Retirement Association	0.12	0.11	0.09	0.08	0.07	0.07	0.07	0.07	0.08	0.09
<i>Market Value Based Rates</i>										
Library Referendum	0.02	0.14	0.24	0.27	0.27	0.25	0.25	0.25	0.27	0.29
Total City Direct Rates	8.78	8.50	8.20	7.76	7.53	7.52	7.67	7.81	9.22	10.34
Overlapping Rates										
<i>Tax Capacity Based Rates</i>										
Watershed Districts	0.16	0.10	0.16	0.13	0.14	0.18	0.19	0.21	0.21	0.23
Hennepin County	5.93	5.33	4.94	4.59	4.40	4.38	5.09	5.38	5.76	6.24
Minneapolis Public Schools	4.40	4.17	3.39	3.23	3.06	2.78	3.15	2.57	2.95	3.47
Other Special Taxing Districts	0.67	0.62	0.59	0.52	0.54	0.54	0.49	0.52	0.59	0.70
<i>Market Value Based Rates</i>										
Minneapolis Public Schools Referendum	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.02	0.02	0.02
Total Overlapping Rates	11.17	10.23	9.09	8.48	8.15	7.89	8.94	8.70	9.53	10.66
Grand Total	19.95	18.73	17.29	16.24	15.68	15.41	16.61	16.51	18.75	21.00

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

Schedule 7
City of Minneapolis
Principal Property Tax Payers
Current Year and Nine Years Ago
(in thousands of dollars)
December 31, 2012

Taxpayer	2012			2003		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Northern States Power	\$ 286,725	1	1.54%	\$ 304,119	3	4.00%
Target Corporation	208,518	2	1.12%	282,712	1	4.07%
MB Mpls. 8th St LLC	171,300	3	0.92%	-	-	-
Minneapolis 225 Holdings LLC	163,800	4	0.88%	-	-	-
NWC Limited Partnership	159,000	5	0.86%	154,600	4	2.20%
City Center Associates	140,900	6	0.76%	130,250	6	1.88%
First Minneapolis - Hines	130,500	7	0.70%	-	-	-
Wells Operating Partnership LP	131,700	8	0.71%	-	-	-
Hilton Hotels Corp.	114,500	9	0.62%	-	-	-
Hines Global REIT	107,800	10	0.58%	-	-	-
CPP 800 Nicollet Mall LLC	-	-	-	121,400	7	1.74%
American Express Financial Corp.	-	-	-	286,527	2	4.02%
601 Second Avenue Ltd. Partnership	-	-	-	111,000	10	1.56%
Eighth Street	-	-	-	114,900	9	1.66%
Sixth & Nicollet LLC	-	-	-	150,711	5	2.19%
Byte Investment Partnership	-	-	-	123,300	8	1.74%
Total	\$ 1,614,743		8.69%	\$ 1,779,519		25.06%

Source: Bond Issue Report 10/26/12 and 10/16/03

(UNAUDITED)

Schedule 8
City of Minneapolis
Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2012

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
2003	\$ 158,819	\$ 156,550	98.57%	\$ 680	\$ 157,230	99.00%
2004	176,066	173,565	98.58%	359	173,924	98.78%
2005	190,375	187,271	98.37%	1,408	188,679	99.11%
2006	205,830	201,794	98.04%	1,562	203,356	98.80%
2007	222,523	217,841	97.90%	3,212	221,053	99.34%
2008	240,553	234,736	97.58%	3,956	238,691	99.23%
2009	245,003	239,060	97.57%	5,088	244,148	99.65%
2010	264,805	252,586	95.39%	4,973	257,559	97.26%
2011	277,357	267,097	96.30%	1,967	269,064	97.01%
2012	279,607	277,424	99.22%	2,982	280,406	100.29%

Source: Minneapolis Finance and Property Services Department

* Includes special levies

(UNAUDITED)

Schedule 9
City of Minneapolis
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(in thousands of dollars, except per capita)
December 31, 2012

