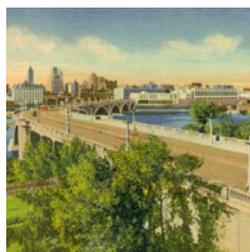
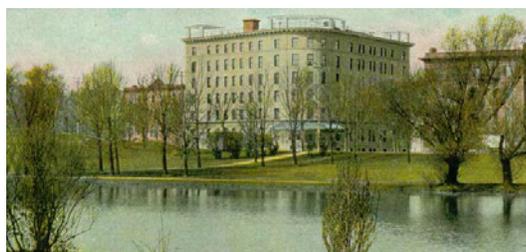
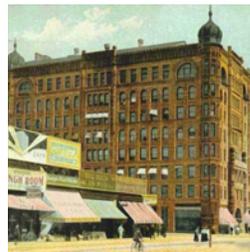




Comprehensive Annual Financial Report

City of Minneapolis, Minnesota
For the year ended December 31, 2008



COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF
MINNEAPOLIS, MINNESOTA

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

FINANCE DEPARTMENT

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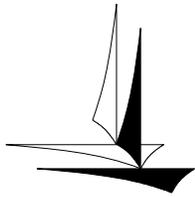
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Minneapolis
City of Lakes

Finance Department

Patrick P. Born
City Finance Officer

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Minneapolis MN 55415-1315

Office 612-673-3375
Fax 612-673-2042
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July 28, 2009

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

TRANSMITTAL

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the City of Minneapolis (the City) for the year ended December 31, 2008. The purpose of the report is to provide the Mayor, City Council, City Staff, citizens, bond holders, and other interested parties with useful information concerning the City's operations and financial position. The City is responsible for the accuracy, completeness, and fairness of the data presented in this report.

To the best of our knowledge, the following report is accurate in all material respects. It has been prepared in accordance with standards prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA) and other rule-making bodies. We believe the report contains all disclosures necessary for the reader to understand the City's financial affairs.

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

STEWARDSHIP

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

INTERNAL CONTROLS

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

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

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

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

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

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

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

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

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

THE CITY AND ITS SERVICES

Physical Description

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

Minneapolis is 59 square miles, including five square miles of inland water. The City drapes along the banks of the nation’s largest river, the Mississippi. Minneapolis is known as “The City of Lakes” featuring 22 lakes and 170 city parks. The Minneapolis Park System is one of the City’s most prized assets.

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

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

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

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

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

Form of Government and Organization

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

City Council

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

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

Mayor

The Mayor is responsible for a variety of leadership duties, including: appointing representatives to a variety of agencies and commissions, nominating department head candidates for Executive Committee and Council approval, proposing the annual operating and capital budgets, and reviewing, approving, or vetoing all Council actions.

Departments

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

THE REPORTING ENTITY

The City organizes its financial activities in a variety of funds. In accordance with GASB Statement No. 14, the City's financial statements include all funds of the City ("primary government") as well as its component units. The primary government represents all funds under the ultimate control of the Mayor and City Council. Component units are separate legal entities. While legally separate, component units are part of City government *in substance*. The City's financial statements would be misleading without incorporating component unit information. Some component units are reported in a separate column of the City's financial statement set apart from the rest of the primary government. Units are discretely presented in the financial statements because, while the City is financially accountable for them, they do not meet the criteria for a blended component unit. The Minneapolis Park and Recreation Board, the Municipal Building Commission (MBC), and Meet Minneapolis are discretely presented components in the City's financial statements.

ECONOMIC CONDITION AND OUTLOOK

A discussion and analysis of City's overall financial condition during the fiscal year ended 2008 is included as part of the MD&A.

CASH MANAGEMENT

During the year cash was invested in certificates of deposit, obligations of the U.S. Treasury, commercial paper, various agency mortgage pools, taxable municipal obligations, and money market funds. The total return on investments during the year was 2.8 percent (source: Finance Department –Treasury Division).

LONG-TERM FINANCIAL PLANNING

The City's approach and policies regarding long-term financial planning are discussed in detail in the Management Discussion & Analysis section of this report.

DEBT MANAGEMENT

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

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

RISK MANAGEMENT

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

INDEPENDENT AUDIT

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

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

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2007. A Certificate of Achievement is valid for a period of one year only. The City has received this prestigious award for thirty-nine years.

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

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the year 2008.

ACKNOWLEDGEMENTS

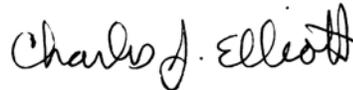
Preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the staff of the City's finance department. In addition, we would like to thank the State Auditor's Office for their thoroughness and professionalism in conducting the City's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

Respectfully submitted,

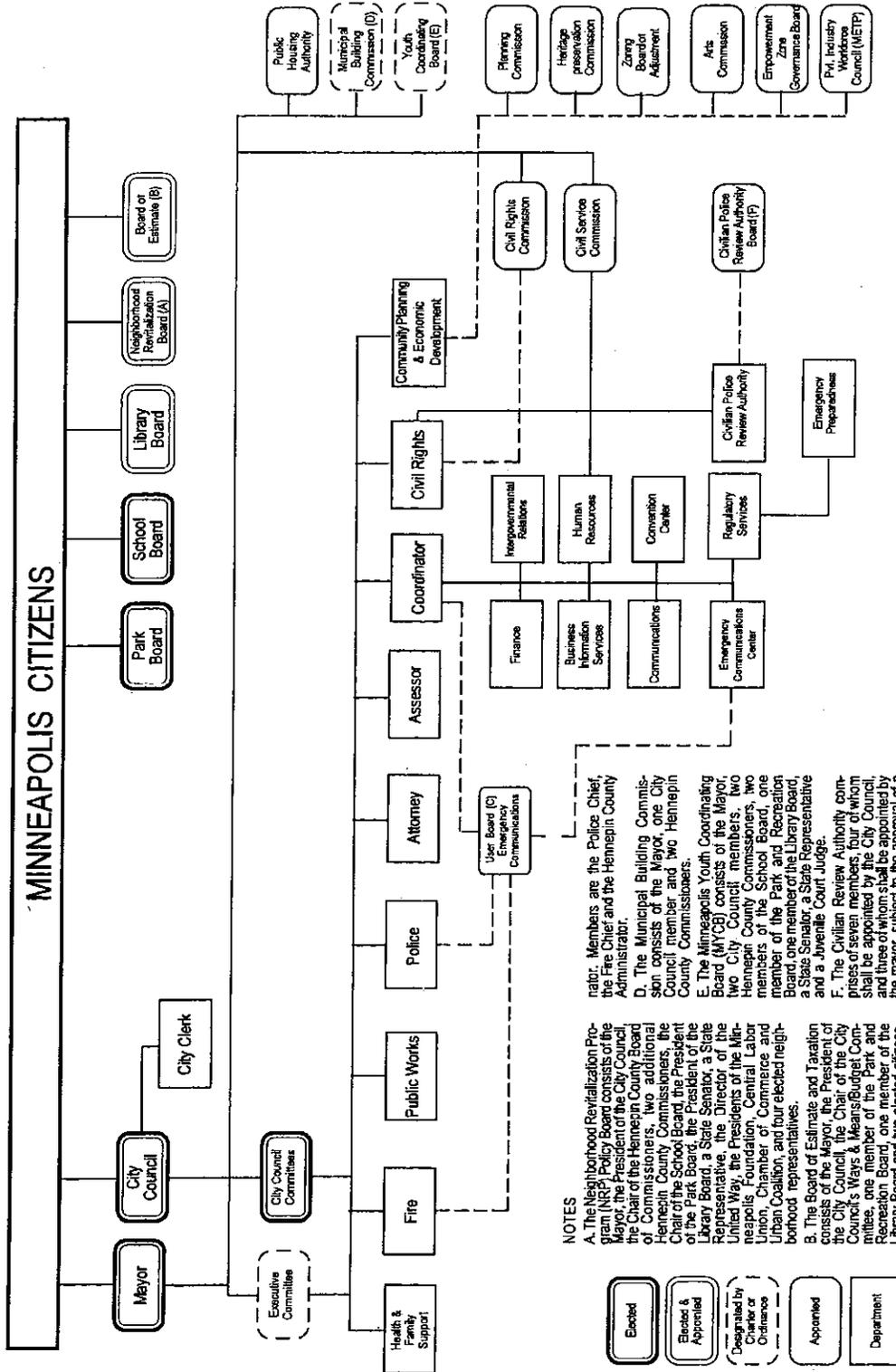
Patrick P. Born
Finance Officer



Charles Elliott,
Controller



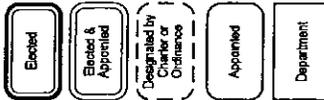
City of Minneapolis



NOTES

- A. The Neighborhood Revitalization Program (NRP) Policy Board consists of the Mayor, the President of the City Council, the Chair of the Hennepin County Board of Commissioners, two additional Hennepin County Commissioners, the Chair of the School Board, the President of the Park Board, the President of the Library Board, a State Senator, a State Representative, the Director of the United Way, the President of the Minneapolis Foundation, Central Labor Union, a member of Commerce and Urban Coalition, and four elected neighborhood representatives.
- B. The Board of Estimate and Taxation consists of the Mayor, the President of the City Council, the Chair of the City Council's Ways & Means/Budget Committee, one member of the Park and Recreation Board, one member of the Library Board and two elected citizens.
- C. The Minneapolis Emergency Communications Center is managed by a User Board chaired by the City Coordinator.
- D. The Municipal Building Commission consists of the Mayor, one City Council member and two Hennepin County Commissioners.
- E. The Minneapolis Youth Coordinating Board (MYCB) consists of the Mayor, two City Council members, two Hennepin County Commissioners, two members of the School Board, one member of the Park and Recreation Board, one member of the Library Board, a State Senator, a State Representative and a Juvenile Court Judge.
- F. The Civilian Review Authority consists of seven members, four of whom shall be appointed by the City Council, and three of whom shall be appointed by the mayor, subject to the approval of a majority of the City Council.

Department of Communications,
612-673-2491 Aug. 2006



MAYOR AND COUNCIL

CITY OF MINNEAPOLIS, MINNESOTA

2008

Mayor R.T. RYBAK

CITY COUNCIL

Ward 1 PAUL OSTROW

Ward 2 CAM GORDON

Ward 3 DIANE HOFSTEDE

Ward 4 **President** BARBARA JOHNSON

Ward 5 DON SAMUELS

Ward 6 **Vice-President** ROBERT LILLIGREN

Ward 7 LISA GOODMAN

Ward 8 ELIZABETH GLIDDEN

Ward 9 GARY SCHIFF

Ward 10 RALPH REMINGTON

Ward 11 SCOTT BENSON

Ward 12 SANDY 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, 2007

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



President

Executive Director



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR

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

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

INDEPENDENT AUDITOR'S REPORT

Mayor and Members of the City Council
City of Minneapolis

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Minneapolis, Minnesota, as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Meet Minneapolis, which represents less than 1 percent, a negative 3 percent, and 10 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Meet Minneapolis component unit, is based solely on the report of the other auditor.

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

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

component units, each major fund, and the aggregate remaining fund information of the City of Minneapolis as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1.O to the financial statements, the City of Minneapolis changed its reporting entity. Due to a merger of the Library Board with Hennepin County Library systems, the Library Board is no longer a discretely presented component unit of the City of Minneapolis.

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

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

In accordance with *Government Auditing Standards*, we will issue our report dated July 28, 2009, on our consideration of the City of Minneapolis' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. It does not include Meet Minneapolis which was audited by other auditors.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

July 28, 2009

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

This section of the City of Minneapolis' comprehensive annual financial report presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2008. Please read it in conjunction with the transmittal letter at the front of this report and the City's basic financial statements following this section. All dollar amounts are expressed in thousands unless otherwise indicated.

FINANCIAL HIGHLIGHTS

- Assets of the City of Minneapolis exceeded liabilities at the close of the 2008 fiscal year by \$ 1,234,674 (net assets). Of this amount, \$94,085 is restricted for specific purposes (restricted net assets) and \$1,128,090 is invested in capital assets net of related debt and \$12,499 in unrestricted net assets.
- The City's total net assets increased by \$141,076. Governmental activities increased the City's net assets by \$114,390 and the business type activities by \$26,686.
- As of December 31, 2008, unreserved fund balance for the general fund was \$48,615.
- The City's total long-term bond and note liability decreased by \$65,774 from the prior year. Total bonds and notes issued in 2008 was \$76,513 including \$12,360 of refunding transactions and total debt retirement was \$142,288, including refunding transactions. Major new debt issuances included bonds of \$38,810 for various infrastructure improvements in the five-year capital plan, \$11,605 for library improvements, \$2,770 for an economic development project and \$7,725 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 3 components; 1) Government-wide financial statements; 2) Fund financial statements; and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

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

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

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

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

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

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

The government-wide financial statements can be found on pages 26-27 of this report.

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

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

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

The City of Minneapolis maintains 16 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, the Community Planning and Economic Development Special Revenue Fund, the Convention Center Special Revenue Fund, Permanent Improvement Capital Project, and the Special Assessment Debt Service Fund, all of which are considered to be major funds. Data from the other 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 28-31 of this report.

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

The proprietary funds' financial statements can be found on pages 32-35 of this report.

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

The fiduciary fund financial statements can be found on page 36 of this report.

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

The notes to the financial statements can be found on pages 39-80

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

The required supplementary information can be found on pages 81-84 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets:

The City’s assets exceeded liabilities by \$1,234,674 at the close of the fiscal year ending December 31, 2008, compared to \$1,077,863 at the end of the previous year.

Statement of Net Assets December 31, 2008

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|--|--------------------------------|---------------------|---------------------------------|---------------------|---------------------|---------------------|
| | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> |
| Current and other assets | \$ 588,640 | \$ 533,912 | \$ 201,413 | \$ 213,113 | \$ 790,053 | \$ 747,025 |
| Capital assets | 978,193 | 946,799 | 904,214 | 896,669 | 1,882,407 | 1,843,468 |
| Total assets | <u>1,566,833</u> | <u>1,480,711</u> | <u>1,105,627</u> | <u>1,109,782</u> | <u>2,672,460</u> | <u>2,590,493</u> |
| Current and other liabilities | 181,735 | 193,454 | 56,430 | 65,558 | 238,165 | 259,012 |
| Long-term liabilities | 823,110 | 854,889 | 376,511 | 398,729 | 1,199,621 | 1,253,618 |
| Total liabilities | <u>1,004,845</u> | <u>1,048,343</u> | <u>432,941</u> | <u>464,287</u> | <u>1,437,786</u> | <u>1,512,630</u> |
| Net assets: | | | | | | |
| Invested in capital, net of related debt | 536,126 | 492,007 | 591,964 | 529,140 | 1,128,090 | 1,021,147 |
| Restricted net assets | 59,629 | 54,226 | 34,456 | 33,015 | 94,085 | 87,241 |
| Unrestricted net assets | (33,767) | (113,865) | 46,266 | 83,340 | 12,499 | (30,525) |
| Total net assets | <u>561,988</u> | <u>432,368</u> | <u>672,686</u> | <u>645,495</u> | <u>1,234,674</u> | <u>1,077,863</u> |
| Total liabilities and net assets | <u>\$ 1,566,833</u> | <u>\$ 1,480,711</u> | <u>\$ 1,105,627</u> | <u>\$ 1,109,782</u> | <u>\$ 2,672,460</u> | <u>\$ 2,590,493</u> |

The largest portion of the City’s net assets, \$1,128,090 reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the City’s net assets represents unrestricted net assets of \$12,499 of which, \$33,767 is a negative balance in the governmental funds. The negative unrestricted net assets balance is a result of prior period losses within the internal service funds and debt obligations that are not offset with capital assets. The nature of the debt obligations include pension contributions, tax increment issued for the Community Planning and Economic Development Fund (“CPED”), and debt issued on behalf of the City’s discrete component units. The City reports the debt, but not the assets related to city’s discrete component units in the City’s statement of net assets.

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

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

**City and Discrete Component Units
Statement of Net Assets
December 31, 2008**

| | Primary Government | | Discrete Component Units | | Total | |
|--|----------------------------|----------------------------|---------------------------------|--------------------------|----------------------------|----------------------------|
| | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> |
| Current and other assets | \$ 790,053 | \$ 747,025 | \$ 22,739 | \$ 32,254 | \$ 812,792 | \$ 779,279 |
| Capital assets | 1,882,407 | 1,843,468 | 294,018 | 500,579 | 2,176,425 | 2,344,047 |
| Total assets | <u>2,672,460</u> | <u>2,590,493</u> | <u>316,757</u> | <u>532,833</u> | <u>2,989,217</u> | <u>3,123,326</u> |
| Current and other liabilities | 238,165 | 259,012 | 17,161 | 23,629 | 255,326 | 282,641 |
| Long-term liabilities | 1,199,621 | 1,253,618 | 11,091 | 20,625 | 1,210,712 | 1,274,243 |
| Total liabilities | <u>1,437,786</u> | <u>1,512,630</u> | <u>28,252</u> | <u>44,254</u> | <u>1,466,038</u> | <u>1,556,884</u> |
| Net assets: | | | | | | |
| Invested in capital, net of related debt | 1,128,090 | 1,021,147 | 292,381 | 488,211 | 1,420,471 | 1,509,358 |
| Restricted net assets | 94,085 | 87,241 | 59 | 789 | 94,144 | 88,030 |
| Unrestricted net assets | 12,499 | (30,525) | (3,935) | (421) | 8,564 | (30,946) |
| Total net assets | <u>1,234,674</u> | <u>1,077,863</u> | <u>288,505</u> | <u>488,579</u> | <u>1,523,179</u> | <u>1,566,442</u> |
| Total liabilities and net assets | <u>\$ 2,672,460</u> | <u>\$ 2,590,493</u> | <u>\$ 316,757</u> | <u>\$ 532,833</u> | <u>\$ 2,989,217</u> | <u>\$ 3,123,326</u> |

Statement of Activities

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

**Statement of Activities
For the Year Ended December 31, 2008**

| | Governmental Activities | | Business-type Activities | | Total | |
|--|--------------------------------|-----------------------|---------------------------------|-----------------------|-----------------------|-----------------------|
| | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 126,071 | \$ 108,136 | \$ 226,872 | \$ 230,461 | \$ 352,943 | \$ 338,597 |
| Operating grants and contributions | 100,095 | 84,926 | 2,641 | 1,737 | 102,736 | 86,663 |
| Capital grants and contributions | 13,136 | 19,174 | - | - | 13,136 | 19,174 |
| General revenues: | | | | | | |
| Property taxes | 184,985 | 159,878 | - | - | 184,985 | 159,878 |
| Property tax increment | 82,686 | 77,979 | - | - | 82,686 | 77,979 |
| Franchise fees | 31,705 | 29,548 | - | - | 31,705 | 29,548 |
| Convention center taxes | 60,480 | 60,065 | - | - | 60,480 | 60,065 |
| Other taxes | 183 | 215 | - | - | 183 | 215 |
| Local government aid | 60,702 | 70,712 | - | - | 60,702 | 70,712 |
| Grants & contributions not restricted to prgms | 7 | 8 | - | - | 7 | 8 |
| Gain on sale of capital assets | - | - | 565 | 30,725 | 565 | 30,725 |
| Interest and investment earnings | 13,121 | 17,574 | 1,487 | 1,924 | 14,608 | 19,498 |
| Miscellaneous | 1,287 | 2,715 | 1,479 | 3,187 | 2,766 | 5,902 |
| Total revenues | <u>674,458</u> | <u>630,930</u> | <u>233,044</u> | <u>268,034</u> | <u>907,502</u> | <u>898,964</u> |

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

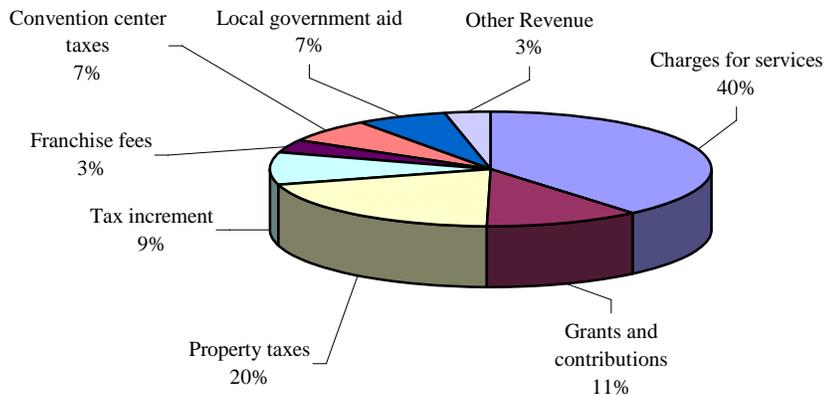
**Statement of Activities
For the Year Ended December 31, 2008**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|-------------------------|-------------------|--------------------------|-------------------|---------------------|---------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Expenses | | | | | | |
| General government | 79,609 | 57,519 | - | - | 79,609 | 57,519 |
| Public safety | 232,210 | 226,050 | - | - | 232,210 | 226,050 |
| Public works | 50,523 | 80,315 | - | - | 50,523 | 80,315 |
| Culture and recreation | 29,607 | 5,279 | - | - | 29,607 | 5,279 |
| Health and welfare | 13,028 | 14,325 | - | - | 13,028 | 14,325 |
| Community & economic development | 122,936 | 118,066 | 6,367 | 6,446 | 129,303 | 124,512 |
| Interest on long-term debt | 36,405 | 40,691 | - | - | 36,405 | 40,691 |
| Sanitary Sewer | - | - | 38,057 | 37,696 | 38,057 | 37,696 |
| Storm Water | - | - | 24,027 | 24,459 | 24,027 | 24,459 |
| Solid waste and recycling | - | - | 26,514 | 26,570 | 26,514 | 26,570 |
| Water works | - | - | 56,310 | 52,983 | 56,310 | 52,983 |
| Municipal parking | - | - | 50,833 | 58,714 | 50,833 | 58,714 |
| Total expenses | 564,318 | 542,245 | 202,108 | 206,868 | 766,426 | 749,113 |
| Excess (deficiency) before transfers | 110,140 | 88,685 | 30,936 | 61,166 | 141,076 | 149,851 |
| Transfers | 4,250 | 5,023 | (4,250) | (5,023) | - | - |
| Change in net assets | 114,390 | 93,708 | 26,686 | 56,143 | 141,076 | 149,851 |
| Net assets - January 1 -restated (note 1) | 447,598 | 338,660 | 646,000 | 589,352 | 1,093,598 | 928,012 |
| Net assets - December 31, 2008 | \$ 561,988 | \$ 432,368 | \$ 672,686 | \$ 645,495 | \$ 1,234,674 | \$ 1,077,863 |

Governmental Activities—Governmental activities increased the City’s net assets by \$114,390 compared to an increase of \$93,708 in 2007. 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 2008, 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.

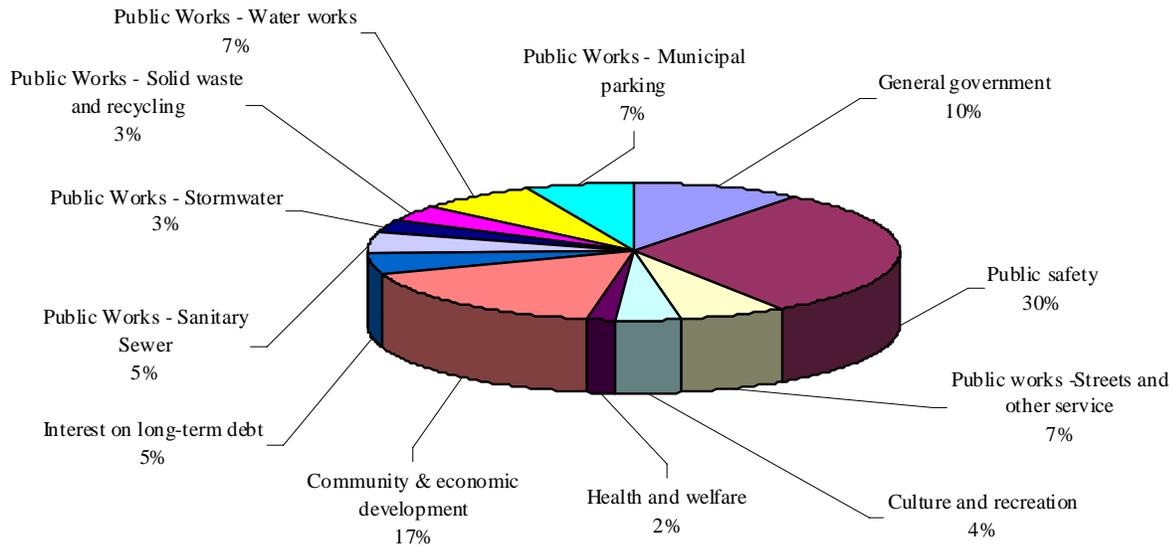
A significant expense in the statement of activities, compared to fund statements, is depreciation. Current year depreciation for governmental activities was \$37,353.

Government-wide Revenues



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

Government-wide Expenses



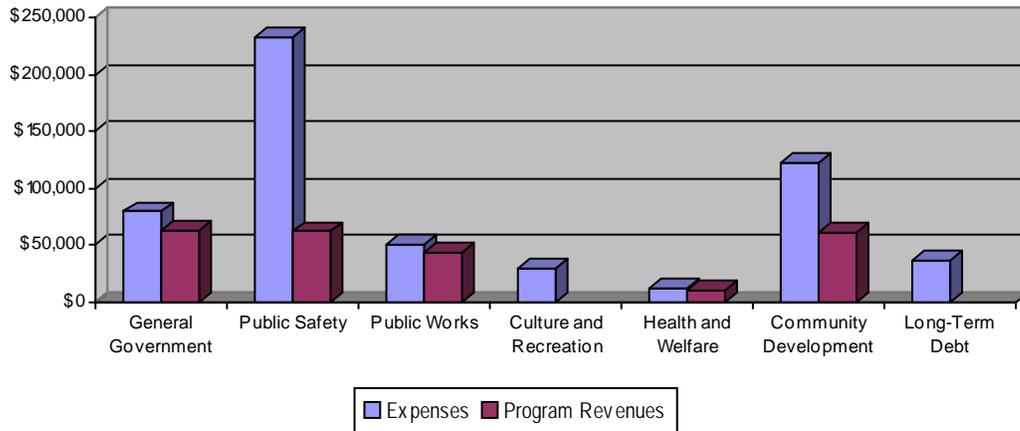
**Summary of expenses and program revenues - Governmental Activities
For the Year ended December 31, 2008**

| Functions/Programs | Expenses | Program revenues | Net (Expense) Revenue by Program |
|----------------------------------|-------------------|-------------------------|---|
| General government | \$ 79,609 | \$ 62,348 | \$ (17,261) |
| Public safety | 232,210 | 62,028 | (170,182) |
| Public works | 50,523 | 43,513 | (7,010) |
| Culture and recreation | 29,607 | - | (29,607) |
| Health and welfare | 13,028 | 9,879 | (3,149) |
| Community & economic development | 122,936 | 61,534 | (61,402) |
| Interest on long term debt | 36,405 | - | (36,405) |
| | <u>\$ 564,318</u> | <u>\$ 239,302</u> | <u>\$ (325,016)</u> |

| | |
|---|--------------------------|
| General revenues and transfers supporting governmental activities | <u>439,406</u> |
| Change in net assets | 114,390 |
| Net assets - January 1 -restated note 1, N | <u>447,598</u> |
| Net assets - December 31, 2008 | <u><u>\$ 561,988</u></u> |

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

Summary of Expenses and Program Revenues - Governmental Activities



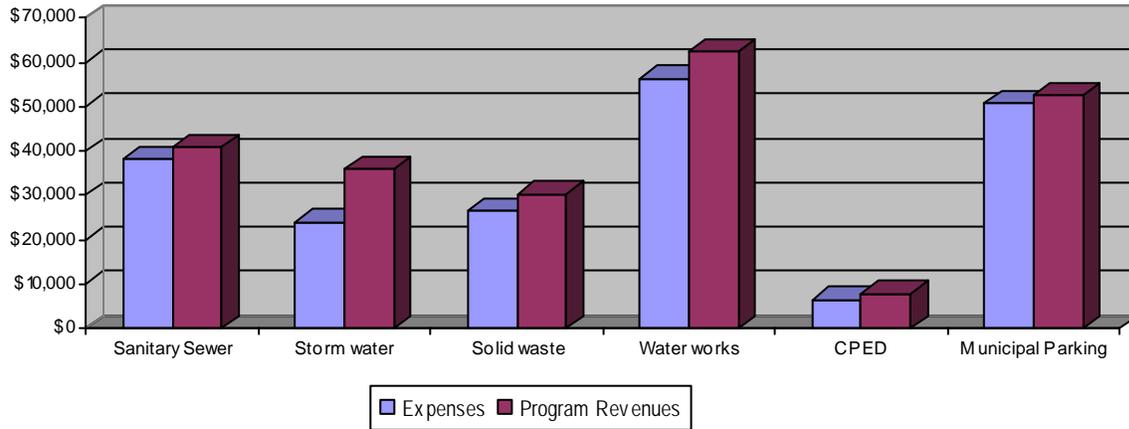
Business-Type Activities—Business-type activities increased the City’s net assets by \$26,686 compared with an increase of \$56,143 in 2007. \$30,711 of last year’s increase was due to the gain from the sale of the six parking ramps.

Summary of expenses and program revenues - Business-Type Activities For the Year ended December 31, 2008

| Functions/Programs | Expenses | Program revenues | Net (Expense) Revenue by Program |
|---|-------------------|-------------------|----------------------------------|
| Sanitary sewer | \$ 38,057 | \$ 40,793 | \$ 2,736 |
| Stormwater | 24,027 | 35,823 | 11,796 |
| Solid waste and recycling | 26,514 | 30,199 | 3,685 |
| Water works | 56,310 | 62,322 | 6,012 |
| Community & economic development | 6,367 | 7,698 | 1,331 |
| Municipal parking | 50,833 | 52,678 | 1,845 |
| | <u>\$ 202,108</u> | <u>\$ 229,513</u> | <u>\$ 27,405</u> |
| General revenues net of transfers out supporting business-type activities | | | (719) |
| Change in net assets | | | 26,686 |
| Net assets - January 1, 2008- restated (note 1, N) | | | 646,000 |
| Net assets - December 31, 2008 | | | <u>\$ 672,686</u> |

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

Summary of Expenses and Program Revenues - Business-Type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

During 2008, five governmental funds including the General Fund are presented as major funds. These funds include two Special Revenue Funds (Community Planning and Economic Development Fund, and Convention Center Fund), the Permanent Improvement Capital Projects Fund, and the Special Assessment Debt Services Fund. At December 31, 2008, the City's governmental funds reported combined ending fund balances of \$427,612 an increase of \$27,663 compared with the prior year. Approximately 50 percent of this total amount (\$213,089) constitutes unreserved fund balance, which is available for spending at the City's discretion. The following presents the amounts of unreserved balances by various fund types:

| <u>Fund Type</u> | <u>Unreserved Balance</u> |
|-----------------------|---------------------------|
| General fund | \$ 48,615 |
| Special revenue funds | 84,491 |
| Debt service funds | 58,989 |
| Capital projects fund | <u>20,994</u> |
| Total | <u>\$ 213,089</u> |

The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for land development and specific projects (\$160,937), 2) to liquidate contracts and purchase orders of the prior period (\$33,755), or 3) for a variety of other restricted purposes (\$19,831).

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

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

| Revenues by Source Governmental Funds | | | | | |
|--|-------------------|---------------------|-------------------|---------------------|-------------------------|
| Revenue by Source | FY 2008 | | FY 2007 | | Increase/ (Decrease) |
| | Amount | Percent of Total | Amount | Percent of Total | Amount |
| Taxes | \$ 362,553 | 53.79 % | \$ 326,187 | 51.09 % | \$ 36,366 |
| Licenses and permits | 27,118 | 4.02 | 26,407 | 4.14 | 711 |
| Intergovernmental revenues | 151,308 | 22.45 | 160,384 | 25.12 | (9,076) |
| Charges for services and sales | 62,186 | 9.23 | 53,778 | 8.42 | 8,408 |
| Fines and forfeits | 9,700 | 1.45 | 9,397 | 1.48 | 303 |
| Special assessments | 18,018 | 2.67 | 13,555 | 2.12 | 4,463 |
| Interest | 13,660 | 2.03 | 19,075 | 2.99 | (5,415) |
| Miscellaneous revenue | 29,420 | 4.37 | 29,626 | 4.64 | (206) |
| Total | \$ 673,963 | 100.00 % | \$ 638,409 | 100.00 % | \$ 35,554 |

| Expenditures by Function Governmental Funds | | | | | |
|--|-------------------|---------------------|-------------------|---------------------|-------------------------|
| Expenditures by Function | FY 2008 | | FY 2007 | | Increase/ (Decrease) |
| | Amount | Percent of Total | Amount | Percent of Total | Amount |
| General government | \$ 59,567 | 8.90 % | \$ 55,581 | 8.83 % | \$ 3,986 |
| Public safety | 237,692 | 35.51 | 222,823 | 35.42 | 14,869 |
| Public works | 43,893 | 6.56 | 41,892 | 6.66 | 2,001 |
| Culture and recreation | 29,607 | 4.42 | 5,279 | 0.84 | 24,328 |
| Health and Welfare | 13,309 | 1.99 | 14,193 | 2.26 | (884) |
| Community & economic development | 117,396 | 17.54 | 116,348 | 18.49 | 1,048 |
| Capital Outlay | 39,160 | 5.85 | 43,846 | 6.97 | (4,686) |
| Debt service - principal retirement | 68,617 | 10.25 | 66,744 | 10.61 | 1,873 |
| Debt service - interest payment | 60,191 | 8.98 | 62,424 | 9.92 | (2,233) |
| Total | \$ 669,432 | 100.00 % | \$ 629,130 | 100.00 % | \$ 40,302 |

General Fund

The General Fund is the general operating fund of the City. As of December 31, 2008, unreserved fund balance in the General Fund was \$48,615, while total fund balance reached \$49,688. The fund balance of the City's General Fund decreased by \$5,557 during the current fiscal year. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

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

The following table provides changes in revenues by source from 2007 to 2008:

| Revenues by Source | General Fund Revenues By Source | | | | Increase/ (Decrease) Amount |
|--|------------------------------------|---------------------|------------|---------------------|-----------------------------------|
| | FY 2008 | | FY 2007 | | |
| | Amount | Percent of Total | Amount | Percent of Total | |
| Taxes | \$ 181,392 | 50.52 % | \$ 150,886 | 46.35 % | \$ 30,506 |
| Licenses and permits | 25,922 | 7.22 | 25,202 | 7.74 | 720 |
| Intergovernmental revenues | 75,605 | 21.06 | 84,026 | 25.81 | (8,421) |
| Charges for services and sales | 38,339 | 10.68 | 35,902 | 11.03 | 2,437 |
| Fines and forfeits | 8,670 | 2.41 | 8,488 | 2.61 | 182 |
| Special assessments | 4,869 | 1.36 | 4,423 | 1.36 | 446 |
| Interest | 4,082 | 1.14 | 2,780 | 0.85 | 1,302 |
| Miscellaneous revenues | 1,011 | 0.28 | 1,066 | 0.33 | (55) |
| Total revenues | \$ 339,890 | 94.66 % | \$ 312,773 | 96.09 % | \$ 27,117 |
| Transfers in | 19,164 | 5.34 | 12,736 | 3.91 | 6,428 |
| Total revenues and other financing sources | \$ 359,054 | 100.00 % | \$ 325,509 | 100.00 % | \$ 33,545 |

In 2008, General Fund revenues and transfers have increased by about 10% from the previous year. Some highlights included:

- Tax revenues increased by \$30,506 or 20.2% of these revenues, \$22,009 is related to the former Minneapolis Public Library. The library was merged with Hennepin County at the end of 2007, and the City tax levy had already been set. The related tax revenue was passed through to Hennepin County.
- The Fire Department budget was increased by \$999,000. This is due to back pay for unsettled labor agreements, Fair Labor Standards Act (FLSA) overtime, an increase in contractual services expenses, and because attrition has not occurred at the anticipated rate.
- Intergovernmental revenues decreased by \$8,421 or 8.3%, primarily due to a decrease in local government aid from the State of Minnesota.

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

The following table provides the changes in expenditures by function from 2007 to 2008:

| Expenditures by Function | General Fund Expenditures by Function | | | | Increase/ (Decrease) |
|---|--|---------------------|------------|---------------------|-------------------------|
| | 2008 | | 2007 | | Amount |
| | Amount | Percent of Total | Amount | Percent of Total | |
| General government | \$ 52,218 | 14.32 % | \$ 48,048 | 14.77 % | \$ 4,170 |
| Public safety | 208,636 | 57.22 | 198,652 | 61.05 | 9,984 |
| Public works | 42,288 | 11.60 | 40,569 | 12.47 | 1,719 |
| Culture and recreation | 22,009 | 6.04 | 1,205 | 0.37 | 20,804 |
| Health and family support | 4,083 | 1.12 | 4,047 | 1.24 | 36 |
| Community & economic development | 3,475 | 0.95 | 3,642 | 1.13 | (167) |
| Total expenditures | 332,709 | 91.25 % | 296,163 | 91.02 % | 36,546 |
| Transfers out | 31,902 | 8.75 | 29,213 | 8.98 | 2,689 |
| Total expenditures and other financing uses | \$ 364,611 | 100.00 % | \$ 325,376 | 100.00 % | \$ 39,235 |

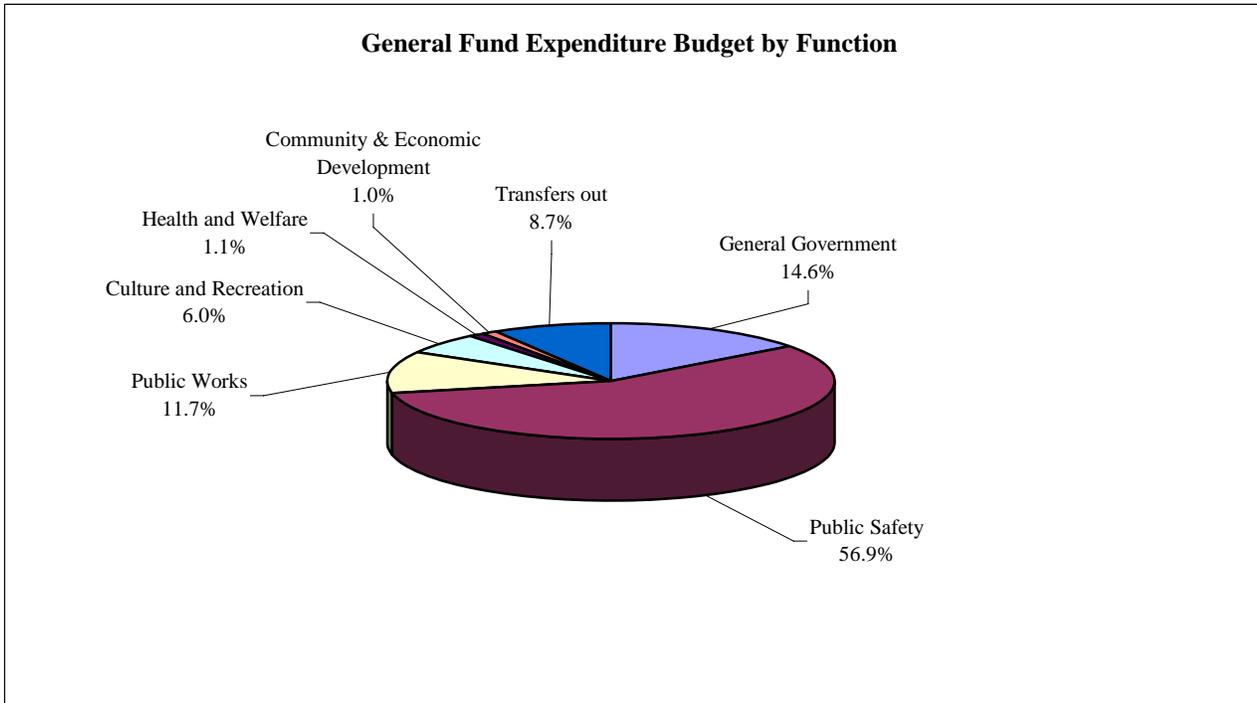
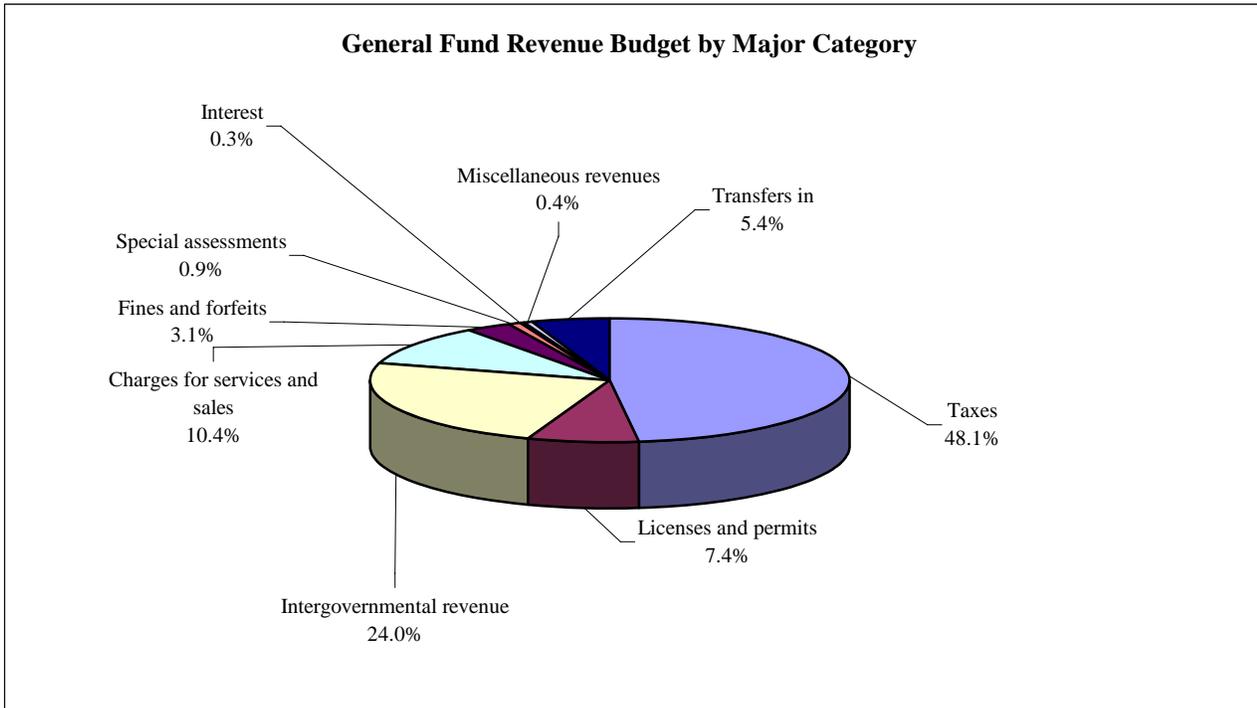
Overall, general fund expenditures increased by \$39,235 or 12.1 % from the previous year. This was primarily due to the payments to Hennepin County for the library merger, and to additional funding for public safety.

General Fund Budgetary Highlights: The final budget for the City's General Fund represents the original budget, any previously appropriated funds set aside for the purpose of honoring legally incurred obligations (prior year encumbrances and commitments), and any additional supplemental appropriations that may occur during the fiscal year. In 2008, the following were significant budget actions:

- \$2,500 of 2007 unspent appropriation was carried forward into 2008.
- A culture and recreation budget was established to fund payments to Hennepin County for contractual amounts related to the merger of the former Minneapolis Public Library into the County library system.
- The original General Fund appropriation for fiscal year 2008 was \$360,747, which included projected transfers out of \$31,736. The final appropriation was \$365,738. General revenues and other resources were originally estimated at \$360,747, which included projected transfers of \$19,636. The final revenue estimate was \$364,501 including transfers of \$19,636.

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

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



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

Community Planning and Economic Development (CPED) Special Revenue Fund

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

The total revenues of the CPED Special Revenue fund in 2008 were \$104,704, 78% of the fund’s revenue was derived from property tax increment. The remaining revenue was derived from a variety of miscellaneous sources. The expenditures for the fund in 2008 were \$46,772. 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 accounting for the federal HOME program was moved to another City fund in 2008. Except for this change, the level of fund revenues and fund expenditures in 2008 was comparable to the prior year.

In 2008 \$12,360 of General Obligation (GO) tax increment refunding bonds were issued for the Laurel Village project and \$2,770 of GO tax increment bonds were issued for the Midtown Exchange project. The fund’s transfers to other funds of \$70,299 were to provide resources for the debt service of obligations issued by the City for community development programs, and to transfer funds to pay for neighborhood revitalization projects.

At year-end the fund balance of the fund was \$222,163; essentially unchanged from the prior year. The unreserved portion of the fund balance at December 31, 2008 was \$42,711. The remaining fund balance was reserved primarily for property held for development, encumbrances, or for specific development projects.

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 Convention Center activities include:

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

Overall tax proceeds for 2008 exceeded 2007 levels by nearly 1% and exceeded budget by 5%.

| <u>Minneapolis Convention Center Taxes</u> | | | |
|--|------------------|------------------|------------------|
| | <u>2008</u> | <u>2008</u> | <u>2007</u> |
| Taxes | Budget | Actual | Actual |
| Sales and Use | \$ 29,103 | \$ 29,502 | \$ 29,535 |
| Entertainment | 9,664 | 9,631 | 9,880 |
| Food | 9,811 | 10,789 | 10,319 |
| Liquor | 3,826 | 3,939 | 3,757 |
| Lodging | 5,460 | 6,619 | 6,574 |
| Total | <u>\$ 57,864</u> | <u>\$ 60,480</u> | <u>\$ 60,065</u> |

The total revenues of the Convention Center in 2008 were \$78,680 and exceeded 2007 levels by nearly 3% and exceeded budget by 5%. Much of the increase can be attributed to increases in tax collections. For operating revenue, Catering

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

Commissions had the strongest gain going 4% over budget. For 2008, the Convention Center's fund expenditures of \$39,300 came in nearly 17% over 2007 levels. The increase can be attributed to higher operating expenses including Ongoing Equipment and Improvement.

The 2008 fund balance ended the year at \$48,307, which is significantly better than the \$36,793 budgeted. The increase can be attributed to better than expected tax revenue; lower than expected expenditures, primarily in Convention Center operations and ongoing equipment and improvement, and lower than expected debt service.

Permanent Improvement Capital Project Fund:

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

The Permanent Improvement Fund is used to build infrastructure for the City including bridges, sidewalks, streets, traffic signals, street lights, and fund other capital projects. During 2008, \$38,404 of capital outlay occurred which was a 12% decrease from 2007. The key assets constructed with these funds included:

- Bridges - \$364
- Streets - \$21,574
- Street Lighting - \$235
- Traffic Signals - \$1,802
- Bike Trails - \$3,014
- Heritage Park (Near North) project - \$853
- Property Service - \$3,675

The fund balance increased from \$1,373 in 2007 to \$21,368 in 2008. This increase was due to bonds that have been issued but not utilized, and a receivable for \$15,230 in State Highway tax revenue. Additionally, revenues for the fund increased from \$23,416 in 2007 to \$29,235 in 2008 due to increased funding from state and federal sources.