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds & Notes	Revenue Bonds	Notes Payable	General Obligation Bonds & Notes	Revenue Bonds	Notes Payable	Total Primary Government				
2003	\$ 857,358	\$ 77,102	\$ 48,422	\$ 390,135	\$ 82,117	\$ 1,248	\$ 1,456,382	16.32%	\$ 3,810		
2004	891,678	74,682	41,998	407,280	71,390	1,155	1,488,183	16.99%	3,892		
2005	865,011	67,085	41,252	410,263	61,631	1,056	1,446,298	15.36%	3,730		
2006	817,771	65,756	26,709	396,019	57,985	950	1,365,190	14.50%	3,521		
2007	777,385	56,306	22,735	368,335	63,695	837	1,289,293	12.10%	3,323		
2008	755,946	45,647	22,291	338,188	60,730	718	1,223,520	11.48%	3,153		
2009	772,936	35,980	19,040	310,607	57,365	591	1,196,519	10.87%	3,067		
2010	673,926	26,700	15,585	308,383	95,925	455	1,120,974	12.19%	2,930		
2011	586,500	25,990	15,276	296,857	91,985	311	1,016,919	9.32%	2,658		
2012	495,545	25,210	14,695	272,790	85,255	157	893,652	7.86%	2,304		

Notes:

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

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

(UNAUDITED)

Schedule 10
City of Minneapolis
Ratios Of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(in thousands of dollars, except per capita)
December 31, 2012

Fiscal Year	Net General Bonded Debt Outstanding						Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
	Governmental	Business-type		Less Amounts Available for Debt Service	Total			
	General Obligation Bonds & Notes	General Obligation Bonds & Notes						
2003	\$ 857,358	\$ 390,135	\$ 34,451	\$ 1,213,042	4.69%	\$ 3,173		
2004	891,678	407,280	35,753	1,263,205	4.43%	3,303		
2005	865,011	410,263	27,704	1,247,570	4.01%	3,218		
2006	817,771	396,019	30,978	1,182,812	3.40%	3,051		
2007	777,385	368,335	36,559	1,109,161	2.99%	2,859		
2008	755,946	338,188	40,196	1,053,938	2.73%	2,701		
2009	772,936	310,607	108,567	974,976	2.56%	2,569		
2010	673,926	308,383	57,397	924,912	2.50%	2,418		
2011	586,500	296,857	30,839	852,518	2.44%	2,228		
2012	495,545	272,790	28,681	739,654	2.20%	1,907		

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(1) See Schedule 5 for property value data. Assessed value used is consistent with valuations on the legal debt margin schedule.
(2) Population data can be found in Schedule 14.

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

(UNAUDITED)

Schedule 11
City of Minneapolis
Direct and Overlapping Governmental Activities Debt
(in thousands of dollars)
December 31, 2012

Governmental Unit	Net General Obligation Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
City of Minneapolis - Direct Debt	\$ 260,613 (3)	100.00%	\$ 260,613
<u>Overlapping Debt:</u>			
Special School District No. 1	225,449	100.00%	225,449
Hennepin County	671,462 (4)	26.21%	175,990
Hennepin County Regional Railroad Authority	38,758	26.21%	10,158
Metropolitan Council	193,378	11.95%	23,109
Subtotal, Overlapping Debt			\$ 434,706
Total Direct and Overlapping Debt			\$ 695,319

Notes:

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

(1) This table represents the net governmental debt of the City of Minneapolis and overlapping jurisdictions on a net debt basis. This presentation shows the total property tax supported debt burden of the general taxpayers of the City.

(2) The estimated percentage applicable is determined by Hennepin County and represents the tax capacity of the City in relation to the tax capacity of the overlapping jurisdictions as calculated by Hennepin County.

(3) City of Minneapolis - Direct Debt amount excludes \$167,830 of self supporting debt, \$49,140 of special assessment debt and all governmental activity revenue bonds and notes which are not principally paid by the general taxpayer base. Total is net amount available in the General and Development Debt Service funds.

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

Sources:

Minneapolis Finance and Property Services Department - Capital and Debt Management
Minneapolis Public School District 1
Hennepin County
MET Council Report of Outstanding Indebtedness

(UNAUDITED)

Schedule 12
City of Minneapolis
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2012

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$967,210	\$1,054,780	\$1,182,794	\$1,159,728	\$1,253,051	\$1,306,194	\$1,282,797	\$1,254,206	\$1,173,628	\$1,131,060
Total net debt applicable to limit	319,436	362,739	369,842	339,712	313,129	302,772	270,629	246,979	213,714	154,317
Legal debt margin	<u>\$647,774</u>	<u>\$692,041</u>	<u>\$812,952</u>	<u>\$820,016</u>	<u>\$939,922</u>	<u>\$1,003,422</u>	<u>\$1,012,168</u>	<u>\$1,007,227</u>	<u>\$959,914</u>	<u>\$976,743</u>
Total net debt applicable to limit as a percentage of debt limit	33.03%	34.39%	31.27%	29.29%	24.99%	23.18%	21.10%	19.69%	18.21%	13.64%

Legal Debt Margin Calculation for Fiscal Year 2012

Real Property (2012 Assessed Market Value)	\$33,215,186
Personal Property (2012 Assessed Market Value)	384,066
Adjustment for Exempt Personal Property (1966 Market Value)	298,030
Adjustment for Net Fiscal Disparities (Contribution)/Distribution	34,520
Total 2012 Assessed Market Value	<u>33,931,802</u>
Debt Limit (3-1/3% of Market Value Applicable to Debt Limit)	1,131,060
Debt applicable to limit:	
General Obligation Bonds Subject to Debt Limit	172,245
Less: Assets in General Debt Service Fund	(17,928)
Total Net Debt Applicable to Limit	<u>154,317</u>
Legal Debt Margin	<u>\$976,743</u>

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

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2012

(Continued)

MUNICIPAL PARKING BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Debt Service Transfers (3) (4)	Net Revenue Available for Debt Service	Debt Service Requirements			
					Principal	Interest	Total	
2003	\$ 53,401	\$ 44,507	\$ 13,941	\$ 22,835	\$ 10,129	\$ 12,616	\$ 22,745	1.00
2004	55,604	47,409	13,993	22,188	11,434	13,226	24,660	0.90
2005	55,600	39,535	13,474	29,539	12,834	12,127	24,961	1.18
2006	58,349	39,431	16,816	35,734	14,174	13,186	27,360	1.31
2007	60,554	39,548	18,361	39,367	16,924	12,882	29,806	1.32
2008	52,752	35,383	17,219	34,588	16,239	10,047	26,286	1.32
2009	52,521	37,564	22,923	37,880	30,165	8,870	39,035	0.97
2010	58,155	43,101	14,777	29,831	14,740	6,232	20,972	1.42
2011	52,687	36,450	15,196	31,433	14,820	5,730	20,550	1.53
2012	54,082	39,861	13,799	28,020	16,770	5,299	22,069	1.27

Notes:

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

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

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2012

(Continued)

SANITARY SEWER BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements		
				Principal	Interest	Total
2003	\$ -	\$ -	\$ -	\$ -	\$ -	-
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006 (3)	39,342	38,542	800	72	9	81
2007	41,915	39,954	1,961	767	137	904
2008	41,615	38,216	3,399	1,200	378	1,578
2009	43,963	38,388	5,575	2,436	500	2,936
2010	49,292	40,584	8,708	2,850	701	3,551
2011	49,482	42,607	6,875	4,100	714	4,814
2012	62,327	51,920	10,407	4,600	617	5,217
						1.99

Notes:

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

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

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2012

(Continued)