Special Assessment Debt Service funds

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

At the end of 2008, the City had \$46,810 of debt outstanding for special assessment improvements, including \$8,225 of new bonds issued during 2008. During 2008, the City received debt related assessment collections and interest earnings of \$7,911 and paid total debt service of \$7,884 on special assessment bonds, of which \$6,005 was principal repayment.

Enterprise Funds

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

Overall, the enterprise funds had a positive net asset of \$688,798 at December 31, 2008. Total net assets for all enterprise funds increased by \$24,097 during 2008.

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

The following table summarizes the total assets, total liabilities, operating income, changes in net assets, and net asset balances for each of the enterprise funds from 2007 to 2008:

Enterprise Funds
Key Balance Sheet Account Balances and Revenue and Expense Activities
December 31, 2008

| | <u>Sanitary Sewer</u> | <u>Stormwater</u> | <u>Water Works</u> | <u>Municipal Parking</u> | <u>Solid Waste & Recycling</u> | <u>CPED</u> | <u>Total 2008</u> | <u>Total 2007</u> |
|------------------------|---------------------------|-------------------|--------------------|------------------------------|--|------------------|-----------------------|-----------------------|
| Assets | \$ 99,532 | \$ 276,315 | \$ 268,027 | \$ 341,792 | \$ 28,951 | \$ 107,832 | \$ 1,122,449 | \$ 1,128,493 |
| Liabilities | 12,019 | 32,624 | 108,387 | 210,752 | 2,919 | 66,950 | 433,651 | 464,297 |
| Operating Income(loss) | 2,372 | 12,645 | 7,176 | 10,805 | 1,801 | 4,952 | 39,751 | 42,669 |
| Changes in net assets | 1,371 | 12,432 | 4,774 | 4,847 | 1,911 | (1,238) | 24,097 | 57,110 |
| Net Assets | <u>\$ 87,513</u> | <u>\$ 243,691</u> | <u>\$ 159,640</u> | <u>\$ 131,040</u> | <u>\$ 26,032</u> | <u>\$ 40,882</u> | <u>\$ 688,798</u> | <u>\$ 664,196</u> |

Sanitary Sewer Fund

The Sanitary Sewer fund accounts for the majority of the payments to the Metropolitan Council Environmental Services (MCES) for sewage interceptor and treatment services. It also accounts for the sanitary sewer maintenance and design. Overall, the net asset balance as of December 31, 2008 was \$87,513.

Stormwater Fund

The Storm water fund accounts for Storm water activities including the Combined Sewer Overflow (CSO) program. Overall, the net asset balance as of December 31, 2008 was \$243,691.

Solid Waste and Recycling Fund

The Solid Waste and Recycling Fund accounts for solid waste collection, disposal and recycling operations. The fund also includes “clean city” activities such as neighborhood clean sweeps, litter and graffiti removal, and litter control in the business districts. City crews provide approximately one-half of the solid waste collection services, while the remaining services are provided through contracts with private operators. The fund reported an increase in net assets of \$1,911 for 2008. The fund’s net asset balance at December 31, 2008 was \$26,032.

Water Works Fund

The Water Works Fund accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. The City sells water directly to the cities of Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal, and Edina. Net assets increased \$4,774 for the year, resulting in a net asset balance at December 31, 2008 of \$159,640.

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.

The fund’s net assets at year-end were \$40,882 which was a decrease of \$1,238 from 2007. Transfers in the amount of \$4,010 were made from the resources generated by the programs of the CPED Enterprise Fund for the benefit of other economic development activities of the City.

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

Municipal Parking Fund

The Municipal Parking Fund accounts for the operation and maintenance of parking ramps, lots, on-street parking meters, municipal impound lot, and traffic/parking control system. The net asset balance for December 31, 2008 was \$131,040, which is an increase of \$4,847 from 2007 balance.

A parking fund financial plan was developed to address declining results of operations and cash deficits within the fund. The plan includes a business strategy to address the diminishing use of City parking facilities; updates to aging revenue control equipment; management practices; maintenance to prevent future capital expense; and a strategy to maximize revenue on the existing programs. There were a total of six parking ramps that were sold in 2007 as part of the plan with the proceeds used to pay off existing debt service, and to restore the fund’s cash balance.

Internal Service Funds

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

While the financial condition of the internal service funds continues to represent a financial challenge for the City, key measures taken in 2001 have resulted in improved financial performance. The financial condition of these funds had reached a low point at year-end 2000 when the combined net asset deficit had declined to (\$54,407). Now at the end of 2008, the combined net assets in the internal service funds have improved to \$43,508. The initial improvement resulted from a change in accounting principle and prior period adjustments of \$17,555 in 2001, due to the implementation of GASB Statement No. 34. The restatement recognized assets previously unrecorded within the internal service funds. The remaining improvement of \$80,360 can be credited to the deficit reduction plans that the managers of their respective funds implemented. Another milestone reached is that the six Internal Service Funds have a positive combined cash balance that continues to increase. If the Internal Service Funds continue on this pace of financial recovery, a positive Net Assets will be achieved by all funds by the end of the year 2011.

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

**Internal Service Funds
Key Balance Sheet Account and Operating Activities
12/31/2008**

| | Eng. Materials & Testing | Intergovern- mental Services | Property Services | Fleet Services | Public Work Stores | Self Insurance | Total 2008 | Total 2007 |
|---------------------------|---|---|------------------------------|---------------------------|-------------------------------|---------------------------|-----------------------|-----------------------|
| Cash | \$ 3 | \$ 94 | \$ 592 | \$ 11 | \$ 6 | \$ 16,347 | \$ 17,053 | \$ 9,883 |
| Assets | 252 | 60398 | 36,525 | 57,426 | 5,444 | 18,980 | 118,627 | 152,612 |
| Liabilities | 224 | 55530 | 9,089 | 33,642 | 2,559 | 34,473 | 79,987 | 139,247 |
| Operating Income(Loss) | (115) | 8,603 | (745) | (435) | (615) | (970) | 5,723 | (11,543) |
| Changes in net assets | (168) | 18,480 | (471) | 2,070 | (646) | 10,878 | 30,143 | 16,636 |
| Net Assets | \$ 28 | 4,868 | \$ 27,436 | \$ 23,784 | \$ 2,885 | (15,493) | \$ 43,508 | \$ 13,365 |

Engineering Materials and Testing Fund

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

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

The fund continues to sustain net operating losses in the years after 2003 and reductions to net assets of \$104, \$71, and \$168 for fiscal years ending 2006, 2007, and 2008 respectively. Net Assets have been reduced from \$196 at the end of 2007 to \$28 at the end of 2008.

Intergovernmental Services Fund

This fund accounts for information technology services, central mailing and printing services, and telecommunication operations. In 2003, the fund's beginning net asset balance was restated by \$7,866 to reflect corrections made to accurately present the fund's capital assets, accumulated depreciation, and related liability amounts. This positive adjustment reduced the beginning net asset deficit from (\$40,850) to (\$32,984). The fund has recorded a total increase in net assets of \$37,852 for years 2003 through 2008. The net asset balance increased \$18,480 in 2008 to bring the 2007 ending balance from a deficit of (\$13,612) to a positive balance of \$4,868. The original long term financial plan forecasted that the fund would increase net assets by \$6,999 for fiscal year 2008 with an ending net asset balance of a deficit (\$7,871). This fund has performed better than projected the last five years.

Property Services

The Property Service fund is responsible for the management and maintenance of City owned buildings, including parking ramp maintenance, security, and space and asset management. The fund is also responsible for 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 Service fund collects the rental charge and remits to the Municipal Building Commission. Ownership of some of the City's properties is recorded as assets of this fund resulting in additional depreciation expense incurred. Currently, the Property Services Fund does not have rental and maintenance rates sufficient to fully recover depreciation, which results in the fund recording a net asset decrease each year. The fund has incurred a total decrease of \$2,792 from the ending net asset balance of \$30,228 in 2003 to \$27,436 in 2008. In 2008, the decrease to net assets is \$471 which represents a reduction of 1.7% from the 2007 balance of \$27,907.

Fleet Services Division

The Fleet Services Division accounts for the City's fleet of vehicles and related equipment and accessories. In addition, the fund manages the dispatch of City-owned and contractual equipment. A long range financial plan was developed for the fund in 2003 and the fund has progressively increased its net asset balance from \$13,266 in 2004 to \$23,784 in 2008. The fund reported an increase in net assets of \$2,070 or 9.5% in 2008 from the ending balance of \$21,714 in 2007.

There is an incentive for the customer to take care of the equipment or vehicles in the newly devised plan implemented in 2004 which charges actual expenses related to their vehicles. A new financial subsystem was implemented in 2008 to account for the multitude of transactions in a more efficient manner. The long range financial plan for this fund eliminated the sale of bonds to support the equipment purchases in 2006.

Public Works Stores

This fund accounts for the centralized procurement, warehousing, and distribution of stocked inventory items, and the purchase of special goods and services. In addition, this fund stores an inventory of traffic signal components for assembly for Public Works-Transportation. For 2008, the fund reported a net asset decrease of (\$646) with an ending net asset balance of \$2,885. Previous to this year, PW Stores recorded an increase to net assets from a balance in \$2,201 in 2002 to an ending balance of \$3,531 in 2007. A new inventory system was implemented in 2008 to integrate inventory transactions with the City's new financial system and involved several procedural changes for the recording of inventory. When inventory is received, the system requires that goods are "put-away" with an offsetting transaction that reduces the fund's expenditures for materials. The cost of goods sold is no longer recorded. Revenue is recorded as an overhead charge based on the value of goods sold to each department.

Self Insurance

This fund accounts for employee medical, dental, and life insurance benefits programs, occupational health services, severance payments, tort liability program, workers' compensation program, and the related administrative costs. With the implementation of the new financial system, benefit payments for medical, long term disability and life insurance are paid directly from payroll and no longer pass through this fund. Net assets increased \$10,878 in 2008, which benefited the fund's net asset position by reducing the total net asset deficit balance from (\$26,371) in 2007 to (\$15,493) at year end 2008. The original long range financial plan, adopted in 2003, began with an ending net asset deficit of (\$40,983) and forecasted a 2008 ending net asset deficit of (\$20,349). The long range financial plan was updated in 2008 and predicted an ending cash balance of \$16,678. The ending cash balance for 2008 is \$16,347 with a due from other funds of \$2,420. The performance of

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

the fund over the past four years compared to the original long range financial plan resulted in a net asset balance that is ahead of plan and a cash balance that is significantly increased over the original forecast. In 2006, the City Council adopted a one-time use of General Fund reserve of \$3,082 to assist in the reduction of bond debt. At year end 2008, the total bond debt of \$1,060 has been defeased. The liability for unpaid claims at year end 2008 is \$31,773, a slight reduction of \$1,694 from the ending balance of \$33,467 in 2007.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

The City's investment in capital assets for its governmental and business-type activities, as of December 31, 2008, was \$1,882,407 (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 2.1 % (a 3.3% increase for governmental activities and a 0.8% increase for business-type activities).

The following table summarizes capital assets for governmental and business-type activities for 2008 and 2007:

Capital Assets (Net of depreciation)

| | <u>Governmental</u> | | <u>Business-Type</u> | | <u>Total</u> | |
|-----------------------------|---------------------|-------------------|----------------------|-------------------|--------------------|--------------------|
| | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> |
| Land and easements | \$ 111,084 | \$ 111,084 | \$ 126,521 | \$ 127,328 | \$ 237,605 | \$ 238,412 |
| Infrastructure | 100,309 | 103,593 | 240,508 | 247,844 | 340,817 | 351,437 |
| Construction in progress | 299,384 | 272,531 | 122,317 | 95,029 | 421,701 | 367,560 |
| Structures and Improvements | 390,051 | 399,605 | 409,478 | 420,652 | 799,529 | 820,257 |
| Equipment | 77,365 | 59,986 | 5,390 | 5,816 | 82,755 | 65,802 |
| Total | \$ 978,193 | \$ 946,799 | \$ 904,214 | \$ 896,669 | \$1,882,407 | \$1,843,468 |

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

- The sale of the Saint Anthony Main parking ramp for \$ 2,500 in February of 2008.
- The completion of two Bridge Projects for \$ 8,346.
- The beginning of a two year project to improve Marquette and 2nd avenues in downtown Minneapolis. This project which is scheduled for completion in 2009 is in excess of \$30,000 and will improve bus traffic on both streets.

Additional information on the City's capital assets can be found in Note 4 on pages 58-60 of this report.

Long-term debt. As of December 31, 2008, the City had total long-term bonds outstanding of \$1,132,215 compared to \$1,199,369 in the prior year. Of this amount, \$801,592 related to governmental activities and \$330,623 related to business activities. The City had \$198,670 or 17.5% of the outstanding bonds in variable rate mode at year-end. In addition to bonded debt, the City had \$91,303 of long-term revenue notes outstanding at December 31, 2008, of which \$22,291 related to governmental activities and \$69,012 related to business activities.

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

The table below shows various classifications of the City's bonded debt at December 31, 2008 and the amount of principal due in 2009.

| <u>Summary of Outstanding Bonded Indebtedness</u> | <u>Balance</u> <u>1/1/2008</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>12/31/2008</u> | <u>Due in 2009</u> |
|---|-----------------------------------|------------------|--------------------|-------------------------------------|--------------------|
| General Obligation (GO) Bonds: | | | | | |
| Property Tax Supported GO Bonds | \$ 248,305 | \$ 28,970 | \$ 29,750 | \$ 247,525 | \$ 17,750 |
| Self Supporting GO Bonds | 242,400 | - | 8,425 | 233,975 | 8,810 |
| Special Assessment GO Bonds | 44,435 | 8,225 | 5,850 | 46,810 | 6,120 |
| Tax Increment GO Bonds | 166,210 | 15,130 | 25,370 | 155,970 | 10,555 |
| Internal Service Fund Related GO Bonds | 76,035 | 1,560 | 5,930 | 71,665 | 11,220 |
| Enterprise Fund Related GO Bonds | 301,983 | 19,385 | 51,475 | 269,893 | 29,776 |
| Total General Obligation Bonds | <u>1,079,368</u> | <u>73,270</u> | <u>126,800</u> | <u>1,025,838</u> | <u>84,231</u> |
| Revenue Bonds: | | | | | |
| Economic Development Revenue Bonds | 56,306 | - | 10,659 | 45,647 | 9,667 |
| Other Community Development Related Bonds | 63,695 | - | 2,965 | 60,730 | 3,190 |
| Total Outstanding Bonds | <u>1,199,369</u> | <u>73,270</u> | <u>140,424</u> | <u>1,132,215</u> | <u>97,088</u> |

The City maintained a "AAA" rating from Standard & Poor's and Fitch Ratings and an "Aa1" rating from Moody's for its general obligation debt throughout 2008.

Additional information on the City's Long term debt can be found in Note 5 on pages 60-65 of this report.

HISTORICAL AND LONG-TERM FINANCIAL PLANNING

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

- The City's long-term financial plans have been adopted for three of the internal service funds (Fleet Services, Self Insurance, and BIS) to increase net assets and to attain a positive cash balance. Fleet Services has not been updated since 2005 and workout plan has a projected 2009 cash balance of \$4.9 million.
- Like other jurisdictions, employee wages and benefits make up over 50 percent of the City's general fund expenses, increases to which are driven by rapid growth in healthcare costs. In 2007, the City adopted a compensation philosophy to develop a strategic approach to compensation.
- In 2000, Minneapolis voters approved a levy to build a new Central Library and fund improvements to community libraries. Effective January 1, 2008, the Minneapolis Public Library System merged into the Hennepin County Library System. The County will be responsible for operating costs for the libraries in future years. Under the financial agreement, the City will issue debt as defined in the City's adopted capital plan and will be responsible for a declining share of operations through 2017.
- In December of 2008, the Governor exercised his authority to "unallot" or unilaterally reduce various state appropriations. The appropriation directly impacting the City of Minneapolis is Local Government Aid (LGA). The City's LGA was reduced by \$13.2 million as a result of these actions. Because the action occurred with only one week remaining in the City's fiscal year, the City reduced its budget reserves to address the shortfall. Future reductions to LGA revenue source may result in additional service reductions.

Increased pension costs associated with the City's three closed pension plans – the Minneapolis Employee Retirement Fund (MERF), Minneapolis Fire Relief Association (MFRA), and Minneapolis Police Relief Association (MPRA) – continue to have a significant impact on the City's budget. From 2005-2008, property tax supported contributions to three closed funds totaled \$60.7 million. For two of the plans, MFRA and MPRA, the City is responsible for making up for stock market underperformance of state law assumptions (6% investment return), increasing the liability by million of dollars during economic downturns. In these 2 plans, the combination of an approximate 2008 market return of (30%), combined with legislatively approved changes, city payments to the funds will increase from \$7.8 million in 2009 to \$20.8 million (estimated) in 2010. The City is currently exploring merging these three funds into the larger statewide plans, which will

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

stabilize the funding of these plans due to the inclusion of new members and the additional time needed to recover from short-term market losses.

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

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

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

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

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

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).

The five-year financial direction adopted in December 2008 was balanced in all five years. Due to the extraordinary circumstances, expenditures for 2010-1024 have not yet been adjusted for shortfalls related to additional pension costs and proposed reductions in local government aid pending final legislative action. Estimated changes related to revenue loss from decertification of Tax Increment Financing districts are included in 2011 and beyond.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

Budget Outlook:

The City’s future financial outlook is strong. The City has financial policies in place to help address funding pressures including personnel costs, pension obligations, and internal service fund debt. With the 2009 budget, the City adopted a revised five-year financial direction. Specifically, growth in salary and wages was budgeted at 2.5%. Health insurance costs increased twelve percent from the 2007 amount to 2008, with costs increasing from \$42,200 to \$47,100. The 2009 budget for

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

health insurance costs is \$52,700. The five-year financial direction includes an average 20% annual health insurance cost increase from 2010 – 2012.

The City continues to proactively manage its pension liabilities. With obligations of approximately \$515,700 through 2028, the City issued bonds in 2002-04 and used one-time funds to meet its pension obligations. The 2009 budget includes \$7,100 in property tax support for pension expenses. Due to sound financial management, the City does not anticipate a need to bond for pension costs in 2009.

Although the City continues to have a deficit in its internal service funds, future budgets will continue to address these deficits through Council-adopted workout plans. The 2009 budget includes an additional \$1,400 in funding for debt obligations in 2012. This amount is in addition to the \$1,400 budgeted in the workout plan.

Economic Outlook and Tax Trends

Minneapolis has historically had a strong commercial and industrial tax base. For taxes payable in 1998, Minneapolis commercial and industrial property provided 54% of the total tax revenue for the City with the downtown Central Business District (CBD) alone providing 38%. For taxes payable in 2009, commercial and industrial property declined to 33% of the City total with the CBD providing approximately 20%. Corresponding percentages for residential property (defined as 1-3 dwelling units) show that this class provided 35% of the City's taxes in 1998; it is estimated that this proportion will be 55% of taxes payable in 2009.

The Minneapolis real estate market ending in January of 2009 was down. As a result of sub-prime lending practices and high inventories of available homes for sale, residential values declined 20% in Minneapolis from year-ago levels. The City was shielded from the impact of this due to the phase-out of the limited market value provisions. The commercial/industrial real estate market in the CBD declined by 0.6% from January 2008 to January 2009. Commercial/industrial values outside the CBD were relatively flat. For property taxes payable in 2010, the commercial/industrial share of taxes is projected to increase slightly, which is consistent with the prior year's tax burden trends – a shift from years preceding 2007. This shift reversal from residential to commercial/industrial, while insignificant compared to the shift in tax burden onto residential property from 2001-2006, should provide further relief for residential property owners in 2010. These factors were considered in preparing the City's budget for the 2009 fiscal year.

Downtown Office Space—Vacancy Rate:

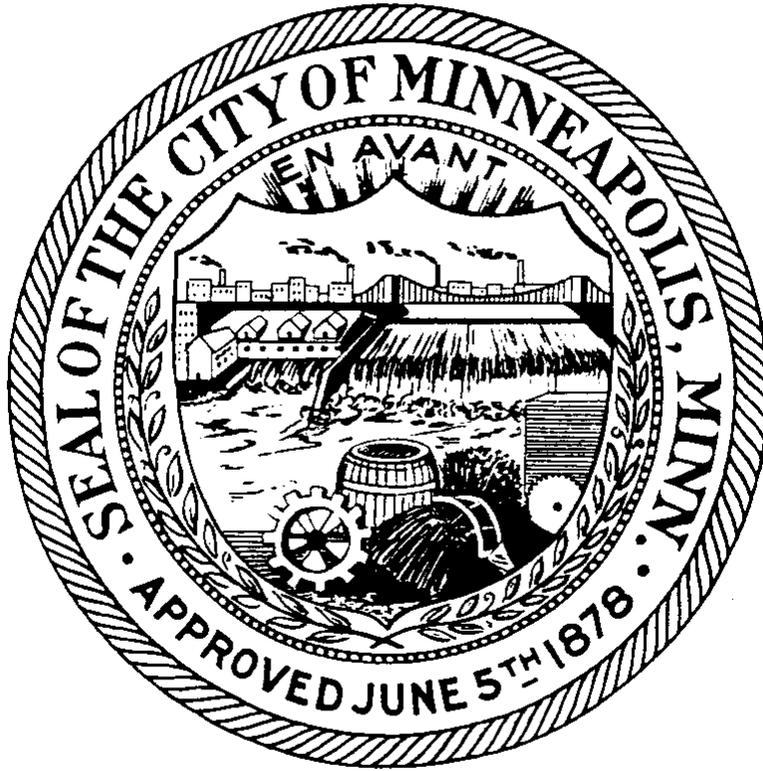
Because of the importance of real estate taxes as a source of local government revenue, real estate statistics are an important economic gauge for municipalities. Several commercial real estate companies compile and report real estate statistics. Colliers International reports on local real estate conditions quarterly. Collier's statistics indicate a slight decrease in vacancy rates in the Minneapolis CBD. Compared to the first quarter of 2008, the vacancy rate in the CBD has decreased from 16.4% to 14.8% in the first quarter of 2009.

Employment:

The seasonally-adjusted unemployment rate for the City of Minneapolis as of March 2009 is 7.4% according to the Minnesota Department of Employment and Economic Development. This economic indicator compares favorably to the State of Minnesota (8.2%) and the national unemployment rate (8.5%).