STORMWATER BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	
2003	\$ 63,846	\$ 47,010	\$ 16,836	\$ 9,026	\$ 2,135	\$ 11,161	1.51
2004	67,458	55,619	11,839	9,120	2,292	11,412	1.04
2005 (3)	31,435	20,080	11,355	9,609	2,352	11,961	0.95
2006	30,575	18,250	12,325	8,360	2,483	10,843	1.14
2007	33,008	19,348	13,660	7,797	2,563	10,360	1.32
2008	35,824	19,738	16,086	8,620	1,564	10,184	1.58
2009	39,381	19,279	20,102	9,959	1,753	11,712	1.72
2010	39,542	21,310	18,232	5,345	1,405	6,750	2.70
2011	41,704	19,930	21,774	11,773	1,341	13,114	1.66
2012	41,805	21,590	20,215	6,555	1,136	7,691	2.63

Notes:

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

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

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2012

WATER TREATMENT AND DISTRIBUTION SERVICES BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements		% Coverage
				Principal	Interest	
2003	\$ 62,581	\$ 40,178	\$ 22,403	\$ 12,759	\$ 2,836	1.44
2004	63,449	46,205	17,244	11,930	3,221	1.14
2005	61,946	44,116	17,830	10,819	4,078	1.20
2006	64,786	46,704	18,082	8,659	4,371	1.39
2007	66,439	44,838	21,601	8,419	4,481	1.67
2008	64,130	47,208	16,922	6,930	3,406	1.64
2009	67,575	47,195	20,380	6,076	3,656	2.09
2010	67,129	47,507	19,622	5,646	3,872	2.06
2011	69,934	45,520	24,414	5,906	4,133	2.43
2012	76,502	47,421	29,081	5,796	4,476	2.83

Notes:

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

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

(UNAUDITED)

Schedule 14
City of Minneapolis
Demographic and Economic Statistics
Last 10 Fiscal Years
December 31, 2012

Year	Population (1)	Aggregate Income (2)	Per Capita Income	Median Age (3)	School Enrollment (4)	Annual average Unemployment Rate (5)
2003	382,295	\$ 8,924,153,419	\$ 23,344	33.4	42,900	5.2%
2004	382,400	8,759,647,300	22,907	33.9	40,051	5.0%
2005	387,711	9,417,158,500	24,289	32.1	37,865	4.2%
2006	387,970	10,144,150,100	27,487	33.6	36,428	3.8%
2007	388,020	10,656,131,500	30,343	35.3	34,570	4.2%
2008	390,131	11,006,550,500	30,825	34.2	33,789	5.1%
2009	379,499	9,196,353,584	29,249	32.1	33,584	7.4%
2010	382,578	10,912,705,100	29,558	31.4	33,995	6.6%
2011	387,873	11,371,465,900	30,256	32.0	32,663	5.3%
2012	NA	NA	NA	NA	34,303	5.0%

Sources:

- (1) Population 2002-2009 & 2011 - Metropolitan Council. Population 2010 US Census
 - (2) Aggregate income (for population 15+) - US Census Bureau - American Community Survey
 - (3) Median age - US Census Bureau - American Community Survey
 - (4) School enrollment - Minneapolis School System
 - (5) Annual average unemployment rate - Minnesota Department of Employment and Economic Development
- NA - Data is not available presently

- Notes: 1) The Metropolitan Council adopts the 2010 population figure from Census.
For consistency purposes to calculate per capita income, 2010 population and aggregate income data are from the Census of Population.
- 2) ACS only counts population in households; it excludes population in group quarters such as student dormitories, jail, convents and other institutions.

Definitions:

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

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

(UNAUDITED)

Schedule 15
City of Minneapolis
Principal Employers
Current Year and Seven Years Ago
December 31, 2012