REQUEST FOR INFORMATION

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



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STATEMENT OF NET ASSETS
December 31, 2008

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

| | Primary Government | | | Discrete Component Units | Total |
|---|----------------------------|-----------------------------|---------------------|-----------------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total | | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 381,303 | \$ 59,649 | \$ 440,952 | \$ 13,474 | \$ 454,426 |
| Deposits with fiscal agents | 444 | - | 444 | - | 444 |
| Fund investments | 25,393 | - | 25,393 | - | 25,393 |
| Investments with trustees | 10,059 | 37,830 | 47,889 | - | 47,889 |
| Receivables (net) | 66,167 | 29,303 | 95,470 | 7,919 | 103,389 |
| Loans receivable from component unit | 1,208 | - | 1,208 | - | 1,208 |
| Due from other government agencies | 36,990 | 83 | 37,073 | 1,205 | 38,278 |
| Capital leases | 140 | 2,455 | 2,595 | - | 2,595 |
| Prepays and other assets | 65 | - | 65 | 50 | 115 |
| Inventories | 7,035 | 3,723 | 10,758 | 91 | 10,849 |
| Internal Balances | (8,619) | 8,619 | - | - | - |
| Long-term portion of loans and notes receivable | 5,207 | 2,739 | 7,946 | - | 7,946 |
| Long-term portion of loans due from component unit | 7,872 | - | 7,872 | - | 7,872 |
| Long-term portion of capital lease receivable | 9,862 | 56,167 | 66,029 | - | 66,029 |
| Long-term deferred charges | 1,783 | 833 | 2,616 | - | 2,616 |
| Properties held for resale | 43,731 | 12 | 43,743 | - | 43,743 |
| Capital assets: | | | | | |
| Nondepreciable | 410,468 | 248,838 | 659,306 | 90,753 | 750,059 |
| Depreciable, net | 567,725 | 655,376 | 1,223,101 | 203,265 | 1,426,366 |
| Total assets | <u>\$ 1,566,833</u> | <u>\$ 1,105,627</u> | <u>\$ 2,672,460</u> | <u>\$ 316,757</u> | <u>\$ 2,989,217</u> |
| LIABILITIES | | | | | |
| Accrued salaries and benefits | \$ 14,751 | \$ 1,717 | \$ 16,468 | \$ 2,290 | \$ 18,758 |
| Accounts payable | 31,113 | 9,715 | 40,828 | 3,446 | 44,274 |
| Interest payable | 30,072 | 2,260 | 32,332 | 113 | 32,445 |
| Unpaid claims payable | 1,241 | - | 1,241 | 6,676 | 7,917 |
| Loans payable to primary government | - | - | - | 1,208 | 1,208 |
| Due to other governmental agencies | 165 | 9 | 174 | - | 174 |
| Unearned revenue | 20,497 | 1,345 | 21,842 | 269 | 22,111 |
| Deposits held for others | 5,707 | 5,638 | 11,345 | - | 11,345 |
| Long-term interest payable | - | 9,318 | 9,318 | - | 9,318 |
| Compensated absences: | | | | | |
| Due within one year | 13,515 | 728 | 14,243 | 3,004 | 17,247 |
| Due beyond one year | 15,812 | 1,700 | 17,512 | 1,457 | 18,969 |
| Other post-employment benefits | 4,198 | 632 | 4,830 | 797 | 5,627 |
| Long-term portion of loan payable to primary government | - | - | - | 7,872 | 7,872 |
| Long-term liabilities: | | | | | |
| Due within one year | 64,674 | 35,018 | 99,692 | 155 | 99,847 |
| Due beyond one year | 803,100 | 364,861 | 1,167,961 | 965 | 1,168,926 |
| Total liabilities | <u>1,004,845</u> | <u>432,941</u> | <u>1,437,786</u> | <u>28,252</u> | <u>1,466,038</u> |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 536,126 | 591,964 | 1,128,090 | 292,381 | 1,420,471 |
| Restricted: | | | | | |
| Debt service | 59,629 | 34,456 | 94,085 | - | 94,085 |
| Culture and recreation | - | - | - | 59 | 59 |
| Unrestricted | <u>(33,767)</u> | <u>46,266</u> | <u>12,499</u> | <u>(3,935)</u> | <u>8,564</u> |
| Total net assets | <u>561,988</u> | <u>672,686</u> | <u>1,234,674</u> | <u>288,505</u> | <u>1,523,179</u> |
| Total liabilities and net assets | <u>\$ 1,566,833</u> | <u>\$ 1,105,627</u> | <u>\$ 2,672,460</u> | <u>\$ 316,757</u> | <u>\$ 2,989,217</u> |

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

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2008

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

| FUNCTIONS/PROGRAMS | Net (Expenses) Revenues and Changes in Net Assets | | | | | | | | | |
|---|---|----------------------|------------------------------------|----------------------------------|-------------------------|--------------------------|--------------|-------------------------|--------------------------|--------------|
| | Primary Government | | | | | Discrete Component Units | | | | |
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total | Governmental Activities | Business-type Activities | Total |
| | \$ 79,609 | \$ 45,882 | \$ 16,466 | \$ - | \$ (17,261) | \$ - | \$ (17,261) | \$ - | \$ - | \$ (17,261) |
| General government | 232,210 | 37,525 | 24,503 | - | (170,182) | - | (170,182) | - | - | (170,182) |
| Public safety | 50,523 | 11,670 | 18,707 | 13,136 | (7,010) | - | (29,607) | - | - | (7,010) |
| Public works | 29,607 | - | - | - | (29,607) | - | (29,607) | - | - | (29,607) |
| Culture and recreation | 13,028 | 524 | 9,355 | - | (3,149) | - | (3,149) | - | - | (3,149) |
| Health and welfare | 122,936 | 30,470 | 31,064 | - | (61,402) | - | (61,402) | - | - | (61,402) |
| Community & economic development | 36,405 | - | - | - | (36,405) | - | (36,405) | - | - | (36,405) |
| Interest on long-term debt | | | | | | | | | | |
| Total governmental activities | 564,318 | 126,071 | 100,095 | 13,136 | (325,016) | - | (325,016) | - | - | (325,016) |
| Business-type activities: | | | | | | | | | | |
| Sanitary Sewer | 38,057 | 40,787 | 6 | - | - | 2,736 | 2,736 | - | - | 2,736 |
| Stormwater | 24,027 | 35,109 | 714 | - | - | 11,796 | 11,796 | - | - | 11,796 |
| Solid waste and recycling | 26,514 | 29,626 | 573 | - | - | 3,685 | 3,685 | - | - | 3,685 |
| Water works | 56,310 | 61,088 | 1,234 | - | - | 6,012 | 6,012 | - | - | 6,012 |
| Community & economic development | 6,367 | 7,698 | - | - | - | 1,331 | 1,331 | - | - | 1,331 |
| Municipal Parking | 50,833 | 52,564 | 114 | - | - | 1,845 | 1,845 | - | - | 1,845 |
| Total business-type activities | 202,108 | 226,872 | 2,641 | - | - | 27,405 | 27,405 | - | - | 27,405 |
| Total primary government | \$ 766,426 | \$ 352,943 | \$ 102,736 | \$ 13,136 | \$ (325,016) | \$ 27,405 | \$ (297,611) | \$ - | \$ - | \$ (297,611) |
| Component units: | | | | | | | | | | |
| Discrete component units | \$ 116,982 | \$ 25,855 | \$ 11,924 | \$ 9,464 | | | | | | |
| General Revenues: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| General property tax and fiscal disparities | | | | | 184,985 | | 184,985 | | 54,739 | 239,724 |
| Property tax increment | | | | | 82,686 | | 82,686 | | 6 | 82,692 |
| Franchise fees | | | | | 31,705 | | 31,705 | | - | 31,705 |
| Convention center taxes | | | | | 60,480 | | 60,480 | | - | 60,480 |
| Other taxes | | | | | 183 | | 183 | | 8 | 191 |
| Local government aid - unrestricted | | | | | 60,702 | | 60,702 | | 8,470 | 69,172 |
| Grants and contributions not restricted to programs | | | | | 7 | | 7 | | - | 7 |
| Unrestricted interest and investment earnings | | | | | 13,121 | | 13,121 | | 1,487 | 14,608 |
| Miscellaneous | | | | | 1,287 | | 1,287 | | - | 1,287 |
| Other | | | | | 4,250 | | 4,250 | | 565 | 4,815 |
| Gain on sale of capital assets | | | | | - | | - | | 565 | 565 |
| Transfers | | | | | - | | - | | (4,250) | (4,250) |
| Total general revenues and transfers | | | | | 439,406 | | 438,687 | | (719) | 437,968 |
| Change in net assets | | | | | 114,390 | | 141,076 | | 26,686 | 136,352 |
| Net assets- January 1 - restated (Note 1)(N/O) | | | | | 447,598 | | 1,093,598 | | 646,000 | 1,386,827 |
| Net assets- December 31 | | | | | \$ 561,988 | | \$ 1,234,674 | | \$ 288,505 | \$ 1,523,179 |

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

**GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | General | Community Planning and Economic Development | Convention Center | Permanent Improvement | Special Assessment | Non-Major Governmental | Total |
|--|------------------|--|----------------------|--------------------------|-----------------------|---------------------------|-------------------|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 65,736 | \$ 155,373 | \$ 27,418 | \$ 45,022 | \$ 11,080 | \$ 59,621 | \$ 364,250 |
| Deposits with fiscal agents | - | - | - | - | - | 444 | 444 |
| Fund investments | - | 25,393 | - | - | - | - | 25,393 |
| Investments with trustees | - | 3,561 | - | - | - | 6,498 | 10,059 |
| Receivables: | | | | | | | |
| Accounts - net | 5,143 | 528 | 6,328 | 4,689 | - | 696 | 17,384 |
| Taxes | 2,590 | 415 | - | 43 | - | 717 | 3,765 |
| Special assessments | 891 | - | - | 3,229 | 31,370 | 1,278 | 36,768 |
| Intergovernmental | 1,727 | 923 | - | 18,848 | - | 15,230 | 36,728 |
| Loans | - | 6,037 | - | - | - | 5,323 | 11,360 |
| Loans due from component unit | - | - | 9,080 | - | - | - | 9,080 |
| Accrued interest | 407 | 480 | 75 | 132 | 36 | 140 | 1,270 |
| Due from other funds | - | 761 | - | 188 | - | 4,532 | 5,481 |
| Advances to other funds | 864 | 10 | 9,250 | - | - | - | 10,124 |
| Land held for development | - | 38,410 | - | - | - | 5,321 | 43,731 |
| Prepaid items | 22 | - | - | - | - | - | 22 |
| Total assets | \$ 77,380 | \$ 231,891 | \$ 52,151 | \$ 72,151 | \$ 42,486 | \$ 99,800 | \$ 575,859 |
| LIABILITIES and FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Salaries payable | \$ 11,523 | \$ 213 | \$ 564 | \$ 281 | \$ - | \$ 527 | \$ 13,108 |
| Accounts payable | 11,081 | 1,391 | 1,769 | 4,538 | 32 | 3,823 | 22,634 |
| Intergovernmental payable | 11 | - | 9 | 3 | - | 112 | 135 |
| Due to other funds | 25 | - | - | 26,460 | - | 4,755 | 31,240 |
| Deposits held for others | 2,739 | 1,466 | 1,502 | - | - | - | 5,707 |
| Deferred Revenue | 2,313 | 6,658 | - | 19,501 | 31,301 | 15,650 | 75,423 |
| Total liabilities | 27,692 | 9,728 | 3,844 | 50,783 | 31,333 | 24,867 | 148,247 |
| Fund balances: | | | | | | | |
| Reserved for: | | | | | | | |
| Land held for development | - | 38,410 | - | - | - | - | 38,410 |
| Specific development projects | - | 122,527 | - | - | - | - | 122,527 |
| Street/Highway projects | - | - | - | 223 | - | - | 223 |
| Capital and long-term assets | - | - | - | - | - | 5,321 | 5,321 |
| Encumbrances | 187 | 12,468 | 259 | 151 | - | 7 | 13,072 |
| Prepaid items | 22 | - | - | - | - | - | 22 |
| Loans | - | 6,037 | 9,080 | - | - | - | 15,117 |
| Advances | 864 | 10 | 9,250 | - | - | - | 10,124 |
| Pension liability | - | - | - | - | - | 9,707 | 9,707 |
| Unreserved, reported in | | | | | | | |
| General Fund | 48,615 | - | - | - | - | - | 48,615 |
| Special Revenue Fund | - | 42,711 | 29,718 | - | - | 12,062 | 84,491 |
| Debt Service Fund | - | - | - | - | 11,153 | 47,836 | 58,989 |
| Capital Project Fund | - | - | - | 20,994 | - | - | 20,994 |
| Total fund balances | 49,688 | 222,163 | 48,307 | 21,368 | 11,153 | 74,933 | 427,612 |
| Total liabilities and fund balances | \$ 77,380 | \$ 231,891 | \$ 52,151 | \$ 72,151 | \$ 42,486 | \$ 99,800 | \$ 575,859 |

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

**Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Assets - Governmental Activities
December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | | |
|---|------------------|-----------------------|
| Fund balances - total governmental funds | \$ | 427,612 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | | |
| Non-Depreciable | 365,756 | |
| Depreciable | 924,469 | |
| Accumulated Depreciation | <u>(455,848)</u> | 834,377 |
| Capital Lease Receivable for parking ramp | | 10,002 |
| 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. | | 59,740 |
| 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. | | 43,508 |
| Receivable from business-type funds for internal service fund activity | | 16,112 |
| Accruals to record an accounts receivable allowance, interest receivable on loans and notes, and an adjustment to loans and notes receivable balances. | | (6,415) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. | | |
| Bonds and Notes Payable and any related unamortized premiums/discounts | (762,324) | |
| Other post employment benefits payable | (3,665) | |
| Operating and Capital leases payable | (82) | |
| Contracts payable | (51) | |
| Bond Interest Payable | (29,797) | |
| Compensated Absences | <u>(27,029)</u> | <u>(822,948)</u> |
| Net assets of governmental activities | \$ | <u>561,988</u> |

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

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | General | Community Planning and Economic Development | Convention Center | Permanent Improvement | Special Assessment | Nonmajor Governmental | Total |
|--|------------------|--|------------------------------|----------------------------------|-------------------------------|----------------------------------|-------------------|
| REVENUES: | | | | | | | |
| Taxes | \$ 181,392 | \$ 82,149 | \$ 60,480 | \$ 1,569 | \$ - | \$ 36,963 | \$ 362,553 |
| Licenses and permits | 25,922 | - | - | 153 | - | 1,043 | 27,118 |
| Intergovernmental revenues | 75,605 | 930 | - | 20,617 | - | 54,156 | 151,308 |
| Charges for services and sales | 38,339 | 6,384 | 6,062 | 2,808 | - | 8,593 | 62,186 |
| Fines and forfeits | 8,670 | - | - | - | - | 1,030 | 9,700 |
| Special assessments | 4,869 | - | - | 1,205 | 7,650 | 4,294 | 18,018 |
| Interest | 4,082 | 4,605 | 2,114 | 1,376 | 261 | 1,222 | 13,660 |
| Miscellaneous revenues | 1,011 | 10,636 | 10,024 | 1,507 | - | 6,242 | 29,420 |
| Total revenues | <u>339,890</u> | <u>104,704</u> | <u>78,680</u> | <u>29,235</u> | <u>7,911</u> | <u>113,543</u> | <u>673,963</u> |
| EXPENDITURES: | | | | | | | |
| Current: | | | | | | | |
| General government | 52,218 | - | - | 704 | - | 6,645 | 59,567 |
| Public safety | 208,636 | - | - | - | - | 29,056 | 237,692 |
| Public works | 42,288 | - | - | - | - | 1,605 | 43,893 |
| Culture and recreation | 22,009 | - | - | 7,598 | - | - | 29,607 |
| Health and welfare | 4,083 | - | - | - | - | 9,226 | 13,309 |
| Community & economic development | 3,475 | 45,929 | 39,300 | - | - | 28,692 | 117,396 |
| Capital outlay | - | 756 | - | 38,404 | - | - | 39,160 |
| Debt Service: | | | | | | | |
| Principal retirement | - | - | - | - | 6,005 | 62,612 | 68,617 |
| Interest and fiscal charges | - | 87 | - | - | 1,879 | 58,225 | 60,191 |
| Total expenditures | <u>332,709</u> | <u>46,772</u> | <u>39,300</u> | <u>46,706</u> | <u>7,884</u> | <u>196,061</u> | <u>669,432</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>7,181</u> | <u>57,932</u> | <u>39,380</u> | <u>(17,471)</u> | <u>27</u> | <u>(82,518)</u> | <u>4,531</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Transfers from other funds | 19,164 | 6,976 | 1,000 | 1,777 | 249 | 104,469 | 133,635 |
| Transfers to other funds | (31,902) | (70,299) | (37,991) | (2,974) | - | (8,890) | (152,056) |
| Bonds issued | - | 2,770 | - | 37,195 | - | - | 39,965 |
| Premium (Discount) | - | 22 | - | 1,468 | - | - | 1,490 |
| Refunding bonds issued | - | 12,360 | - | - | - | - | 12,360 |
| Payments to escrow agents | - | (12,262) | - | - | - | - | (12,262) |
| Total other financing sources (uses) | <u>(12,738)</u> | <u>(60,433)</u> | <u>(36,991)</u> | <u>37,466</u> | <u>249</u> | <u>95,579</u> | <u>23,132</u> |
| Net change in fund balances | (5,557) | (2,501) | 2,389 | 19,995 | 276 | 13,061 | 27,663 |
| Fund balances - January 1 | <u>55,245</u> | <u>224,664</u> | <u>45,918</u> | <u>1,373</u> | <u>10,877</u> | <u>61,872</u> | <u>399,949</u> |
| Fund balances - December 31 | <u>\$ 49,688</u> | <u>\$ 222,163</u> | <u>\$ 48,307</u> | <u>\$ 21,368</u> | <u>\$ 11,153</u> | <u>\$ 74,933</u> | <u>\$ 427,612</u> |

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, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | | |
|--|----------|-----------------------|
| Net increase (decrease) in fund balances - total governmental funds | | 27,663 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Interest receivable is not recorded within the fund level statements. | | (460) |
| 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. | | 30,143 |
| Transfers from business-type funds for internal service fund activity | | (2,589) |
| 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: | | 42,715 |
| Less loss on retirement of capital assets | | (51) |
| Less current year depreciation | | (23,047) |
| 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. | | (5,466) |
| 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 | 80,879 | |
| Bond Proceeds | (53,815) | 27,064 |
| 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 | 23,786 | |
| Change in other post employment benefits payable | (1,452) | |
| Change in compensated absences | (3,916) | 18,418 |
| Increase (decrease) in net assets of governmental activities | | <u><u>114,390</u></u> |

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

**PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Business-type Activities - Enterprise Funds | | | | | | Governmental Activities | |
|--------------------------------|---|-------------------|-------------------|-------------------|---------------------------|---|-------------------------|------------------------|
| | Sanitary Sewer | Stormwater | Water Works | Municipal Parking | Solid Waste and Recycling | Community Planning and Economic Development | Total | Internal Service Funds |
| ASSETS | | | | | | | | |
| Current assets: | | | | | | | | |
| Cash and cash equivalents | \$ 10,585 | \$ 3,850 | \$ 450 | \$ 24,053 | \$ 20,667 | \$ 44 | \$ 59,649 | \$ 17,053 |
| Investments with trustees | - | - | - | - | - | 37,830 | 37,830 | - |
| Receivables: | | | | | | | | |
| Accounts - net | 3,013 | 4,134 | 4,371 | 2,211 | 2,883 | 80 | 16,692 | 345 |
| Special assessments: | | | | | | | | |
| Current | 2 | 26 | 35 | 1 | 15 | - | 79 | - |
| Delinquent | - | 175 | 268 | 3 | 109 | - | 555 | - |
| Deferred | - | 107 | 774 | 9,782 | 1 | - | 10,664 | - |
| Intergovernmental | - | 83 | - | - | - | - | 83 | 262 |
| Loans | - | - | - | - | - | 465 | 465 | - |
| Notes | - | - | - | - | - | 735 | 735 | 6,897 |
| Accrued interest | - | - | - | - | - | 113 | 113 | - |
| Capital leases | - | - | - | - | - | 2,455 | 2,455 | - |
| Due from other funds | 5,065 | 11,924 | 8,119 | 333 | - | - | 25,441 | 3,498 |
| Inventories | - | - | 2,561 | - | 1,162 | - | 3,723 | 7,035 |
| Properties held for resale | - | - | - | - | - | 12 | 12 | - |
| Prepaid items | - | - | - | - | - | - | - | 43 |
| Total current assets | 18,665 | 20,299 | 16,578 | 36,383 | 24,837 | 41,734 | 158,496 | 35,133 |
| Long-term assets: | | | | | | | | |
| Receivables: | | | | | | | | |
| Loans | - | - | - | - | - | 1,554 | 1,554 | - |
| Notes | - | - | - | - | - | 1,185 | 1,185 | - |
| Capital leases | - | - | - | - | - | 56,167 | 56,167 | - |
| Deferred charges | 10 | 53 | 68 | 702 | - | - | 833 | 76 |
| Capital assets: | | | | | | | | |
| Nondepreciable | | | | | | | | |
| Land, leaseholds and easements | 1 | 7,211 | 2,993 | 112,452 | 16 | 3,848 | 126,521 | 23,303 |
| Construction in progress | 7,392 | 64,584 | 47,808 | 2,533 | - | - | 122,317 | 21,409 |
| Depreciable | | | | | | | | |
| Buildings and structures | - | - | 169,228 | 278,199 | 2,047 | 12,743 | 462,217 | 55,650 |
| Less accumulated depreciation | - | - | (46,948) | (88,928) | (1,997) | (9,411) | (147,284) | (25,196) |
| Public improvements | 125,957 | 270,545 | 132,730 | 53 | - | - | 529,285 | 3,056 |
| Less accumulated depreciation | (52,538) | (86,451) | (55,236) | (7) | - | - | (194,232) | (2,660) |
| Machinery and equipment | 1,182 | 1,374 | 2,009 | 1,206 | 11,416 | 398 | 17,585 | 78,729 |
| Less accumulated depreciation | (1,137) | (1,302) | (1,316) | (859) | (7,369) | (386) | (12,369) | (41,202) |
| Computer equipment | 10 | 193 | 316 | 1,041 | 178 | - | 1,738 | 58,749 |
| Less accumulated depreciation | (10) | (191) | (261) | (988) | (177) | - | (1,627) | (42,202) |
| Software | - | 1,488 | 1,856 | 130 | 955 | - | 4,429 | 24,961 |
| Less accumulated depreciation | - | (1,488) | (1,798) | (130) | (955) | - | (4,371) | (10,782) |
| Other capital outlay | - | - | 19 | 15 | - | - | 34 | 50 |
| Less accumulated depreciation | - | - | (19) | (10) | - | - | (29) | (49) |
| Total long-term assets | 80,867 | 256,016 | 251,449 | 305,409 | 4,114 | 66,098 | 963,953 | 143,892 |
| Total assets | \$ 99,532 | \$ 276,315 | \$ 268,027 | \$ 341,792 | \$ 28,951 | \$ 107,832 | \$ 1,122,449 | \$ 179,025 |

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

**PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
December 31, 2008**

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

| | Business-type Activities - Enterprise Funds | | | | | | Governmental Activities | |
|--|---|-------------------|-------------------|-------------------|---------------------------|---|-------------------------|------------------------|
| | Sanitary Sewer | Stormwater | Water Works | Municipal Parking | Solid Waste and Recycling | Community Planning and Economic Development | Total | Internal Service Funds |
| LIABILITIES | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Salaries payable | \$ 135 | \$ 215 | \$ 834 | \$ 207 | \$ 325 | \$ 1 | \$ 1,717 | \$ 1,643 |
| Accounts payable | 549 | 217 | 3,188 | 3,643 | 1,977 | 141 | 9,715 | 8,479 |
| Intergovernmental payable | - | - | - | 9 | - | - | 9 | 30 |
| Due to other funds | - | - | - | - | - | 700 | 700 | 2,480 |
| Deposits held for others | 225 | 434 | 41 | 1,405 | 4 | 3,529 | 5,638 | - |
| Advances from other funds | - | - | - | - | - | 10 | 10 | - |
| Interest payable | 41 | 91 | 750 | 1,092 | - | 286 | 2,260 | 275 |
| Unearned revenue | - | - | 517 | - | - | 828 | 1,345 | 4,814 |
| Bonds payable-current portion | 1,689 | 7,096 | 4,926 | 16,065 | - | 3,190 | 32,966 | 11,220 |
| Notes payable-current portion | - | - | 1,925 | - | - | 127 | 2,052 | - |
| Compensated assets payable-current portion | 56 | 109 | 352 | 64 | 145 | 2 | 728 | 690 |
| Total current liabilities | 2,695 | 8,162 | 12,533 | 22,485 | 2,451 | 8,814 | 57,140 | 29,631 |
| Long-term liabilities: | | | | | | | | |
| Interest payable | - | 2,670 | 3,889 | 2,759 | - | - | 9,318 | - |
| Bonds payable | 8,647 | 21,539 | 23,871 | 186,060 | - | 57,540 | 297,657 | 60,445 |
| Unamortized premium (discounts) | 475 | (85) | 610 | (755) | - | - | 245 | 1,413 |
| Advances from other funds | - | - | - | - | - | - | - | 10,114 |
| Notes payable | - | - | 66,369 | - | - | 590 | 66,959 | - |
| Compensated absences payable | 131 | 255 | 820 | 150 | 338 | 6 | 1,700 | 1,608 |
| Other post-employment benefits | 71 | 83 | 295 | 53 | 130 | - | 632 | 533 |
| Unpaid claims payable | - | - | - | - | - | - | - | 31,773 |
| Total long-term liabilities | 9,324 | 24,462 | 95,854 | 188,267 | 468 | 58,136 | 376,511 | 105,886 |
| Total liabilities | 12,019 | 32,624 | 108,387 | 210,752 | 2,919 | 66,950 | 433,651 | 135,517 |
| NET ASSETS | | | | | | | | |
| Invested in capital assets, net of related debt | 75,031 | 239,390 | 161,866 | 104,371 | 4,114 | 7,192 | 591,964 | 70,814 |
| Restricted - debt service | - | - | - | - | - | 34,456 | 34,456 | 640 |
| Unrestricted | 12,482 | 4,301 | (2,226) | 26,669 | 21,918 | (766) | 62,378 | (27,946) |
| Total net assets | 87,513 | 243,691 | 159,640 | 131,040 | 26,032 | 40,882 | 688,798 | 43,508 |
| Total liabilities and net assets | \$ 99,532 | \$ 276,315 | \$ 268,027 | \$ 341,792 | \$ 28,951 | \$ 107,832 | \$ 1,122,449 | \$ 179,025 |