<u>Employer - Metro Region</u>	2012			2006		
	Approximate Number of Employees	Rank	Percentage of Total City Employment	Approximate Number of Employees	Rank	Percentage of Total City Employment
University of Minnesota	17,100	1	8.51%	30,240	1	14.29%
Target Corporation	12,200	2	6.07%	24,294	2	11.48%
Wells Fargo Bank Minnesota	7,000	3	3.48%	19,100	4	9.03%
Fairview Health Services	6,700	4	3.33%	18,500	5	8.74%
Hennepin Health Care Systems (HCMC)	5,800	5	2.89%	-	-	-
Ameriprise Financial Services	5,600	6	2.79%	6,500	8	3.07%
Hennepin County	5,200	7	2.59%	12,459	6	5.89%
Children's Hospital	3,000	8	1.49%	-	-	-
Honeywell Aerospace	2,200	9	1.09%	-	-	-
City of Minneapolis	2,100	10	1.04%	-	-	-
Allina Health System	-	-	-	22,500	3	10.64%
U.S. Bankcorp	-	-	-	9,442	7	4.46%
Xcel Energy Inc.	-	-	-	5,356	9	2.53%
United Parcel Services	-	-	-	5,329	10	2.52%
Total	<u>66,900</u>		<u>33.28%</u>	<u>153,720</u>		<u>72.65%</u>

Note:

Source 2012: D&B Million Dollar Database, Reference USA and Minneapolis Downtown Council
Source 2006: Minnesota Department of Employment and Economic Development

(UNAUDITED)

Schedule 16
City of Minneapolis
Full-time Equivalent City Government Employees by Function
Last 10 Fiscal Years
December 31, 2012

	Full-time Equivalent Employees as of December 31, 2012									
	2003	2004	2005	2006	2007	2008	2009*	2010*	2011	2012
Function Program										
General Government										
Assessor	35.50	34.50	34.50	34.50	37.00	37.00	36.50	36.50	34.50	35.00
Attorney	110.63	101.13	101.00	106.50	108.00	108.00	105.50	102.00	105.00	101.00
City Clerk/Council	85.50	85.20	65.50	66.50	66.00	67.00	65.50	65.50	64.75	65.02
City Coordinator	969.59	929.75	929.08	911.03	917.00	941.00	919.10	949.80	546.60	691.40
Civil Rights	27.50	24.00	27.00	26.00	26.00	26.00	21.00	19.00	19.00	19.00
Community Planning and Economic Development	206.48	144.00	139.00	142.00	141.00	139.00	141.00	135.00	128.00	116.79
Fire	469.50	449.50	444.50	444.50	447.00	449.00	444.00	438.00	406.00	392.00
Health & Family Support	75.40	73.90	69.00	66.30	66.00	66.00	67.00	60.00	61.70	50.25
Internal Audit	-	-	-	-	-	-	-	2.00	3.00	2.50
Mayor	11.00	11.00	11.00	11.00	12.00	12.00	12.00	10.00	11.00	11.00
Police	1,060.50	966.05	942.00	1,058.00	1,088.00	1,093.00	1,092.00	999.20	992.00	967.80
Public Works	1,256.54	1,211.19	1,206.39	1,206.59	1,197.00	1,203.00	1,189.20	1,024.50	1,000.35	917.67
Regulatory Services**	-	-	-	-	-	-	-	-	379.00	286.30
	<u>4,308.14</u>	<u>4,030.22</u>	<u>3,968.97</u>	<u>4,072.92</u>	<u>4,105.00</u>	<u>4,141.00</u>	<u>4,092.80</u>	<u>3,841.50</u>	<u>3,750.90</u>	<u>3,655.73</u>
Independent Boards										
Board of Estimate & Taxation	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00
Library	363.40	242.00	246.50	261.90	273.00	-	-	-	-	-
Park	936.27	907.47	907.91	909.55	902.00	886.00	859.00	827.00	811.18	802.40
Building Commission	64.00	62.00	61.00	61.00	62.00	62.00	62.00	62.00	60.00	54.00
Youth Coordinating Board	26.50	4.50	4.50	4.50	5.00	5.00	5.00	5.00	5.80	5.80
NRP	12.00	12.00	11.00	10.00	10.00	9.00	9.00	7.00	5.00	-
	<u>1,404.17</u>	<u>1,229.97</u>	<u>1,232.91</u>	<u>1,248.95</u>	<u>1,254.00</u>	<u>964.00</u>	<u>937.00</u>	<u>902.00</u>	<u>882.98</u>	<u>863.20</u>
Total	<u>5,712.31</u>	<u>5,260.19</u>	<u>5,201.88</u>	<u>5,321.87</u>	<u>5,359.00</u>	<u>5,105.00</u>	<u>5,029.80</u>	<u>4,743.50</u>	<u>4,633.88</u>	<u>4,518.93</u>