Net assets - total enterprise funds \$ 688,798

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. (16,112)

Net assets of business-type activities \$ 672,686

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the Fiscal Year Ended December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Business-type Activities - Enterprise Funds | | | | | | Total | Governmental |
|--|---|-------------------|-------------------|----------------------|---------------------------------|--|-----------------|------------------------------|
| | Sanitary Sewer | Stormwater | Water Works | Municipal Parking | Solid Waste and Recycling | Community Planning and Economic Development | | Internal Service Funds |
| Operating revenues: | | | | | | | | |
| Charges for services and sales | \$ 41,609 | \$ 34,222 | \$ 61,444 | \$ 52,556 | \$ 27,342 | \$ 4,095 | \$ 221,268 | \$ 111,994 |
| Interest | - | - | - | - | - | 3,589 | 3,589 | - |
| Rents and commissions | - | - | - | 9 | - | - | 9 | 28,776 |
| Other | 1 | 887 | 1 | - | 2,284 | 14 | 3,187 | - |
| Total operating revenues | 41,610 | 35,109 | 61,445 | 52,565 | 29,626 | 7,698 | 228,053 | 140,770 |
| Operating expenses: | | | | | | | | |
| Personnel costs | 2,866 | 5,982 | 19,250 | 3,924 | 8,965 | 14 | 41,001 | 40,107 |
| Contractual services | 6,139 | 10,571 | 19,005 | 30,645 | 16,172 | 2,383 | 84,915 | 66,254 |
| Materials, supplies, services and other | 29,013 | 2,691 | 8,875 | 798 | 1,829 | - | 43,206 | 12,835 |
| Rent | - | - | - | - | - | - | - | 1,627 |
| Depreciation | 1,220 | 3,220 | 7,139 | 6,393 | 859 | 348 | 19,179 | 14,224 |
| Other | - | - | - | - | - | 1 | 1 | - |
| Total operating expenses | 39,238 | 22,464 | 54,269 | 41,760 | 27,825 | 2,746 | 188,302 | 135,047 |
| Operating income (loss) | 2,372 | 12,645 | 7,176 | 10,805 | 1,801 | 4,952 | 39,751 | 5,723 |
| Non-operating revenues (expenses): | | | | | | | | |
| Interest revenue | - | - | 4 | 42 | - | 1,441 | 1,487 | - |
| Interest expense | (378) | (1,563) | (3,405) | (10,047) | - | (3,621) | (19,014) | (3,344) |
| Gain (loss) on disposal of capital assets | - | - | (32) | 565 | - | - | 533 | 164 |
| Special assessments | 6 | 714 | 1,234 | 114 | 573 | - | 2,641 | - |
| Other revenues | - | 2 | 1,446 | 31 | - | - | 1,479 | 6,399 |
| Total non-operating revenues (expenses) | (372) | (847) | (753) | (9,295) | 573 | (2,180) | (12,874) | 3,219 |
| Income (loss) before transfers | 2,000 | 11,798 | 6,423 | 1,510 | 2,374 | 2,772 | 26,877 | 8,942 |
| Transfers in (out): | | | | | | | | |
| Transfers from other funds | - | 1,147 | - | 17,219 | 346 | - | 18,712 | 22,253 |
| Transfers to other funds | (629) | (513) | (1,649) | (13,882) | (809) | (4,010) | (21,492) | (1,052) |
| Total transfers | (629) | 634 | (1,649) | 3,337 | (463) | (4,010) | (2,780) | 21,201 |
| Change in net assets | 1,371 | 12,432 | 4,774 | 4,847 | 1,911 | (1,238) | 24,097 | 30,143 |
| Net assets - January 1 restated (Note 1, N) | 86,142 | 231,259 | 154,866 | 126,193 | 24,121 | 42,120 | | 13,365 |
| Net assets - December 31 | \$ 87,513 | \$ 243,691 | \$ 159,640 | \$ 131,040 | \$ 26,032 | \$ 40,882 | | \$ 43,508 |

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.

2,589

Change in net assets of business-type activities

\$ 26,686

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, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Sanitary Sewer | Stormwater | Water Works | Municipal Parking | Solid Waste and Recycling | Community Planning and Economic Development | Total | Governmental Activities Internal Service Funds |
|---|-------------------|------------------|------------------|----------------------|---------------------------------|--|------------------|--|
| Cash flows from operating activities: | | | | | | | | |
| Cash received from customers and users | \$ 41,357 | \$ 34,492 | \$ 59,025 | \$ 58,052 | \$ 30,382 | \$ 11,262 | \$ 234,570 | \$ 140,476 |
| Payments to suppliers and users | (35,033) | (13,311) | (26,112) | (29,625) | (16,808) | (1,591) | (122,480) | (79,281) |
| Payments to employees | (2,997) | (6,245) | (20,074) | (4,021) | (9,183) | (9) | (42,529) | (41,624) |
| Net Cash Provided (used) by operating Activities | 3,327 | 14,936 | 12,839 | 24,406 | 4,391 | 9,662 | 69,561 | 19,571 |
| Cash flows from non-capital financing activities: | | | | | | | | |
| Bonds issued | - | - | - | 17,218 | - | - | 17,218 | - |
| Transfers from other funds | - | 1,147 | - | - | 346 | - | 1,493 | 22,253 |
| Principal paid on bonds and notes | - | - | - | - | - | (3,086) | (3,086) | (1,060) |
| Interest paid on bonds and notes | - | - | - | - | - | (3,631) | (3,631) | (21) |
| Transfers to other funds | (629) | (513) | (1,649) | (13,882) | (809) | (4,010) | (21,492) | (1,052) |
| Other non-operating revenues | - | 2 | - | 31 | - | - | 33 | - |
| Net cash provided (used) by non-capital financing activities | (629) | 636 | (1,649) | 3,367 | (463) | (10,727) | (9,465) | 20,120 |
| Cash Flows from capital and related financing activities | | | | | | | | |
| Bonds issued | 5,500 | 3,635 | 10,250 | - | - | - | 19,385 | 1,560 |
| Notes issued | - | - | 3,243 | - | - | - | 3,243 | - |
| Principal paid on bonds | (1,200) | (8,620) | (5,630) | (36,026) | - | - | (51,476) | (4,870) |
| Interest paid on bonds | (443) | (2,244) | (3,997) | (10,415) | - | - | (17,099) | (3,486) |
| Premium (discount) | 372 | 246 | (154) | - | - | - | 464 | 106 |
| Principal paid on notes | - | - | (1,300) | - | - | - | (1,300) | - |
| Acquisition and construction of capital assets | (4,818) | (5,545) | (15,109) | (2,270) | (896) | - | (28,638) | (26,328) |
| Bond issuance costs | (7) | (4) | (12) | - | - | - | (23) | 7 |
| Proceeds from sale of capital assets | - | - | - | 2,288 | - | - | 2,288 | 490 |
| Net cash provided (used) by capital and related financing activities | (596) | (12,532) | (12,709) | (46,423) | (896) | - | (73,156) | (32,521) |
| Cash flows from investing activities: | | | | | | | | |
| Purchase of investments | - | - | - | - | - | (1,552) | (1,552) | - |
| Sale of investments | - | - | - | - | - | 1,141 | 1,141 | - |
| Interest | - | - | 4 | 42 | - | 509 | 555 | - |
| Net cash provided (used) by investing activities | - | - | 4 | 42 | - | 98 | 144 | - |
| Net increase (decrease) in cash and cash equivalents | 2,102 | 3,040 | (1,515) | (18,608) | 3,032 | (967) | (12,916) | 7,170 |
| Cash and cash equivalents, beginning of year | 8,483 | 810 | 1,965 | 42,661 | 17,635 | 1,011 | 72,565 | 9,883 |
| Cash and cash equivalents, end of year | \$ 10,585 | \$ 3,850 | \$ 450 | \$ 24,053 | \$ 20,667 | \$ 44 | \$ 59,649 | \$ 17,053 |
| Reconciliation of operating income to net cash provided (used) by operating activities | | | | | | | | |
| Operating income (loss) | \$ 2,372 | \$ 12,645 | \$ 7,176 | \$ 10,805 | \$ 1,801 | \$ 4,952 | \$ 39,751 | \$ 5,723 |
| Adjustment to reconcile change in net assets to net cash provided (used) by operating activities: | | | | | | | | |
| Depreciation | 1,220 | 3,220 | 7,139 | 6,393 | 859 | 348 | 19,179 | 14,224 |
| Accounts receivable (net) | 380 | 121 | 2,886 | 883 | 251 | (58) | 4,463 | (7,061) |
| Intergovernmental receivable | - | (83) | 34 | - | - | - | (49) | (2) |
| Loans receivable | - | - | - | - | - | 465 | 465 | - |
| Notes Receivable | - | - | - | 2,600 | - | 690 | 3,290 | - |
| Interest receivable | - | 7 | - | - | - | - | 7 | - |
| Special assessments receivable | 10 | (74) | (168) | 541 | (67) | - | 242 | - |
| Capital lease receivable | - | - | - | - | - | 2,137 | 2,137 | - |
| Inventories | - | - | (235) | - | (7) | - | (242) | (420) |
| Prepaid items | - | - | - | - | - | - | - | (43) |
| Due from other funds | (752) | (1,383) | (7,623) | 1,367 | - | 20 | (8,371) | 51 |
| Salaries payable | (145) | (209) | (743) | (97) | (199) | (1) | (1,394) | (1,406) |
| Accounts payable | 102 | 33 | 2,004 | 1,809 | 1,200 | 73 | 5,221 | 3,605 |
| Due to other funds | - | - | - | - | - | 700 | 700 | (90) |
| Interest payable | 17 | - | - | - | - | - | 17 | (6) |
| Intergovernmental payable | - | - | - | 8 | - | - | 8 | 29 |
| Deposit held for others | 103 | (1) | (15) | (17) | - | 25 | 95 | - |
| Unearned revenue | - | - | (215) | - | - | 305 | 90 | 343 |
| Compensated absences payable | (57) | (137) | (376) | (53) | (150) | 6 | (767) | (614) |
| Other post-employment benefits | 71 | 83 | 295 | 53 | 130 | - | 632 | 533 |
| Unpaid claims | - | - | - | - | - | - | - | (1,694) |
| Special assessments | 6 | 714 | 1,234 | 114 | 573 | - | 2,641 | - |
| Other non-operating revenues | - | - | 1,446 | - | - | - | 1,446 | 6,399 |
| Net cash provided (used) by operating activities | \$ 3,327 | \$ 14,936 | \$ 12,839 | \$ 24,406 | \$ 4,391 | \$ 9,662 | \$ 69,561 | \$ 19,571 |
| Non-cash investing, capital and financing activities: | | | | | | | | |
| None | | | | | | | | |

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

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Agency Funds |
|---------------------------|-------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 10,120 |
| Receivables: | |
| Accounts-net | 376 |
| Total assets | 10,496 |
| | |
| LIABILITIES | |
| Accounts payable | 10,374 |
| Deposits held for others | 122 |
| Total liabilities | \$ 10,496 |

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

**COMBINING STATEMENT OF NET ASSETS
DISCRETE COMPONENT UNITS
December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Park Board | Municipal Building Commission | Meet Minneapolis | Total Discrete Component Units |
|---|-------------------|--|-----------------------------|---|
| <u>ASSETS</u> | | | | |
| Cash and investments | \$ 11,879 | \$ 806 | \$ 789 | \$ 13,474 |
| Receivables (net) | 7,530 | 90 | 299 | 7,919 |
| Due from other government agencies | - | 1,205 | - | 1,205 |
| Prepays and other assets | - | - | 50 | 50 |
| Inventories | 91 | - | - | 91 |
| Capital assets: | | | | |
| Nondepreciable | 78,098 | 12,655 | - | 90,753 |
| Depreciable, net | 190,056 | 12,214 | 995 | 203,265 |
| Total assets | <u>287,654</u> | <u>26,970</u> | <u>2,133</u> | <u>316,757</u> |
| <u>LIABILITIES</u> | | | | |
| Accrued salaries and benefits | 1,747 | 163 | 380 | 2,290 |
| Accounts payable | 2,326 | 826 | 294 | 3,446 |
| Interest payable | - | - | 113 | 113 |
| Unpaid claims payable | 6,676 | - | - | 6,676 |
| Loans payable to primary government | - | - | 1,208 | 1,208 |
| Unearned revenue | - | - | 269 | 269 |
| Compensated absences: | | | | |
| Due within one year | 2,828 | 176 | - | 3,004 |
| Due beyond one year | 1,351 | 106 | - | 1,457 |
| Other post-employment benefits | 744 | 53 | - | 797 |
| Long-term portion of loan payable - | | | | |
| Due to primary government | - | - | 7,872 | 7,872 |
| Long-term liabilities: | | | | |
| Due within one year | 53 | - | 102 | 155 |
| Due beyond one year | 588 | - | 377 | 965 |
| Total liabilities | <u>16,313</u> | <u>1,324</u> | <u>10,615</u> | <u>28,252</u> |
| <u>NET ASSETS</u> | | | | |
| Invested in capital assets, net of related debt | 267,512 | 24,869 | - | 292,381 |
| Restricted | - | - | 59 | 59 |
| Unrestricted | 3,829 | 777 | (8,541) | (3,935) |
| Total net assets | <u>271,341</u> | <u>25,646</u> | <u>(8,482)</u> | <u>288,505</u> |
| Total liabilities and net assets | <u>\$ 287,654</u> | <u>\$ 26,970</u> | <u>\$ 2,133</u> | <u>\$ 316,757</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, 2008**

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

| FUNCTIONS/PROGRAMS | Program Revenues | | | | | | Total Discrete Component Units | |
|--|------------------|----------------------|------------------------------------|----------------------------------|-------------|-------------------------------|--------------------------------|------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Park Board | Municipal Building Commission | | Meet Minneapolis |
| Park Board | \$ 96,775 | \$ 17,841 | \$ 4,032 | \$ 9,464 | \$ (65,438) | - | \$ - | \$ (65,438) |
| Municipal Building Commission | 9,605 | 5,070 | 117 | - | - | (4,418) | - | (4,418) |
| Meet Minneapolis | 10,602 | 2,944 | 7,775 | - | - | - | 117 | 117 |
| Total discrete component unit activities | \$ 116,982 | \$ 25,855 | \$ 11,924 | \$ 9,464 | \$ (65,438) | \$ (4,418) | \$ 117 | \$ (69,739) |
| General Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| General property tax and fiscal disparities | | | | | 50,715 | 4,024 | - | 54,739 |
| Property tax increment | | | | | - | 6 | - | 6 |
| Other taxes | | | | | 8 | - | - | 8 |
| Local government aid | | | | | 8,146 | 324 | - | 8,470 |
| Miscellaneous | | | | | - | 784 | - | 784 |
| Gain on sale of capital assets | | | | | 1,008 | - | - | 1,008 |
| Total general revenues | | | | | 59,877 | 5,138 | - | 65,015 |
| Change in net assets | | | | | (5,561) | 720 | 117 | (4,724) |
| Net assets- January 1 - restated (Note 1, O) | | | | | 276,902 | 24,926 | (8,599) | 293,229 |
| Net assets- December 31, 2008 | | | | | \$ 271,341 | \$ 25,646 | \$ (8,482) | \$ 288,505 |

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

For the fiscal year ended December 31, 2008

(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 and Minneapolis Library Board annually select one of its members to serve on the Board of Estimate and Taxation. By action of the City Council, or such other governing board of a department requesting the sale of bonds, the Board of Estimate and Taxation may vote to incur indebtedness and issue and sell bonds and pledge the full faith and credit of the City for payment of principal and interest. The Board of Estimate and Taxation also establishes the maximum property tax levies for most City funds and maintains responsibility for the internal audit function for the City including boards and commissions that are component units of the City.

DISCRETELY PRESENTED COMPONENT UNITS

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

▪ Minneapolis Park and Recreation Board

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

For the fiscal year ended December 31, 2008

(Dollar Amounts Expressed in Thousands)

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

of the members of the Park Board. The Board of Estimate and Taxation approves the maximum property tax levy for the Park Board, and the full faith and credit of the City secure debt issued for Park Board projects. The City Finance Officer acts as Treasurer of the Park Board. Complete financial statements for the Park Board can be obtained from the Minneapolis Park and Recreation Board at 2117 West River Road, Minneapolis, Minnesota, 55411.

▪ Municipal Building Commission

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

▪ Meet Minneapolis

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

RELATED ORGANIZATIONS

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

▪ Metropolitan Sports Facilities Commission

The Metropolitan Sports Facilities Commission (Commission) is an appointed commission established under 1977 Minnesota laws. Of the seven members of the Commission, the City of Minneapolis appoints six. The Commissioners serve four-year terms and removal is for cause only. The primary responsibility of the Commission is to serve as owners, operators, and landlords of the Hubert H. Humphrey Metrodome Sports Facility in Minneapolis. Major tenants of the Metrodome Sports Facility are the Minnesota Twins and the Minnesota Vikings. Complete financial statements for the Commission can be obtained from the Metropolitan Sports Facilities Commission at 900 South Fifth Street, Minneapolis, Minnesota, 55415-1903.

▪ Minneapolis Public Housing Authority

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

For the fiscal year ended December 31, 2008

(Dollar Amounts Expressed in Thousands)

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

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

JOINT VENTURES

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

• Minneapolis/Saint Paul Housing Finance Board

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

• Minneapolis Neighborhood Revitalization Program Policy Board

The Minneapolis Neighborhood Revitalization Program Policy Board (NRP) was established in accordance with a Joint Powers Agreement entered into between the Hennepin County Board of Commissioners, the Board of Directors of Special School District No. 1, the Library Board, the Park Board, and the Mayor and City Council under authority of State of Minnesota laws. The NRP is composed of 20 members and includes public officials as well as representatives of neighborhood and community interest organizations.

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

▪ Minneapolis Youth Coordinating Board

The Minneapolis Youth Coordinating Board (YCB) was established in accordance with a Joint Powers Agreement entered into between the Hennepin County Board of Commissioners, the Board of Directors of Special School District No. 1, the Park Board, the Mayor and the City Council under authority of State of Minnesota laws. The YCB, which numbers 12 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, one member from the Minneapolis State Legislature House and Senate delegations, 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.

For the fiscal year ended December 31, 2008

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**▪ Minneapolis Youth Coordinating Board (continued)**

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.

B – BASIS OF PRESENTATION**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The *statement of net assets* and *statement of activities* display information about the primary government (the City) and its component units using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider, if any, have been met. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between *governmental* and *business-type activities* of the City and between the City and its discretely presented component units. *Governmental* activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type* activities, which rely, to a significant extent on fees charged to external parties.

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

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

FUND FINANCIAL STATEMENTS

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

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

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

For the fiscal year ended December 31, 2008

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**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 assets and statement of activities.

The City reports the following major governmental funds:

- **General Fund**

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

For the fiscal year ended December 31, 2008

(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.

▪ 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, completion of the Heritage Park Project, infrastructure projects, and many information and technology system projects.

▪ Debt Service Fund - Special Assessment

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

PROPRIETARY FUNDS

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

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

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

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

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

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

For the fiscal year ended December 31, 2008

(Dollar Amounts Expressed in Thousands)

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

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

The City reports the following major enterprise funds:

- **Sanitary Sewer Fund**
This fund is used to account for sewage fees collected from customers connected to the City's sanitary sewer system and for all expenses of operating this system.
- **Stormwater Fund**
This fund is used to account for storm water fees collected from customers, and for City street cleaning and other storm water management activities. This activity was previously reported in the Sewer Rental Fund, which was split into this fund and the Sanitary Sewer Fund as of January 1, 2005.
- **Water Works Fund**
This fund is used to account for the operation, maintenance, and construction projects related to the water delivery system. This fund also accounts for the operations related to the billings for water, sewage, and solid waste fees.
- **Municipal Parking Fund**
This fund is used to account for the operation, maintenance, and construction of the City's parking facilities as well as on-street parking and the Municipal Impound Lot.
- **Solid Waste and Recycling Fund**
This fund is used to account for the revenues and expenses for solid waste collection, disposal and recycling activities.
- **Community Planning and Economic Development Fund**
This fund is used to account for the enterprise fund activities of the Department of Community Planning and Economic Development.

NON-MAJOR FUNDS

The City reports the following non-major governmental funds:

Special Revenue Funds:

Arena Reserve
Board of Estimate and Taxation
Convention Facilities Reserve
Employee Retirement
Grants- Federal
Grants- Other
Community Development Block Grant
Police

Debt Service Funds:

Community Planning and Economic Development
Development
General Debt Service

For the fiscal year ended December 31, 2008

(Dollar Amounts Expressed in Thousands)

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

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:

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

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

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

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

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

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

▪ Agency Funds

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C – BUDGETS

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

The 2007 process for the 2008 budget involved the following:

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

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

Purchase orders, contracts, and other commitments are recorded as encumbrances, which reserve appropriation authority. This accounting practice is an extension of formal budgetary integration in the general and special revenue funds. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not represent GAAP expenditures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C – BUDGETS (continued)

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

| | Expenditure Budget at beginning of year | Changes during year | Expenditure Budget at end of year |
|---|--|------------------------|---|
| General | \$ 329,011 | \$ 4,991 | \$ 334,002 |
| CPED Special Revenue | 43,975 | 102,700 | 146,675 |
| Convention Center Special Revenue | 40,854 | 4,207 | 45,061 |
| Board of Estimate and Taxation Special Revenue | 357 | - | 357 |
| Community Development Block Grant Special Revenue | 15,308 | 10,935 | 26,243 |
| Employee Retirement Special Revenue | 17,569 | - | 17,569 |
| Grants – Federal Special Revenue | 20,546 | 27,557 | 48,103 |
| Grants - Other Special Revenue | 10,157 | 13,838 | 23,995 |
| Police Special Revenue | 1,237 | 1,475 | 2,712 |
| TOTAL | \$ 479,014 | \$ 165,703 | \$ 644,717 |

D – NON-CURRENT GOVERNMENTAL ASSETS/LIABILITIES

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

E - DEPOSITS AND INVESTMENTS

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F - INVENTORIES OF MATERIALS AND SUPPLIES

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

G - LOANS RECEIVABLE

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

Several developers under various financial arrangements have agreed to pay back development loans only if certain events occur. Because the likelihood of these events occurring is unknown, these loans are not presented in the accompanying financial statements. These loans include redevelopment agreements, neighborhood economic, commercial, and housing development loans, and second mortgages on rehabilitated homes. Some of these loans may be forgiven for continued owner occupancy, the attainment of certain employment goals, or the continuation of specified services.

H – CAPITAL ASSETS

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Infrastructure assets acquired prior to December 31, 1980 are included. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include infrastructure (e.g. roads, bridges, water/sewer, and lighting systems), land, buildings, improvements, and equipment. The City defines capital assets as assets with an individual cost of more than \$5,000; or \$35,000 per group of assets by year for bike paths, street signage, street lighting and traffic signals; and \$100,000 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, 2008

(Dollar Amounts Expressed in Thousands)

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

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

J – INTERFUND TRANSACTIONS

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

K - PROPERTIES HELD FOR RESALE - ENTERPRISE FUNDS

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

L - DEBT SERVICE AND REQUIREMENTS

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

M - ESTIMATES

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N – RESTATEMENT OF NET ASSETS

1. Prior Period Adjustment to Recognize State-Aid Highway Allotment as Revenue.

Net assets in the governmental activities have been increased by \$ 15,230 to recognize the revenues related to the City’s allotment of Minnesota highway user tax.

| | <u>Amount</u> |
|---|-------------------|
| Balance January 1, 2008 | \$ 432,368 |
| Prior period adjustment for State-Aid revenue | <u>15,230</u> |
| Balance, January 1, 2008 as restated | <u>\$ 447,598</u> |

2. Prior Period Adjustment to Recognize sale of land in prior year.

Net assets in the Municipal Parking Enterprise fund have been increased to reflect the sale of land.

| | <u>Amount</u> |
|--|-------------------|
| Balance January 1, 2008 | \$ 125,688 |
| Prior period adjustment for gain on sale of land | <u>505</u> |
| Balance, January 1, 2008 as restated | <u>\$ 126,193</u> |

3. Prior Period Adjustment of the Business-type activities Net Assets Balance in the Statement of Activities.

Net assets were increased to reflect the sale of land in the Municipal Parking Enterprise fund.

| | <u>Amount</u> |
|---------------------------------------|-------------------|
| Balance January 1, 2008 | \$ 645,495 |
| Prior period adjustment for land sale | <u>505</u> |
| Balance, January 1, 2008 as restated | <u>\$ 646,000</u> |

O – CHANGE IN REPORTING ENTITY

Effective January 1, 2008, the Library Board is no longer a discretely presented component unit of the City. The Minneapolis Public Library was merged into the Hennepin County Library system, resulting in the elimination of the Minneapolis Public Library Board.

The following is the effect o the change to beginning net assets in the discretely presented component unit column in the statement of activities:

| | |
|--|-------------------|
| Net Assets – January 1, 2008 as previously reported | \$ 488,579 |
| Adjustment to beginning net assets to remove the Library Board | <u>195,350</u> |
| Net Assets – January 1, 2008, as restated | <u>\$ 293,229</u> |

NOTE 2 - DEPOSITS AND INVESTMENTS

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

| | |
|---------------------------------------|-------------------|
| Deposits, per book | \$ 25,691 |
| Investments | 512,312 |
| Imprest cash held by City | 269 |
| Total | <u>\$ 538,272</u> |
| Primary Government: | |
| Cash and cash equivalents | \$ 440,952 |
| Cash in Agency Funds | 10,120 |
| Deposits with fiscal agents | 444 |
| Fund investments | 25,393 |
| Investment with trustees | 47,889 |
| Total primary government | <u>524,798</u> |
| Discretely Presented Component Units: | |
| Park and Recreation Board: | |
| Cash and cash equivalents | <u>11,879</u> |
| Municipal Building Commission: | |
| Cash and cash equivalents | <u>806</u> |
| Meet Minneapolis | |
| Cash and cash equivalents | <u>789</u> |
| Total | <u>\$ 538,272</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.

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 does not have a specific deposit policy for custodial credit risk. However, the City complies with Minnesota Statutes in establishing authorized collateral for its deposits. At December 31, 2008, the City was not exposed to custodial credit risk.

B. Investments

In accordance with Minnesota Statutes Chapter 118A, and with the City Charter, the City invested in (1) direct, guaranteed or insured obligations of the U.S. Treasury, (2) shares of an investment company (with restrictions), (3) general obligations of government jurisdictions (with restrictions), (4) bankers acceptances, (5) commercial paper, (6) guaranteed investment contracts (with restrictions), and (7) repurchase agreements (with restrictions).

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

NOTE 2 - DEPOSITS AND INVESTMENTS

B. Investments (continued)

Interest Rate Risk

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

The following table presents the City of Minneapolis’ investment balances at December 31, 2008, and information relating to interest rate risks:

| Investment Type | Weighted Average Maturity (Years) | Carrying (Fair) Value |
|------------------------------------|--------------------------------------|--------------------------|
| U.S. Federal Agency obligations | 0.7 | \$ 294,974 |
| U.S. Treasury obligations | 1.1 | 25,586 |
| Municipal bonds | 2.1 | 54,165 |
| Commercial paper | 0.1 | 47,019 |
| Guaranteed investment contracts | 2.4 | 842 |
| Mutual funds | N/A | 11,921 |
| Negotiable certificates of deposit | 1.1 | 1,305 |
| Repurchase agreements | 0.1 | 76,500 |
| Total investments | | \$ 512,312 |
| Deposits , per book | | 25,691 |
| Imprest cash | | 269 |
| Total cash and investments | | \$ 538,272 |

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

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, 2008, the City's investments were rated by Moody's and Standard & Poor's as follows:

| Investment Type | Standard & Poor's | | Moody's | |
|---------------------------------------|-------------------|------------|---------------|------------|
| U.S. Federal agency obligations | AAA | \$ 278,354 | Aaa | \$ 278,294 |
| | Not available | 15,952 | Not available | 15,917 |
| | Not rated | 668 | Not rated | 763 |
| Total U.S. Federal agency obligations | | \$ 294,974 | | \$ 294,974 |
| U.S. Treasury obligations | AAA | \$ 18,426 | Aaa | \$ 18,426 |
| | Not available | 4,133 | Not available | 7,160 |
| | Not rated | 3,027 | Not rated | - |
| Total U.S. Treasury obligations | | \$ 25,586 | | \$ 25,586 |
| Municipal bonds | AAA | \$ 30,263 | Aaa | \$ 4,823 |
| | AA+ | 1,341 | Aa1 | 1,365 |
| | AA | 11,463 | Aa2 | 6,485 |
| | AA- | 2,344 | Aa3 | 13,478 |
| | A+ | 673 | A1 | 2,507 |
| | A | 275 | A2 | 1,400 |
| | BBB+ | 129 | A3 | 790 |
| | Not available | - | BAA1 | 374 |
| | Not rated | 7,677 | Not rated | 22,943 |
| Total municipal bonds | | \$ 54,165 | | \$ 54,165 |
| Commercial Paper | A-1+ | \$ 13,613 | P-1 | \$ 47,019 |
| | A-1 | 33,406 | | |
| Total Commercial paper | | \$ 47,019 | | \$ 47,019 |
| Guaranteed investment contracts | Not rated | \$ 842 | Not rated | \$ 842 |
| Mutual funds | AAA mG | \$ 4,911 | Aaa | \$ 4,911 |
| | Not rated | 7,010 | Not rated | 7,010 |
| Total mutual funds | | \$ 11,921 | | \$ 11,921 |
| Negotiable certificates of deposit | Not rated | \$ 1,305 | Not rated | \$ 1,305 |
| Repurchase agreements | AAA | \$ 76,500 | AAA | \$ 76,500 |
| Total | | \$ 512,312 | | \$ 512,312 |

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 does not have a policy on custodial credit risk.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the City’s investment in a single issuer. It is the City’s policy to diversify its investment portfolio. Assets held shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Portfolio maturities 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.

Investments in any one issuer that represent 5 percent or more of the City’s investments are as follows:

| <u>Issuer</u> | <u>Reported Amount</u> |
|--|------------------------|
| U.S. Federal Agency obligations | |
| Federal National Mortgage Association | \$ 37,028 |
| Federal Home Loan Bank | 70,704 |
| Federal Home Loan Mortgage Corporation | 181,087 |
| U.S. Department of the Treasury | 25,586 |

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For the fiscal year ended December 31, 2008

(Dollar Amounts Expressed in Thousands)

NOTE 3 – RECEIVABLES

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

| | General Fund | CPED | Convention Center | Permanent Improvement | Special Assessment Debt Service | Non-major Governmental Funds | Internal Service Funds | Total Governmental Activities |
|---|------------------|-----------------|-------------------|-----------------------|---------------------------------|------------------------------|------------------------|-------------------------------|
| Governmental Activities | | | | | | | | |
| Accounts | \$ 6,200 | \$ 528 | \$ 6,808 | \$ 4,993 | \$ - | \$ 1,065 | \$ 345 | \$ 19,939 |
| Taxes | 2,590 | 415 | - | 43 | - | 717 | - | 3,765 |
| Special assessments | 891 | - | - | 3,229 | 31,370 | 1,278 | - | 36,768 |
| Intergovernmental | 1,727 | 923 | - | 18,848 | - | 15,230 | 262 | 36,990 |
| Loans | - | 6,037 | - | - | - | 116 | - | 6,153 |
| Loans due from component unit | - | - | 1,208 | - | - | - | - | 1,208 |
| Notes | - | - | - | - | - | - | 6,897 | 6,897 |
| Interest | 407 | 480 | 75 | 132 | 36 | 140 | - | 1,270 |
| Gross receivables | 11,815 | 8,383 | 8,091 | 27,245 | 31,406 | 18,546 | 7,504 | 112,990 |
| Less: Allowance for uncollectibles | (1,057) | - | (480) | (304) | - | (369) | - | (2,210) |
| Total receivables (due within one year) | <u>\$ 10,758</u> | <u>\$ 8,383</u> | <u>\$ 7,611</u> | <u>\$ 26,941</u> | <u>\$ 31,406</u> | <u>\$ 18,177</u> | <u>\$ 7,504</u> | <u>\$ 110,780</u> |

| | | | | | | | | |
|---|------|------|----------|------|------|----------|------|-----------|
| Long-term portion of loans and notes receivable | \$ - | \$ - | \$ 7,872 | \$ - | \$ - | \$ 5,207 | \$ - | \$ 13,079 |
|---|------|------|----------|------|------|----------|------|-----------|

| | Sanitary Sewer | Stormwater | Water Works | Municipal Parking | Solid Waste and Recycling | CPED | Total Business-type Activities |
|---|-----------------|-----------------|-----------------|-------------------|---------------------------|-----------------|--------------------------------|
| Business-type Activities | | | | | | | |
| Accounts | \$ 3,103 | \$ 4,134 | \$ 4,659 | \$ 2,230 | \$ 2,883 | \$ 80 | \$ 17,089 |
| Special assessments | 2 | 308 | 1,077 | 9,786 | 125 | - | 11,298 |
| Intergovernmental | - | 83 | - | - | - | - | 83 |
| Loans | - | - | - | - | - | 465 | 465 |
| Notes | - | - | - | - | - | 735 | 735 |
| Interest | - | - | - | - | - | 113 | 113 |
| Gross receivables | 3,105 | 4,525 | 5,736 | 12,016 | 3,008 | 1,393 | 29,783 |
| Less: Allowance for uncollectibles | - | - | (288) | (19) | - | - | (307) |
| Total receivables (due within one year) | <u>\$ 3,105</u> | <u>\$ 4,525</u> | <u>\$ 5,448</u> | <u>\$ 11,997</u> | <u>\$ 3,008</u> | <u>\$ 1,393</u> | <u>\$ 29,476</u> |

| | | | | | | | |
|---|------|------|------|------|------|----------|----------|
| Long-term portion of loans and notes receivable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,739 | \$ 2,739 |
|---|------|------|------|------|------|----------|----------|

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.

The future payment requirements for these agreements are as follows:

| Scheduled Lease Payments: | Capitalized Lease |
|---------------------------|-------------------|
| 2009 | \$ 594 |
| 2010 | 599 |
| 2011 | 624 |
| 2012 | 642 |
| 2013 | 664 |
| 2014-2018 | 3,688 |

NOTE 3 – RECEIVABLES

Governmental activities: (continued)

| | <u>Capitalized Lease</u> |
|--------------------------------|------------------------------|
| Scheduled Lease Payments: | |
| 2019-2023 | 4,378 |
| 2024-2028 | <u>5,172</u> |
| Subtotal | 16,361 |
| Less: Interest over lease term | <u>(6,359)</u> |
| Total Principal | 10,002 |
| Less: Current Portion | <u>140</u> |
| Noncurrent Portion | <u>\$ 9,862</u> |

Business-type activities:

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

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

The future payment requirements for these agreements are as follows:

| | <u>Capitalized Leases</u> | <u>Notes Receivable</u> |
|--------------------------------|-------------------------------|-----------------------------|
| Scheduled Lease Payments: | | |
| 2009 | \$ 5,782 | \$ 839 |
| 2010 | 5,788 | 840 |
| 2011 | 5,784 | 417 |
| 2012 | 5,635 | - |
| 2013 | 5,479 | - |
| 2014-2018 | 26,378 | - |
| 2019-2023 | 19,482 | - |
| 2024-2028 | 14,977 | - |
| 2029-2033 | 7,816 | - |
| 2034-2035 | <u>3,127</u> | <u>-</u> |
| Subtotal | 100,248 | 2,096 |
| Less: Interest over lease term | <u>(41,437)</u> | <u>(176)</u> |

For the fiscal year ended December 31, 2008

(Dollar Amounts Expressed in Thousands)

NOTE 3 – RECEIVABLES

Business-type activities: (continued)

| | <u>Capitalized Leases</u> | <u>Notes Receivable</u> |
|---|-------------------------------|-----------------------------|
| Total Principal | 58,811 | 1,920 |
| Less: Unexpended construction funds | <u>(189)</u> | <u>-</u> |
| Net Capitalized Leases and Notes receivable | 58,622 | 1,920 |
| Less: Current Portion | <u>(2,455)</u> | <u>(735)</u> |
| Noncurrent Portion | <u>\$ 56,167</u> | <u>\$ 1,185</u> |

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2008 was as follows:

| | <u>Balance January 1, 2008</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance December 31, 2008</u> |
|--|------------------------------------|------------------|--------------------|--------------------------------------|
| Governmental activities | | | | |
| <i>Capital assets, not being depreciated</i> | | | | |
| Land and easements | \$ 111,084 | \$ - | \$ - | \$ 111,084 |
| Construction in progress | <u>272,531</u> | <u>48,180</u> | <u>(21,327)</u> | <u>299,384</u> |
| Total capital assets, not being depreciated | <u>383,615</u> | <u>48,180</u> | <u>(21,327)</u> | <u>410,468</u> |
| <i>Capital assets, being depreciated</i> | | | | |
| Infrastructure | 405,545 | 8,346 | - | 413,891 |
| Structures and improvements | 540,078 | 756 | - | 540,834 |
| Equipment | <u>161,814</u> | <u>33,134</u> | <u>(3,328)</u> | <u>191,620</u> |
| Total capital assets, being depreciated | <u>1,107,437</u> | <u>42,236</u> | <u>(3,328)</u> | <u>1,146,345</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | (301,952) | (11,630) | - | (313,582) |
| Structures and improvements | (140,473) | (10,310) | - | (150,783) |
| Equipment | <u>(101,828)</u> | <u>(15,413)</u> | <u>2,986</u> | <u>(114,255)</u> |
| Total accumulated depreciation | <u>(544,253)</u> | <u>(37,353)</u> | <u>2,986</u> | <u>(578,620)</u> |
| Total capital assets, being depreciated, net | <u>563,184</u> | <u>4,883</u> | <u>(342)</u> | <u>567,725</u> |
| Governmental activities capital assets, net | <u>\$ 946,799</u> | <u>\$ 53,063</u> | <u>\$ (21,669)</u> | <u>\$ 978,193</u> |

For the fiscal year ended December 31, 2008

(Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS (continued)

| | Balance January 1, 2008 | Additions | Retirements | Balance December 31, 2008 |
|--|----------------------------|-----------------|-------------------|------------------------------|
| Business-type Activities | | | | |
| <i>Capital assets, not being depreciated</i> | | | | |
| Land and easements | \$ 127,328 | \$ - | \$ (807) | \$ 126,521 |
| Construction in progress | <u>95,029</u> | <u>27,579</u> | <u>(291)</u> | <u>122,317</u> |
| | | | \$ - | |
| Total capital assets, not being depreciated | <u>222,357</u> | <u>27,579</u> | <u>(1,098)</u> | <u>248,838</u> |
| <i>Capital assets, being depreciated</i> | | | | |
| Infrastructure | 382,547 | - | - | 382,547 |
| Structures and improvements | 614,320 | 393 | (5,758) | 608,955 |
| Equipment | <u>23,057</u> | <u>1,024</u> | <u>(295)</u> | <u>23,786</u> |
| Total capital assets, being depreciated | <u>1,019,924</u> | <u>1,417</u> | <u>(6,053)</u> | <u>1,015,288</u> |
| Less accumulated depreciation for: | | | | |
| Infrastructure | (134,703) | (7,336) | - | (142,039) |
| Structures and improvements | (193,668) | (10,488) | 4,679 | (199,477) |
| Equipment | <u>(17,241)</u> | <u>(1,355)</u> | <u>200</u> | <u>(18,396)</u> |
| Total accumulated depreciation | <u>(345,612)</u> | <u>(19,179)</u> | <u>4,879</u> | <u>(359,912)</u> |
| Total capital assets, being depreciated, net | <u>674,312</u> | <u>(17,762)</u> | <u>(1,174)</u> | <u>655,376</u> |
| Business-type activities capital assets, net | <u>\$ 896,669</u> | <u>\$ 9,817</u> | <u>\$ (2,272)</u> | <u>\$ 904,214</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|---|------------------|
| General government | \$ 188 |
| Public Safety | 1,245 |
| Public Works | 12,307 |
| Health and Welfare | 15 |
| Community Development | 9,374 |
| 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>14,224</u> |
| Total depreciation expense – governmental functions | <u>\$ 37,353</u> |

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

| | |
|--|------------------|
| Sanitary Sewer | \$ 1,220 |
| Stormwater | 3,220 |
| Water Works | 7,139 |
| Municipal Parking | 6,393 |
| Solid Waste and Recycling | 859 |
| Economic Development | <u>48</u> |
| Total depreciation expense – business-type functions | <u>\$ 19,179</u> |

NOTE 4 – CAPITAL ASSETS (continued)

Construction in Progress

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

| | |
|---------------------------------------|------------------|
| Property Services | \$23,924 |
| Convention Center | 2,963 |
| Street Lighting | 9,198 |
| Street Signage | 1,659 |
| Traffic Signals | 15,785 |
| Bicycle Trail | 9,796 |
| Street Construction | 129,279 |
| Bridge Construction | 25,529 |
| Heritage Park | 59,843 |
| Equipment | 337 |
| Business Information Services | <u>21,071</u> |
| Total CIP for Governmental Activities | <u>\$299,384</u> |

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

| | |
|--|------------------|
| Sewers – Sanitary | \$ 7,392 |
| Sewers – Stormwater | 64,584 |
| Water | 47,808 |
| Parking | <u>2,533</u> |
| Total CIP for Business-type Activities | <u>\$122,317</u> |

Capital Project Commitments

For the year 2009, the City of Minneapolis made Capital Project Commitments for the following:

| | |
|-----------------------------------|-----------------|
| Property Services | \$1,650 |
| Sewer Construction | 18,609 |
| Street Construction | 30,270 |
| Bridge Construction | 300 |
| Sidewalk Construction | 2,605 |
| Street Lighting | 1,291 |
| Traffic Signals | 10,802 |
| Bicycle Trails | 150 |
| Non-Departmental | 2,553 |
| Information Technology | 1,500 |
| Water | 27,500 |
| Parking | <u>1,700</u> |
| Total Capital Project Commitments | <u>\$98,930</u> |

NOTE 5 - LONG-TERM DEBT

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

Property Tax Supported General Obligation Bonds

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

For the fiscal year ended December 31, 2008

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (continued)Self-Supporting General Obligation Bonds

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

General Obligation Improvement Bonds

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

Tax Increment General Obligation Bonds

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

Revenue Bonds and Notes

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

Sinking Fund Provisions

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

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

2008 Bond Sales and Refunding Transactions

In 2008, the City of Minneapolis issued bonds & notes totaling \$76,513. Of this amount, \$12,360 was issued to refund existing debt. Below are details of the 2008 debt issuances.

In March 2008, the City issued \$2,770 of General Obligation Tax Increment Bonds (Midtown Exchange), Series 2008 to finance certain public redevelopment costs associated with Midtown Exchange mixed-use redevelopment project. The bonds were used to provide financial assistance to the developer of the rental housing component of the project. The bonds are tax exempt and were issued in fixed rate mode with interest rates ranging from 4.00% to 5.00% and a final maturity date of March 1, 2032.

For the fiscal year ended December 31, 2008

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT2008 Bond Sales and Refunding Transactions (continued)

In March 2008, the City also issued \$12,360 of Taxable General Obligation Tax Increment Refunding Bonds (Laurel Village), Series 2008. The net proceeds of \$12,313 (after deducting \$62 in underwriting fees and receipt of a \$15 reoffering premium) in conjunction with debt service reserve funds of \$2 were used to pay \$53 in cost of issuance fees and \$12,262 to an escrow agent to fund the purchase of government securities to advance refund \$11,880 of principal for the General Obligation Tax Increment Refunding Bonds, Series 2003 (Laurel Village). The \$11,880 of bonds are defeased in-substance and all debt service will be paid by the escrow agent to the call date of March 1, 2010. This refunding was not performed for interest savings but rather to convert a portion of the outstanding debt from tax exempt to taxable mode to be in compliance with IRS regulations. Debt service on the remaining \$7,100 of 2003 Laurel Village bonds will continue to be paid by the City. As a result of reissuing a portion of the outstanding bonds in taxable mode, this refunding resulted in additional aggregate debt service costs of \$2,809 and an economic loss of \$852. The taxable bonds were issued in fixed rate mode and had interest rates ranging from 4.00% to 4.85% and a final maturity date of March 1, 2018.

In May 2008, the City issued \$38,810 of General Obligation Various Purpose Bonds, Series 2008 to support the five-year capital plan. These bonds were issued for a variety of public works infrastructure improvements, park, library, municipal building commission, technology and sewer, water and parking ramp improvements. The 2008 Series, Various Purpose Bonds were issued in fixed rate mode and had interest rates ranging from 4.00% to 5.00% and a final maturity date of December 1, 2015.

In May 2008, the City also issued \$11,605 of General Obligation Library Bonds, Series 2008 to provide resources for improvements to Community Libraries as part of a voter approved referendum in the fall of 2000. With this issuance, the City has completed its commitment of \$110 million for the Central Library and \$30 million for the community library system. The Minneapolis Public Library system was transferred to Hennepin County effective January 1, 2008. As part of the merger agreement, the city is obligated to provide a prescribed level of funding through 2011 for improvements to the previously city owned libraries. The Library bonds were issued in fixed rate mode and had interest rates ranging from 3.00% to 3.50% and a final maturity date of December 1, 2016.

In November 2008, the City issued \$7,725 of General Obligation Improvement Bonds, Series 2008 for construction of various special assessment projects including street reconstruction, renovation and resurfacing, alley improvements, streetscape improvements and areaway removals. The Improvement Bonds were issued in fixed rate mode and had interest rates ranging from 3.25% to 4.75% and a final maturity date of December 1, 2028.

2008 Notes Issued

In December 2006, the City issued a \$13,500 General Obligation Water Revenue Note to the Minnesota Public Facilities Authority as part of a federally-sponsored below market financing program related to the Safe Drinking Water Act. The note subsidy program is being used to finance construction of an ultra-filtration water plant. The subsidized interest rate is 2.60% with a final maturity date of August 20, 2026. During 2008, the City received additional note proceeds of \$3,243 to reimburse project expenses. With principal payments and new draws, this note had an ending balance at December 31, 2008 of \$7,744. At December 31, 2008, the outstanding debt on the four notes in this program was \$68,294. These notes are general obligations of the City.