* 2009 and 2010 have been revised

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

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

Source: City Management and Budget

(UNAUDITED)

Schedule 17
City of Minneapolis
Operating Indicators by Function/Program - Last 10 Fiscal Years
December 31, 2012

Function/Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Assessor										
Sales ratio, all classes aggregated	88%	85%	88%	89%	95%	94%	97%	98%	98%	99%
Number of parcels' valuations petitioned in tax court	745	967	822	900	1,431	2,235	2,304	1,871	1,400	N/A
Attorney - City litigation										
Liability payouts, millions \$	10	4	3	2	9	1	3	2	8	1
Civil litigation caseload	724	904	1,142	999	1,226	1,107	1,028	1,036	1,193	972
City Clerk - Elections										
Number of registered voters	217,131	287,459	235,172	226,585	220,740	240,022	231,078	227,024	223,696	214,003
Number of votes cast in election	2,284	201,672	70,987	149,318	no election	209,000	45,968	140,363	9,065	215,804
Voter turnout, percentage of registered voters	16.49%	70.16%	30.19%	65.90%	no election	87.08%	19.89%	55.59%	10.07%	80.84%
Type of election, highest level of government	3rd ward only	federal	municipal	state	no election	federal	municipal	state	3 state specials	federal
Number of new voters registered at the polls	41	48,611	5,579	28,907	no election	50,505	2,950	25,471	422	52,952
Number of spoiled ballots	3	3,909	755	2,284	no election	N/A	1,888	N/A	N/A	N/A
Number of absentee ballots	173	14,147	2,506	7,410	no election	17,100	1,619	6,405	355	15,143
Coordinator - Finance										
Bond rating - Fitch	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Bond rating - Moody's	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1
Bond rating - Standard & Poor's	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Collections Effectiveness Indicator; Utility revenues	81%	79%	68%	70%	74%	78%	NA	NA	NA	NA
Civil Rights										
Number of new civil rights complaints	165	125	121	250	232	294	254	158	117	153
Number of new complaints of police misconduct	157	128	85	89	75	68	114	89	97	157
Community and Economic Development & Planning										
Number of jobs added by City assisted businesses (projected)	1,554	378	659	2,115	318	NAP	NA	434	1,106	693
Multifamily housing investment: City funds, millions \$	11	23	33	12	10	6	9	16	18	23
Multifamily housing investment: Other public funds, millions \$	39	38	19	14	12	4	8	34	47	12
Multifamily housing investment: Private funds, millions \$	130	145	225	165	57	14	46	21	267	164
Business finance loans: City funds, millions \$	2	2	3	4	2	3	3	4	3	2
Number of foreclosure sales	NA	NA	863	1,610	5,563	3,077	2,233	2,308	1,719	1,448
Convention Center										
Occupancy rate	55%	56%	66%	62%	61%	61%	57%	51%	57%	56%
Total attendance	917,821	903,330	784,250	836,000	782,000	753,000	637,218	661,461	768,266	767,803
Health & Family Support										
Number of three-year old screenings conducted by the schools	601	647	740	837	828	989	1,082	1,118	1,096	NA
Number of homicide deaths in Minneapolis, ages 0-24	28	7	11	22	10	14	5	17	20	11
Percent of one and two year olds tested for lead	58%	63%	65%	69%	71%	74%	66%	71%	56	NA
Number of children under age 6 with elevated lead levels	463	384	374	351	282	217	170	161	76	NA
Public Safety										
Coordinator - 311 - 911										
911 answer time, seconds	6.09	6.51	6.40	7.53	7.90	7.10	6.23	5.98	6.15	7.33
911 pending time to dispatch, high priority calls, minutes	2.32	2.28	2.85	2.97	3.17	1.82	1.24	1.14	1.16	1.34
Percent of 311 calls answered in 20 seconds or less	NAP	NAP	NAP	90%	74%	80%	82%	71%	66%	72%
Percent of 311 calls resolved at first call	NAP	NAP	NAP	70%	76%	80%	83%	83%	83%	82%
Attorney - Criminal Prosecution										
Number of chronic offenders convicted	82	83	81	129	130	145	136	134	156	174
Domestic violence conviction rate	48%	48%	48%	58%	54%	61%	66%	70%	70%	72%
Prosecution caseload	35,393	29,117	21,688	27,195	27,377	32,076	30,467	28,352	24,509	25,731
Fire										
Number of emergency responses	21,879	21,433	22,423	22,199	34,019	34,146	32,165	33,561	35,204	37,011
Number of fires extinguished (all non EMS runs prior to 2002)	2,194	2,068	1,775	1,808	1,859	1,489	1,401	1,373	1,348	1,347
Number of hazard, false alarms, and other non EMS/ fire runs	8,940	9,129	9,672	9,638	9,961	10,165	9,403	10,410	9,818	10,071
Number of inspections	9,782	9,460	7,802	8,271	7,337	10,447	10,447	10,298	7,763	2,992
Percent of time response is five minutes or less	88.1%	88.1%	85.8%	84.8%	83.0%	86.5%	86.1%	84.0%	81.8%	81.0%
Lives lost due to fires	8	6	5	2	2	6	2	13	5	3
Civilian injuries due to fire	28	37	31	29	21	21	15	29	33	33