Discrete Component Unit Debt

Due to current debt issuance policies, the City issues debt on behalf of the Park & Recreation Board, and the Municipal Building Commission. As of December 31, 2008, \$141,295 of the outstanding governmental debt is related to activities of these discretely presented component units and is reported within the debt balances of the primary government. The capital assets purchased with the funds obtained from this debt issuance are held by the respective discrete component units and are reported with their capital assets on the Statement of Net Assets.

For the fiscal year ended December 31, 2008

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (continued)

Long-term liabilities at December 31, 2008 (in thousands) are detailed below.

| | Balance 1/1/2008 | Additions | Retirements | Balance 12/31/2008 | Amounts Due Within One Year |
|---|---------------------|-----------|-------------|-----------------------|-----------------------------------|
| Governmental activities: | | | | | |
| <u>Bonds and Notes</u> | | | | | |
| Property Tax Supported GO Bonds | \$ 248,305 | \$ 28,970 | \$ 29,750 | \$ 247,525 | \$ 17,750 |
| Self Supporting GO Bonds | 242,400 | - | 8,425 | 233,975 | 8,810 |
| GO Improvement Bonds | 44,435 | 8,225 | 5,850 | 46,810 | 6,120 |
| Tax Increment GO Bonds | 166,210 | 15,130 | 25,370 | 155,970 | 10,555 |
| Revenue Bonds | 56,306 | - | 10,659 | 45,647 | 9,667 |
| Revenue Notes | 22,734 | - | 443 | 22,291 | 465 |
| Internal Service Fund Related GO Bonds | 76,035 | 1,560 | 5,930 | 71,665 | 11,220 |
| Total Governmental Bonds and Notes | 856,425 | 53,885 | 86,427 | 823,883 | 64,587 |
| <u>Other Long-term Liabilities</u> | | | | | |
| Operating Lease Payable | 131 | 2 | 51 | 82 | 44 |
| Contracts Payable | 91 | - | 40 | 51 | 43 |
| Unpaid Claims Payable | 33,467 | 9,430 | 11,034 | 31,773 | 1,241 |
| Unamortized Premium (Discount) | 13,352 | 1,596 | 1,722 | 13,226 | - |
| Compensated Absences | 26,025 | 18,533 | 15,231 | 29,327 | 13,515 |
| Other post-employment benefits | 2,213 | 1,985 | - | 4,198 | - |
| Total Other Long-term Liabilities | 75,279 | 31,456 | 28,078 | 78,657 | 14,843 |
| Total Long-term Liabilities Governmental | 931,704 | 85,341 | 114,505 | 902,540 | 79,430 |
| Business-type activities: | | | | | |
| <u>Bonds and Notes</u> | | | | | |
| Stormwater Fund GO Bonds | 33,620 | 3,635 | 8,620 | 28,635 | 7,096 |
| Sanitary Sewer GO Bonds | 6,036 | 5,500 | 1,200 | 10,336 | 1,689 |
| Water Fund GO Bonds | 24,177 | 10,250 | 5,630 | 28,797 | 4,926 |
| Water Fund GO Note | 66,351 | 3,243 | 1,300 | 68,294 | 1,925 |
| Municipal Parking Fund GO Bonds | 238,150 | - | 36,025 | 202,125 | 16,065 |
| CPED Related Non GO Fund | | | | | |
| General Agency Reserve Fund System | 63,695 | - | 2,966 | 60,729 | 3,190 |
| Revenue Notes | 838 | - | 120 | 718 | 127 |
| Total Bonds and Notes | 432,867 | 22,628 | 55,861 | 399,634 | 35,018 |
| <u>Other Long-term Liabilities</u> | | | | | |
| Unamortized Premium (Discount) | (806) | 1,311 | 260 | 245 | - |
| Compensated Absences | 3,195 | 2,433 | 3,200 | 2,428 | 728 |
| Other post-employment benefits | - | 632 | - | 632 | - |
| Total Other Long-term Liabilities | 2,389 | 4,376 | 3,460 | 3,305 | 728 |
| Total Long-term Liabilities Business-type | 435,256 | 27,004 | 59,321 | 402,939 | 35,746 |
| Total Long-term Liabilities | \$1,366,960 | \$112,345 | \$173,826 | \$1,305,479 | \$115,176 |

For the fiscal year ended December 31, 2008

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (continued)

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

Amortization of Outstanding Governmental City Debt

As of December 31, 2008, annual debt service requirements for Governmental activities to maturity (in thousands) are as follows:

| Governmental Activities – Non-Proprietary | | | | | |
|---|----------------|----------------|---------------|--------------|--|
| Year Ending | Bonds | | Notes | | |
| | Principal | Interest | Principal | Interest | |
| Dec 31: | | | | | |
| 2009 | \$ 52,902 | \$ 60,981 | \$ 465 | \$ 576 | |
| 2010 | 41,610 | 32,894 | 537 | 551 | |
| 2011 | 38,585 | 30,985 | 3,072 | 472 | |
| 2012 | 38,600 | 29,172 | 708 | 374 | |
| 2013 | 37,921 | 27,338 | 447 | 338 | |
| 2014 - 2018 | 203,220 | 110,569 | 2,632 | 1,334 | |
| 2019 - 2023 | 192,779 | 56,444 | 3,250 | 682 | |
| 2024 - 2028 | 100,730 | 18,328 | 1,410 | 106 | |
| 2029 - 2032 | 23,580 | 2,102 | 9,770 | 18 | |
| Total | <u>729,927</u> | <u>368,813</u> | <u>22,291</u> | <u>4,451</u> | |

| Year Ending | Internal Service Fund Bonds | | Total Governmental Activity Bonds & Notes | | |
|-------------|-----------------------------|------------------|---|-------------------|--|
| | Principal | Interest | Principal | Interest | |
| Dec 31: | | | | | |
| 2009 | 11,220 | 3,340 | 64,587 | 64,897 | |
| 2010 | 11,205 | 2,825 | 52,582 | 36,270 | |
| 2011 | 11,770 | 2,304 | 53,427 | 32,761 | |
| 2012 | 11,345 | 1,755 | 50,653 | 31,301 | |
| 2013 | 3,010 | 1,224 | 41,378 | 28,900 | |
| 2014 - 2018 | 15,275 | 4,080 | 221,126 | 115,983 | |
| 2019 - 2023 | 7,840 | 769 | 203,870 | 57,895 | |
| 2024 - 2028 | - | - | 102,140 | 18,433 | |
| 2029 - 2032 | - | - | 33,350 | 2,120 | |
| Total | <u>\$ 71,665</u> | <u>\$ 16,297</u> | <u>\$ 823,883</u> | <u>\$ 389,560</u> | |

For the fiscal year ended December 31, 2008

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (continued)

Amortization of Outstanding Business-type City Debt

As of December 31, 2008, annual debt service requirements for Business-type activities to maturity (in thousands) are as follows:

| Year Ending Dec 31: | Bonds | | Notes | | Total | Total |
|------------------------|------------|------------|-----------|-----------|------------|------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2009 | \$ 32,966 | \$ 18,402 | \$ 2,052 | \$ 2,047 | \$ 35,018 | \$ 20,449 |
| 2010 | 31,020 | 16,972 | 2,161 | 1,987 | 33,181 | 18,959 |
| 2011 | 28,906 | 15,626 | 3,419 | 1,923 | 32,325 | 17,549 |
| 2012 | 26,530 | 14,530 | 3,273 | 1,826 | 29,803 | 16,356 |
| 2013 | 21,255 | 13,526 | 3,512 | 1,736 | 24,767 | 15,262 |
| 2014 - 2018 | 76,171 | 47,936 | 23,201 | 7,173 | 99,372 | 55,109 |
| 2019 - 2023 | 43,615 | 26,836 | 29,894 | 3,064 | 73,509 | 30,738 |
| 2024 - 2028 | 46,920 | 13,631 | 1,500 | 78 | 48,420 | 13,709 |
| 2029 - 2033 | 20,385 | 4,304 | - | - | 20,385 | 4,304 |
| 2034 - 2035 | 2,854 | 272 | - | - | 2,854 | 272 |
| Total | \$ 330,622 | \$ 172,035 | \$ 69,012 | \$ 19,834 | \$ 399,634 | \$ 192,707 |

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

As of December 31, 2008, outstanding industrial, commercial, and housing revenue bonds and notes approximated \$2,182 million. The bonds are payable solely from revenues of the respective enterprises and do not constitute an indebtedness of the City. They are not a charge against the City’s general credit or taxing power.

NOTE 7 – PRIOR YEAR DEFEASANCE

In prior years, the City defeased certain general obligation bonds and self supporting revenue bonds by placing the proceeds of the refunding issues with a trustee who maintains special escrow accounts invested in securities of the U.S. Government and its Agencies. The maturities of these investments coincide with the principal and interest payment dates of the refunded bonds and have been certified to be sufficient to pay all principal and interest on the bonds when due as required by applicable laws. Accordingly, the original refunded bonds have been eliminated and the new advance refunding bonds added to the appropriate financial statements. The City remains contingently liable to pay the refunded bonds. The outstanding balance of the extinguished debt as of December 31, 2008 is \$54,570 including \$11,880 for an advance refunding completed in 2008.

NOTE 8 – DEMAND BONDS

General Obligation Demand Bonds

The City has issued General Obligation demand bonds maturing serially through December 1, 2033, in the original issue amounts of \$88,400, \$80,000, \$10,610, \$57,000, \$15,985, \$16,100, \$19,170, \$16,400, \$4,250, \$31,715 and \$3,980. The bonds were issued pursuant to resolutions adopted by the City Council and the proceeds were used to finance a portion of the cost of constructing certain local improvements.

For the fiscal year ended December 31, 2008

(Dollar Amounts Expressed in Thousands)

NOTE 8 – DEMAND BONDSGeneral Obligation Demand Bonds (continued)

The remaining redemption schedule for these bonds is as follows:

| Year | Amount |
|-------|------------|
| 2009 | 7,635 |
| 2010 | 4,475 |
| 2011 | 5,120 |
| 2012 | 3,205 |
| 2013 | 2,925 |
| 2014 | 4,120 |
| 2015 | 21,420 |
| 2016 | 21,825 |
| 2017 | 22,140 |
| 2018 | 22,190 |
| 2019 | 1,590 |
| 2020 | 1,360 |
| 2021 | 1,750 |
| 2022 | 2,095 |
| 2023 | 1,920 |
| 2024 | 1,700 |
| 2025 | 4,675 |
| 2026 | 11,135 |
| 2027 | 11,020 |
| 2028 | 11,790 |
| 2029 | 10,445 |
| 2030 | 9,490 |
| 2031 | 8,335 |
| 2032 | 3,210 |
| 2033 | 3,100 |
| Total | \$ 198,670 |

The bonds are subject to purchase on demand of the holder at a price equal to principal plus accrued interest on delivery to the City's Remarketing agent. The Remarketing agent is authorized to use their best effort to sell the repurchased bonds at a price equal to 100 percent of the principal amount by adjusting the interest rate. These demand bonds are backed by the full faith, credit and taxing power of the City and are included in long-term debt. Under irrevocable Standby Bond Purchase Agreements issued by Dexia Credit Local, acting through its New York branch, the trustee is entitled to draw an amount sufficient to pay the purchase price of bonds delivered to it. The letters of credit are for the original sale amount and are subject to extension with the agreement of the Bank. They carry a rate equal to the Federal Funds rate plus one-half of one percent per annum with respect to amounts advanced. The expiration dates for the Standby Bond Purchase Agreements are October 31, 2012. The City is required to pay Dexia Credit Local an annual commitment fee of 10.50 basis points on the outstanding principal amount of the bonds and on the maximum interest payments of these issues. The Remarketing Agent receives an annual fee of 10 basis points on the outstanding principal amount of bonds held by the public. The City has the option to convert all of the bonds from a variable interest rate to a fixed interest rate by giving written notice to Dexia, the Tender Agent, the Remarketing Agent and the Trustee. The conversion date must be on a business day not less than 15 days from the date of the written notice.

For the fiscal year ended December 31, 2008

(Dollar Amounts Expressed in Thousands)

NOTE 9 – LEASES

Operating Leases

The City of Minneapolis leases office space, equipment and right of ways for its operations. The lease for office space expires in the year 2016 and the office space lease payments were \$1,174 in 2008.

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

| Year ending December 31 | Government | | Business Type | |
|------------------------------|---------------|--------------|---------------|----------|
| | Activity | | Activity | |
| | <u>Amount</u> | | <u>Amount</u> | |
| 2009 | \$ | 649 | \$ | - |
| 2010 | | 580 | | - |
| 2011 | | 643 | | - |
| 2012 | | 789 | | - |
| 2013 | | 776 | | - |
| 2014– 2018 | | <u>2,076</u> | | <u>-</u> |
| Total minimum lease payments | \$ | <u>5,513</u> | \$ | <u>-</u> |

Operating leases with scheduled rent increases

The City leases office space for various operations. The leases contain scheduled rent increases with terms varying from two to seventeen years. The operating lease transactions are measured on a straight-line basis over the lease term per GASB Statement No. 13-Accounting for Operating Leases with Scheduled Rent Increases. Application of the straight-line basis to the total lease expenditures of \$2,673 over the lease terms results in a total annual lease amount of \$364.

For 2008 the amount of lease expenditures is as follows:

| | <u>Amount</u> |
|---------------------|---------------|
| Operating leases | \$ 409 |
| Straight Line Basis | <u>(45)</u> |
| Total expenditures | <u>\$ 364</u> |

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

| Year | Government | | Business Type | |
|------------------------------|---------------|------------|---------------|------------|
| | Activities | | Activities | |
| | <u>Amount</u> | | <u>Amount</u> | |
| 2009 | \$ | 312 | \$ | 71 |
| 2010 | | 36 | | 71 |
| 2011 | | 27 | | 72 |
| 2012 | | - | | 73 |
| 2013 | | - | | 73 |
| 2014-2018 | | - | | 379 |
| 2019 | | - | | 79 |
| Total minimum lease payments | \$ | <u>375</u> | \$ | <u>818</u> |

NOTE 10 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables

The composition of interfund balances as of December 31, 2008 are as follows:

Due to/from other funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|-----------------------------------|------------------------------|------------------|
| Permanent Improvement Fund | Non major Governmental Funds | \$ 188 |
| | | |
| CPED Special Revenue Fund | CPED Enterprise Fund | 700 |
| | Non major Governmental Funds | 61 |
| | | |
| Non major Governmental Funds | General Fund | 25 |
| | Non major Governmental Funds | 4,507 |
| | | |
| Internal Service Funds | Permanent Improvement Fund | 1,018 |
| | Internal Service Funds | 2,480 |
| | | |
| Sanitary Sewer Enterprise Fund | Permanent Improvement Fund | 5,065 |
| Stormwater Enterprise Fund | | 11,924 |
| Water Works Enterprise Fund | | 8,119 |
| Municipal Parking Enterprise Fund | | 333 |
| | | |
| | Total | <u>\$ 34,420</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> |
|--|---|------------------|
| Community Development Agency Special Revenue Fund | Community Development Agency Enterprise Fund | \$ 10 |
| | | |
| Convention Center General Fund | Internal Service Internal Service | 9,250 864 |
| | Total | <u>\$ 10,124</u> |

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

NOTE 10 – INTERFUND TRANSACTIONS (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:

| <u>Fund Transferred To</u> | <u>Fund Transferred From</u> | <u>Total Transfers In</u> |
|-------------------------------------|------------------------------|---------------------------|
| Governmental Funds: | | |
| General Fund | Convention Center | \$ 8,366 |
| | Non-Major Governmental Funds | 1,480 |
| | Municipal Parking | 8,618 |
| | Solid Waste & Recycling | 700 |
| | | <u>19,164</u> |
| CPED Special Revenue Fund | Non-Major Governmental Funds | 177 |
| | General Fund | 16 |
| | Municipal Parking | 2,773 |
| | CPED Enterprise Fund | 4,010 |
| | | <u>6,976</u> |
| Convention Center | Non-Major Governmental Funds | 1,000 |
| | | <u>1,000</u> |
| Permanent Improvement Fund | Convention Center | 750 |
| | CPED Special Revenue Fund | 927 |
| | Non-Major Governmental Funds | 100 |
| | | <u>1,777</u> |
| Special Assesment Debt Service Fund | CPED Special Revenue Fund | 175 |
| | Permanent Improvement Fund | 74 |
| | | <u>249</u> |
| Non-Major Governmental Funds | General Fund | 10,722 |
| | Convention Center | 19,043 |
| | CPED Special Revenue Fund | 61,810 |
| | Permanent Improvement Fund | 2,900 |
| | Non-Major Governmental Funds | 3,697 |
| | Internal Service Funds | 1,052 |
| | Sanitary Sewer | 629 |
| | Stormwater | 513 |
| | Water Works | 1,649 |
| | Municipal Parking | 2,345 |
| | Solid Waste & Recycling | 109 |
| | | <u>104,469</u> |
| Total Governmental Funds | | \$ <u>133,635</u> |

NOTE 10 – INTERFUND TRANSACTIONS

Transfers (continued)

| <u>Fund Transferred To</u> | <u>Fund Transferred From</u> | <u>Total Transfers In</u> |
|-------------------------------------|---|---------------------------|
| Proprietary Funds: | | |
| Business Type Activities | | |
| Stormwater | Non-Major Governmental Funds | \$ 1,147 1,147 |
| Municipal Parking | CPED Special Revenue Fund | 7,387 |
| | Convention Center | 9,832 17,219 |
| Solid Waste & Recycling | General Fund | 200 |
| | Municipal Parking | 146 346 |
| | Total Business Type Activities | \$ 18,712 |
| Governmental Type Activities | | |
| Internal Service Funds | General Fund | 20,964 |
| | Non-Major Governmental Funds | 1,289 |
| | Total Governmental Type Activities | \$ 22,253 |

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

NOTE 11 – NET ASSETS/FUND BALANCES

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

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

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

As of December 31, 2008, reservations of fund balance are described below:

Reservations

- Loans and Advances – to reflect the amount due from other funds that are long-term in nature. Such amounts do not represent available spendable resources.
- Land held for development – a segregation of fund balance to indicate that land held for development does not represent available spendable resources.

NOTE 11 – NET ASSETS/FUND BALANCES

Reservations (continued)

- Specific development projects – to indicate that a portion of fund balance is reserved for specific development projects that are restricted by state law.
- Encumbrances – to reflect the outstanding contractual obligations for which goods and services have not been received.
- Prepaid items – to reflect the portion of assets, which do not represent available spendable resources.
- Pension Liability – to reflect that a portion of fund balance is reserved for pension liabilities.
- Street/Highway Projects – to reflect the portion of fund balance reserved for projects to be funded with Minnesota highway user tax.

NOTE 12 – RESTRICTED NET ASSETS – GOVERNMENTAL ACTIVITIES

Certain net assets are classified on the statement of net assets as restricted because their use is limited. The Governmental activities report restricted net assets for amounts that are not available for operations or are legally restricted by outside parties for use for a specific purpose. As of December 31, 2008 the Governmental activities restricted net assets are as follows:

| | |
|--------------|------------------|
| Debt service | \$ <u>59,629</u> |
|--------------|------------------|

NOTE 13 – RESTRICTED NET ASSETS – BUSINESS-TYPE ACTIVITIES

Certain net assets are classified on the balance sheet as restricted because their use is limited. The Business-type activities report restricted net assets for amounts that are not available for operations or are legally restricted by outside parties for use for a specific purpose. As of December 31, 2008, the Business-type restricted net assets are as follows:

| | |
|--------------|------------------|
| Debt service | \$ <u>34,456</u> |
|--------------|------------------|

NOTE 14 - DEFICIT NET ASSETS

The following funds had deficit net assets as of December 31, 2008:

| | |
|-------------------------|--------------------|
| Internal Service Funds: | |
| Self Insurance | \$ <u>(15,493)</u> |

The City intends to fund the actuarially determined liability in the Self Insurance Internal Service Fund by maintaining a cash reserve equal to the claims liability. In 2003, the City adopted a long-range financial plan to increase the cash reserve and achieve a positive net asset balance. For fiscal year 2008, the cash reserve of \$16,347 is increased by \$7,345 from the 2007 balance of \$9,002. The 2008 net assets in the Self-Insurance Fund increased \$10,878 from the 2007 balance of (\$26,371).

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

Plan Description

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

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

Plan Description (continued)

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

The PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by State Statute and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. For a Coordinated Plan member, the annuity accrual rate is 1.2 percent of average salary for each of the first ten years and 1.7 percent for each remaining year. Using Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For the Public Employees Police and Fire Fund members, the annuity accrual rate is 3 percent for each year of service.

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

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

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

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. Public Employees Retirement Fund Coordinated Plan members were required to contribute 6.00 percent of their annual covered salary in 2008. Contribution rates in the Coordinated Plan increased in 2009 to 6.75 percent. Public Employees Police and Fire Fund members were required to contribute 8.60 percent of their annual covered salary in 2008. That rate increased to 9.40 percent in 2009.

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

| | | |
|---------------------------------------|-------------|-------------|
| Public Employees Retirement Fund | <u>2008</u> | <u>2009</u> |
| Coordinated Plan members | 6.50 % | 6.75 % |
| Public Employees Police and Fire Fund | 12.90 % | 14.10 % |

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

Plan Description (continued)

The City contributions for the years ending December 31, 2006, 2007, and 2008 for the Public Employees Retirement Fund and the Public Employees Police and Fire Fund were:

| | <u>PERF</u> | <u>PEPFF</u> |
|------|-------------|--------------|
| 2006 | \$7,328 | \$8,740 |
| 2007 | \$8,041 | \$10,030 |
| 2008 | \$8,781 | \$12,243 |

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

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

Plan Description

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

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

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

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

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

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

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

Plan Description (continued)

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

Funding Policy

Minnesota Statutes Chapter 422A sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. Employees contribute 9.25% of salary into the Deposit Accumulation Reserve and .50% of salary (subject to annual adjustment) into the Survivor Benefits Reserve. Employers, including the City contribute any excess of normal cost contributions of 9.72% of salary. The unfunded actuarial liability is funded partially by payments each year of 2.68% of salary plus \$3,900 from all employers. MERF has a target date of June 30, 2020 to fully amortize the unfunded liability. The City levies taxes to finance the employer’s share of pension costs for the General Fund.

The City’s contributions for the years ended June 30, 2006, 2007, and 2008 for the MERF were:

| | |
|------|----------|
| 2006 | \$13,375 |
| 2007 | \$3,259 |
| 2008 | \$5,824 |

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

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

Plan Description

Firefighters and police officers hired prior to June 15, 1980, are members of their respective relief associations. Each Association is the administrator of a single-employer defined benefit pension plan. The Minneapolis Firefighter’s Relief Association (MFRA) was established November 24, 1886. It operates under the provisions its bylaws and Minnesota State Law. The Minneapolis Police Relief Association (MPRA) was established on August 23, 1905, and it operates under the provisions of Minnesota Statutes, sections 423B.01-.18 and 69.80. Each member who is at least 50 years of age and has five years of service with the Minneapolis Fire Department or the Minneapolis Police Department is eligible to receive a service pension, monthly, for the remainder of the member's life. All benefits are based on a plan of a number of units. A unit is 1/80th of the maximum current monthly salary of a first grade firefighter (MFRA) or a first grade patrol officer (MPRA). Pensions are based on current Minneapolis Fire Department payroll or Minneapolis Police Department payroll and are fully escalated for all persons receiving a pension benefit. Each vested MFRA member also receives a lump sum amount, at the time of separation, from the MFRA’s General Fund based on the number of years the member has belonged to the MFRA.