Continued

Schedule 17
 City of Minneapolis
 Operating Indicators by Function/Program - Last 10 Fiscal Years
 December 31, 2012

Function/Description	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety-Continued										
Police										
Number of major crimes	25,427	25,457	28,941	29,474	28,458	25,894	22,472	22,646	23,256	23,345
Number of livability crimes	38,926	37,000	36,676	40,294	38,184	35,135	33,168	31,942	30,109	25,523
Number of violent crimes (subset of major crimes)	4,594	4,825	5,572	6,480	5,660	4,884	4,331	4,135	3,811	3,950
Number of guns seized	822	1,093	1,032	1,458	1,087	1,002	929	867	637	792
Regulatory Services - Building permits										
Permits issued	20,277	13,497	45,163	34,587	10,787	11,022	12,200	13,249	17,178	12,864
Estimated value, in millions \$	100	927	777	840	761	773	778	548	753	1,118
Public Works										
Refuse Collection										
Refuse collected, tons	142,820	143,111	139,953	135,714	130,583	125,423	122,453	121,589	120,246	114,797
Compostable material collected, tons	18,163	20,511	18,521	17,089	15,696	19,523	19,076	15,875	16,116	16,967
Non-recyclable construction material collected, tons	9,602	9,358	8,483	8,363	7,462	6,125	6,661	6,154	5,961	5,493
Recyclables, tons	27,110	27,424	26,226	25,267	24,010	22,848	21,759	20,592	19,683	19,927
Percent of solid waste stream recycled, by weight	19.0%	19.2%	18.7%	18.6%	18.4%	18.2%	17.8%	16.9%	16.4%	17.4%
Water										
Average daily production, thousands of gallons	NA	60,079	60,071	60,904	61,049	58,677	58,630	54,227	54,611	54,986
Sewer										
Number of sanitary sewer backups	NA	21	23	23	22	10	16	15	24	12
Streets										
Safety and ride-ability pavement condition index (PCI), average of all city streets	76	75	74	74	73	73	73	70	71	72
Number of traffic crashes	7,018	6,802	6,443	5,712	6,170	5,640	5,923	6,177	6,127	5,894
Number of injuries in traffic crashes	3,052	3,144	2,844	2,535	2,383	2,171	2,103	1,886	2,027	1,935

Notes:

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

Source: Prepared by Finance Department using City department reports/personnel

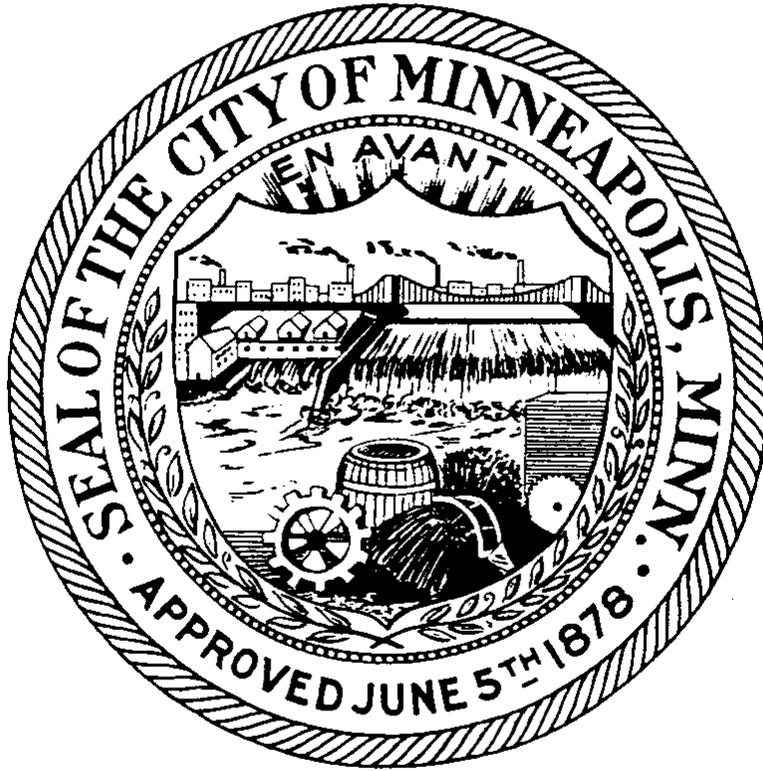
(UNAUDITED)

Schedule 18
City of Minneapolis
Capital Assets Statistics by Function/Program
Last 10 Fiscal Years
December 31, 2012

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Primary Government										
Public Safety:										
Police stations	5	5	5	5	5	5	5	5	5	5
Patrol units	225	218	220	206	222	215	203	192	189	177
Unmarked, trucks, trailers, scooters, motorcycles	254	275	279	299	299	299	286	225	219	255
Fire Stations	19	19	19	19	19	19	19	19	19	19
Fire Trucks/Pumpers/Ladders/Engines/Cars	59	110	115	114	116	123	129	115	110	109
Regulatory Services Fleet	130	139	137	117	130	150	127	165	175	159
Public Works:										
Refuse collection trucks, heavy equipment, dumpsters	105	121	134	138	135	135	144	144	144	144
Streets (miles)	1,070	1,070	1,070	896	896	896	896	896	896	896
Alleys (miles)	376	379	379	380	380	380	380	380	380	380
Sidewalks (miles)	1,900	1,900	1,900	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Streetlights	17,000	17,500	17,750	18,000	18,500	19,000	19,000	19,000	19,000	19,000
Traffic signals	884	884	916	916	916	916	916	916	916	916
Buildings/Plants/Garages	28	28	31	31	31	31	31	31	32	32
Equipment, cars, trucks, tractors, vans	909	1,469	1,440	1,443	1,448	1,436	1,471	1,141	1,155	1,028
Business-type Activities										
Water treatment and distribution services:										
Water mains (miles)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Fire hydrants	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084
Storage capacity (thousands of gallons)	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Buildings	13	14	14	14	13	13	13	13	13	13
Water basins	3	3	3	3	3	3	3	3	3	3
Sanitary sewers (miles)	835	845	838	838	830	830	830	830	830	830
Stormwater:										
Storm sewers (miles)	583	536	581	571	522	522	522	522	581	581
Holding Ponds	3	3	3	3	3	3	3	3	18	18
Number of parking ramps	21	22	22	24	15	14	14	14	14	14
Convention Center	1	1	1	1	1	1	1	1	1	1

Source: Minneapolis Finance and Property Services Department

(UNAUDITED)



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