A member is entitled to disability benefits in conformity with the provisions applicable to the association and the circumstances of the disability, not to exceed 41 units (MFRA) or 34 units (MPRA). Death benefits for a beneficiary or surviving spouse are also available.

The MFRA issues a publicly available financial report that includes financial statements and required supplementary information for the MFRA. The most recent report, dated December 31, 2007 may be obtained by writing to the Minneapolis Firefighter’s Relief Association at 2021 East Hennepin Avenue, Suite 360, Minneapolis, Minnesota 55413. The MPRA issues a publicly available financial report that includes financial statements and required supplementary information for the MPRA. The most recent report, dated December 31, 2007, may be obtained by writing to the Minneapolis Police Relief Association, 10 - Second Street Northeast, Suite 103, Minneapolis, Minnesota, 55413.

For the fiscal year ended December 31, 2008

(Dollar Amounts Expressed in Thousands)

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

Plan Description (continued)

Funding Policy

Authority for contributions to the MFRA and the MPRA pension plans is established by Minnesota Statutes, section 69.77 and may be amended only by the Minnesota State Legislature. The MFRA and the MPRA funding policies provide for contributions from the City, the State of Minnesota, and active plan members. City contributions are actuarially determined and requires full funding of the MFRA's accrued liability with a 15-year amortization of any unfunded liabilities and full funding of the MPRA's accrued liability by the year 2020. The City contributed \$4,290 to MFRA and \$6,814 to MPRA for the fiscal year ended December 31, 2007. Employees under these plans contribute annually an amount equal to eight percent of the maximum first grade firefighter's salary or eight percent of the maximum top grade patrol officer's salary from which pension benefits are determined. The State of Minnesota annually contributes two percent fire premium insurance aid and the amortization state aid to the MFRA and two percent peace officers' state aid to the MPRA.

The City's annual pension cost for the fiscal year ended December 31, 2007, and related information for each plan is as follows:

| | <u>MFRA</u> | <u>MPRA</u> |
|-------------------------------|--|--|
| Annual pension cost | \$ 2,150 | \$ 27,890 |
| Contributions made | \$ 4,290 | \$ 6,814 |
| Actuarial valuation date | 12/31/2007 | 12/31/2007 |
| Actuarial cost method | Entry Age Normal Cost | Entry Age Normal Cost |
| Amortization method | Level Percentage of Payroll | Level Percentage of Payroll |
| Remaining amortization period | 14 years, closed | 14 years, closed |
| Asset valuation method | Book value plus the average unrealized gain for the last three years minus excess investment income as defined by state law. | Book value plus the average unrealized gain for the last three years minus excess investment income as defined by state law. |
| Actuarial assumptions: | | |
| Investment rate of return | 6% per annum | 6% per annum |
| Projected salary increases: | 4% per annum | 4% per annum |
| Inflation | NA | NA |
| Cost-of-living adjustments | NA | NA |

Three-Year Trend Information:

| | <u>Year</u> | <u>Annual</u> | <u>Percentage</u> | <u>Net</u> |
|------|---------------|-------------------|------------------------|-------------------|
| | <u>Ending</u> | <u>Pension</u> | <u>of APC</u> | <u>Pension</u> |
| | | <u>Cost (APC)</u> | <u>Contributed (%)</u> | <u>Obligation</u> |
| MFRA | 2005 | \$ 6,651 | 100 | - |
| | 2006 | \$ 2,570 | 100 | - |
| | 2007 | \$ 4,290 | 100 | - |
| MPRA | 2005 | \$ 31,550 | 100 | - |
| | 2006 | \$ 10,952 | 100 | - |
| | 2007 | \$ 6,814 | 100 | - |

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

For the fiscal year ended December 31, 2008

(Dollar Amounts Expressed in Thousands)

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

Plan Description (continued)

Schedules of Funding Progress:

MFRA:

| Actuarial Valuation Date | Actuarial Value of Plan Assets (a) | Actuarial Liability (AAL) --Entry Age (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (%) (a/b) | Annual Covered Payroll (Previous Fiscal Year) (c) | UAAL as a Percentage of Covered Payroll (%) ((b - a)/c) |
|--------------------------|------------------------------------|---|-----------------------------|------------------------|---|---|
| 2005 | \$ 269,426 | \$ 312,563 | \$ 43,137 | 86.2 | \$ 2,933 | 1470.7 |
| 2006 | \$ 263,276 | \$ 300,926 | \$ 37,650 | 87.5 | \$ 2,489 | 1512.7 |
| 2007 | \$ 270,096 | \$ 291,078 | \$ 20,982 | 92.8 | \$ 2,236 | 938.4 |

MPRA:

| Actuarial Valuation Date | Actuarial Value of Plan Assets (a) | Actuarial Liability (AAL) --Entry Age (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (%) (a/b) | Annual Covered Payroll (Previous Fiscal Year) (c) | UAAL as a Percentage of Covered Payroll (%) ((b - a)/c) |
|--------------------------|------------------------------------|---|-----------------------------|------------------------|---|---|
| 2005 | \$ 359,032 | \$ 464,222 | \$ 105,190 | 77.3 | \$ 1,403 | 7497.5 |
| 2006 | \$ 377,013 | \$ 439,992 | \$ 62,979 | 85.7 | \$ 1,236 | 5095.4 |
| 2007 | \$ 376,466 | \$ 428,281 | \$ 51,815 | 87.9 | \$ 1,186 | 4368.9 |

NOTE 18 - DEFINED CONTRIBUTION PLAN – CPED

Plan Description

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

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

The payroll for employees covered by the CPED's defined contribution plan for the year ended December 31, 2008, was \$2,315 and the CPED's total payroll was \$8,403.

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 \$128 and \$118 respectively to the plan during the year, which amounts represented 5.53% and 5.1% respectively of the covered payroll.

NOTE 19 – POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description

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

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 2008, the City contributed \$3,411 to the plan. As of January 1, 2008, there were approximately 1,089 retirees receiving health benefits from the City’s health plan.

Annual OPEB Cost and Net OPEB Obligation

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

| | |
|---|----------------------------|
| Annual required contribution | \$ 6,028 |
| Interest on net OPEB obligation | - |
| Adjustment to annual required contribution | - |
| Annual OPEB cost (expense) | <u>6,028</u> |
| Contributions made | <u>3,411</u> |
| Increase in net OPEB obligation | 2,617 |
| Net OPEB obligation – beginning of year | <u>2,213</u> |
| Net OPEB obligation – end of year | <u><u>\$ 4,830</u></u> |

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

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

For the fiscal year ended December 31, 2008

(Dollar Amounts Expressed in Thousands)

NOTE 19 – POSTEMPLOYMENT HEALTHCARE PLAN (continued)**Funded Status and Funding Progress**

As of January 1, 2007, the most recent actuarial valuation date, the City had no assets deposited to fund the plan. The actuarial accrued liability for benefits was \$61,198 and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$61,198. The covered payroll (annual payroll of active employees covered by the plan) was \$383,114, and the ratio of the UAAL to the covered payroll was 16.0 %.

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

Actuarial Methods and Assumptions

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

In the January 1, 2007, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.0% discount rate, which is based on the investment yield expected to finance benefits depending on whether the plan is funded in a separate trust (about 7% to 8.5%, long-term, similar to a pension plan) or unfunded (3.5% to 5%, shorter term, based on City's general assets). The City currently does not plan to prefund for this benefit. At the actuarial valuation date, the annual healthcare cost trend rate was calculated to be 11% initially, reduced incrementally to an ultimate rate of 5% after ten years. As of January 1, 2008 it was 10.5%. Both rates included a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The original amortization period was 30 years, as of January 1, 2008, 29 years remain.

NOTE 20 - VACATION, SEVERANCE, SICK AND COMPENSATORY TIME PAY

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

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

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

NOTE 21 - RISK MANAGEMENT & CLAIMS

The City is self insured and exposed to a variety of risks related to liability claims; theft of, damage to, and destruction of assets, bodily injuries, and accidents. The City is self-insured for workers' compensation, general liability, and re-employment. Claims under \$25,000 and unrepresented are handled by Risk Management & Claims. Claims represented and over \$25,000 are handled by the City Attorneys' Office. The workers' compensation program includes the BET and all City departments. The Park Board and MBC maintained their own workers' compensation programs. The City, CPED, and the BET are self-insured for general liability. The MBC and the Park Board maintain their separate liability programs. The City, including all discrete and blended component units of government, also maintains a self-funded dental plan for covered employees. The claims liability of \$31.8 million is reported in the Self-Insurance Internal Service Fund at December 31, 2008, 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.

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 Preferred coverage of up to \$1,000 or Delta Premier coverage of up to \$750 per person annually. Based on an actuarial review of the dental plan, it has been determined that the premium rates are sufficient.

Changes in the claims liabilities during fiscal 2007 and 2008 are:

| | <u>2007</u> | <u>2008</u> |
|--|------------------|------------------|
| Liability balance – January 1 | \$ 32,246 | \$ 33,467 |
| Current year claims and changes in estimates | 12,243 | 9,340 |
| Claim payments | <u>(11,022)</u> | <u>(11,034)</u> |
| Liability balance – December 31 | <u>\$ 33,467</u> | <u>\$ 31,773</u> |

NOTE 22 – CLEANUP OF HAZARDOUS MATERIALS

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

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

NOTE 23– OTHER COMMITMENTS AND CONTINGENCIES

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

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

The City is a defendant in various cases that allege injuries and wrongful death, as a result of police misconduct.

NOTE 23– OTHER COMMITMENTS AND CONTINGENCIES (continued)

The City is a defendant in cases that allege property damages from sewer repair work and bridge replacement.

The City is also a defendant in a case that alleges “violation of constitutional rights” of the plaintiff.

A notice of claim has been filed against the city by one of the major corporations arising from damage to property caused by water infiltration due to a water main break.

The City is a defendant in a case alleging discrimination based upon religious beliefs, and for breach of contract

NOTE 24 – SUBSEQUENT EVENTS

The City has issued the following Bonds since December 31, 2008

In May 2009, the City issued \$85,370 of General Obligation Various Purpose Bonds, Series 2009 to support the five-year capital plan. These bonds were issued for a variety of public works infrastructure improvements, park,, municipal building commission, diseased tree, technology, sanitary and storm sewer and water improvements. The 2009 Series, Various Purpose Bonds were issued in fixed rate mode and had interest rates ranging from 2.00% to 4.00% and a final maturity date of December 1, 2025.

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | 2008 | | | | |
|---|------------------|------------------|------------------|-------------------|------------------|
| | Budgeted Amounts | | Actual | Variance | 2007 |
| | Original | Final | | | Actual |
| REVENUES: | | | | | |
| Taxes | \$ 179,344 | \$ 175,329 | \$ 181,392 | \$ 6,063 | \$ 150,886 |
| Licenses and permits | 26,449 | 26,894 | 25,922 | (972) | 25,202 |
| Intergovernmental revenues | 83,445 | 87,461 | 75,605 | (11,856) | 84,026 |
| Charges for services and sales | 36,124 | 37,872 | 38,339 | 467 | 35,902 |
| Fines and forfeits | 11,358 | 11,358 | 8,670 | (2,688) | 8,488 |
| Special assessments | 1,753 | 3,253 | 4,869 | 1,616 | 4,423 |
| Interest | 1,203 | 1,203 | 4,082 | 2,879 | 2,780 |
| Miscellaneous revenues | 1,435 | 1,495 | 1,011 | (484) | 1,066 |
| Total revenues | <u>341,111</u> | <u>344,865</u> | <u>339,890</u> | <u>(4,975)</u> | <u>312,773</u> |
| CURRENT EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government: | | | | | |
| Mayor | 1,374 | 1,404 | 1,349 | 55 | 1,280 |
| Council & Clerk | 5,481 | 5,684 | 5,009 | 675 | 5,121 |
| Assessor | 3,766 | 3,777 | 3,692 | 85 | 3,519 |
| Attorney | 7,095 | 7,199 | 7,177 | 22 | 6,056 |
| Civil rights | 2,492 | 2,937 | 2,509 | 428 | 2,287 |
| Clerk-Elections and registration | 1,341 | 1,342 | 1,281 | 61 | 788 |
| Coordinator | 1,379 | 1,606 | 1,558 | 48 | 1,446 |
| Coordinator-Communications | 2,683 | 2,492 | 2,338 | 154 | 2,261 |
| Coordinator-Finance | 18,720 | 18,757 | 18,752 | 5 | 17,541 |
| Coordinator-Grants and special projects | - | - | - | - | 201 |
| Coordinator-Human resources | 6,071 | 6,145 | 5,719 | 426 | 5,947 |
| Coordinator-Intergovernmental relations | 1,470 | 1,474 | 1,211 | 263 | 868 |
| Contingency | 2,733 | 648 | 1,623 | (975) | 570 |
| Miscellaneous | - | - | - | - | 163 |
| Total general government | <u>54,605</u> | <u>53,465</u> | <u>52,218</u> | <u>1,247</u> | <u>48,048</u> |
| Public safety: | | | | | |
| Coordinator-Regulatory services | 23,022 | 24,345 | 24,345 | - | 23,912 |
| Corrections | - | - | - | - | 775 |
| Emergency communications | 9,953 | 10,169 | 10,040 | 129 | 9,226 |
| Fire | 50,348 | 50,517 | 51,517 | (1,000) | 48,471 |
| Police | 121,248 | 123,157 | 122,734 | 423 | 116,268 |
| Total public safety | <u>204,571</u> | <u>208,188</u> | <u>208,636</u> | <u>(448)</u> | <u>198,652</u> |
| Public works: | | | | | |
| Administration | 2,901 | 2,902 | 2,712 | 190 | 2,869 |
| Engineering design | 1,080 | 1,653 | 1,331 | 322 | 1,058 |
| Field services | 23,956 | 26,437 | 26,417 | 20 | 25,218 |
| Surface water and sewers | 569 | - | - | - | - |
| Transportation and special projects | 11,499 | 11,508 | 11,828 | (320) | 11,424 |
| Solid waste | 150 | 150 | - | 150 | - |
| Property services | 25 | 25 | - | 25 | - |
| Total public works | <u>40,180</u> | <u>42,675</u> | <u>42,288</u> | <u>387</u> | <u>40,569</u> |
| Culture and recreation - Library | <u>22,100</u> | <u>22,100</u> | <u>22,009</u> | <u>91</u> | <u>1,205</u> |
| Health and welfare - Health and family support | <u>4,081</u> | <u>4,083</u> | <u>4,083</u> | <u>-</u> | <u>4,047</u> |
| Community & economic development | <u>3,474</u> | <u>3,491</u> | <u>3,475</u> | <u>16</u> | <u>3,642</u> |
| Total expenditures | <u>329,011</u> | <u>334,002</u> | <u>332,709</u> | <u>1,293</u> | <u>296,163</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>12,100</u> | <u>10,863</u> | <u>7,181</u> | <u>(3,682)</u> | <u>16,610</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers from other funds | 19,636 | 19,636 | 19,164 | (472) | 12,736 |
| Transfers to other funds | (31,736) | (31,736) | (31,902) | (166) | (29,213) |
| Total other financing sources (uses) | <u>(12,100)</u> | <u>(12,100)</u> | <u>(12,738)</u> | <u>(638)</u> | <u>(16,477)</u> |
| Net change in fund balance | - | (1,237) | (5,557) | (4,320) | 133 |
| Fund balance - January 1 | <u>55,245</u> | <u>55,245</u> | <u>55,245</u> | <u>-</u> | <u>55,112</u> |
| Fund balance - December 31 | <u>\$ 55,245</u> | <u>\$ 54,008</u> | <u>\$ 49,688</u> | <u>\$ (4,320)</u> | <u>\$ 55,245</u> |

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

COMMUNITY PLANNING AND ECONOMIC DEVELOPMENT CITY OF MINNEAPOLIS, MINNESOTA
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2008 **(In Thousands)**

| | 2008 | | | | 2007 Actual |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Budgeted Amounts | | Actual | Variance | |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Taxes: | | | | | |
| General property tax | \$ - | \$ - | \$ - | \$ - | \$ 226 |
| Property tax increment | 80,265 | 83,035 | 82,149 | (886) | 77,109 |
| Total taxes | 80,265 | 83,035 | 82,149 | (886) | 77,335 |
| Intergovernmental revenues: | | | | | |
| Federal grantor agencies | - | - | - | - | 8 |
| State grants and shared revenues | - | - | 587 | 587 | 768 |
| County grants | - | - | 20 | 20 | 385 |
| Other local grants | - | - | 323 | 323 | 588 |
| Total intergovernmental revenues | - | - | 930 | 930 | 1,749 |
| Charges for services and sales | 2,332 | 2,332 | 6,384 | 4,052 | 8,840 |
| Interest | 87 | 87 | 4,605 | 4,518 | 8,975 |
| Miscellaneous revenues: | | | | | |
| Rents and commissions | 5,141 | 5,141 | 4,937 | (204) | 4,564 |
| Sale of land | 10,222 | 11,132 | 1,469 | (9,663) | 1,055 |
| Loan recapture | 3,525 | 3,525 | 3,297 | (228) | 4,289 |
| Other | 2,425 | 2,445 | 933 | (1,512) | 822 |
| Total miscellaneous revenues | 21,313 | 22,243 | 10,636 | (11,607) | 10,730 |
| Total revenues | 103,997 | 107,697 | 104,704 | (2,993) | 107,629 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Community & economic development | 43,975 | 146,675 | 45,929 | 100,746 | 50,945 |
| Capital Outlay | - | - | 756 | (756) | - |
| Debt Service: | | | | | |
| Bond issuance costs | - | - | 87 | (87) | - |
| Total expenditures | 43,975 | 146,675 | 46,772 | 99,903 | 50,945 |
| Excess (deficiency) of revenues over (under) expenditures | 60,022 | (38,978) | 57,932 | 96,910 | 56,684 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers from other funds | 3,596 | 4,028 | 6,976 | 2,948 | 11,151 |
| Transfers to other funds | (69,330) | (69,579) | (70,299) | (720) | (67,709) |
| Bonds issued | - | - | 2,770 | 2,770 | - |
| Premium | - | - | 22 | 22 | - |
| Refunding bonds issued | - | - | 12,360 | 12,360 | - |
| Payments to escrow agents | - | - | (12,262) | (12,262) | - |
| Total other financing sources (uses) | (65,734) | (65,551) | (60,433) | 5,118 | (56,558) |
| Net change in fund balance | (5,712) | (104,529) | (2,501) | 102,028 | 126 |
| Fund balance - January 1 | 224,664 | 224,664 | 224,664 | - | 224,538 |
| Fund balance - December 31 | \$ 218,952 | \$ 120,135 | \$ 222,163 | \$ 102,028 | \$ 224,664 |

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, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | 2008 | | | | | 2007 Actual |
|--|------------------------|------------------|------------------|------------------|--|------------------------|
| | Budgeted Amount | | Actual | Variance | | |
| | Original | Final | | | | |
| REVENUES: | | | | | | |
| Taxes: | | | | | | |
| Sales and use tax | \$ 29,103 | \$ 29,103 | \$ 29,502 | \$ 399 | | \$ 29,535 |
| Entertainment tax | 9,664 | 9,664 | 9,631 | (33) | | 9,880 |
| Food tax | 9,811 | 9,811 | 10,789 | 978 | | 10,319 |
| Liquor tax | 3,826 | 3,826 | 3,939 | 113 | | 3,757 |
| Lodging tax | 5,460 | 5,460 | 6,619 | 1,159 | | 6,574 |
| Total taxes | 57,864 | 57,864 | 60,480 | 2,616 | | 60,065 |
| Charges for services and sales | 6,180 | 6,215 | 6,062 | (153) | | 5,251 |
| Interest | 1,704 | 1,204 | 2,114 | 910 | | 1,544 |
| Miscellaneous revenues: | | | | | | |
| Rents and commissions | 6,689 | 6,689 | 6,705 | 16 | | 6,509 |
| Private contributions | - | 510 | 510 | - | | 392 |
| Privileges | 2,700 | 2,700 | 2,801 | 101 | | 2,555 |
| Other | 14 | 14 | 8 | (6) | | 27 |
| Total miscellaneous revenues | 9,403 | 9,913 | 10,024 | 111 | | 9,483 |
| Total revenues | 75,151 | 75,196 | 78,680 | 3,484 | | 76,343 |
| CURRENT EXPENDITURES: | | | | | | |
| General government | - | - | - | - | | 66 |
| Public safety | 500 | 500 | - | 500 | | - |
| Community & economic development | 40,354 | 44,561 | 39,300 | 5,261 | | 33,620 |
| Total expenditures | 40,854 | 45,061 | 39,300 | 5,761 | | 33,686 |
| Excess (deficiency) of revenues over (under) expenditures | 34,297 | 30,135 | 39,380 | 9,245 | | 42,657 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers from other funds | 1,000 | 1,000 | 1,000 | - | | 500 |
| Transfers to other funds | (40,260) | (40,260) | (37,991) | 2,269 | | (38,461) |
| Total other financing sources (uses) | (39,260) | (39,260) | (36,991) | 2,269 | | (37,961) |
| Net change in fund balance | (4,963) | (9,125) | 2,389 | 11,514 | | 4,696 |
| Fund balance - January 1 | 45,918 | 45,918 | 45,918 | - | | 41,222 |
| Fund balance - December 31 | \$ 40,955 | \$ 36,793 | \$ 48,307 | \$ 11,514 | | \$ 45,918 |

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% |
| 1/1/2008 | \$ - | \$ 61,198 | \$ 61,198 | 0.0% | \$ 383,114 | 16.0% |

Non-Major Special Revenue Funds

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

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

Community Development Block Grant – This fund is used to account for the federal grants received under the Community Development Block Grant provisions.

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

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 the Community Development Block grant, which is accounted for in a separate fund.

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

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

Non-Major Debt Service Funds

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

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

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

**GOVERNMENTAL FUNDS
BALANCE SHEET - NONMAJOR FUNDS
December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| <u>ASSETS</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Total Nonmajor Governmental</u> |
|---|------------------------|---------------------|--|
| Cash and cash equivalents | \$ 19,113 | \$ 40,508 | \$ 59,621 |
| Deposits with fiscal agents | 444 | - | 444 |
| Investments with trustees | 1 | 6,497 | 6,498 |
| Receivables: | | | |
| Accounts - net | 87 | 609 | 696 |
| Taxes | 148 | 569 | 717 |
| Special assessments | 1,278 | - | 1,278 |
| Loans | 5,323 | - | 5,323 |
| Accrued interest | 37 | 103 | 140 |
| Intergovernmental | 15,230 | - | 15,230 |
| Due from other funds | 4,532 | - | 4,532 |
| Land held for development | 5,321 | - | 5,321 |
| Total assets | \$ 51,514 | \$ 48,286 | \$ 99,800 |
| <u>LIABILITIES and FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Salaries payable | \$ 527 | \$ - | \$ 527 |
| Accounts payable | 3,698 | 125 | 3,823 |
| Intergovernmental payable | 112 | - | 112 |
| Due to other funds | 4,755 | - | 4,755 |
| Deferred revenue | 15,325 | 325 | 15,650 |
| Total liabilities | 24,417 | 450 | 24,867 |
| Fund balances: | | | |
| Reserved for: | | | |
| Reserved | | | |
| Land held for development | 5,321 | - | 5,321 |
| Encumbrances | 7 | - | 7 |
| Pension liability | 9,707 | - | 9,707 |
| Unreserved | | | |
| Designated for debt service | - | 47,836 | 47,836 |
| Unreserved, reported in: | | | |
| Special Revenue Fund | 12,062 | - | 12,062 |
| Total fund balances | 27,097 | 47,836 | 74,933 |
| Total liabilities and fund balances | \$ 51,514 | \$ 48,286 | \$ 99,800 |

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR FUNDS
For the Fiscal Year Ended December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Total Nonmajor Governmental</u> |
|--|------------------------|---------------------|--|
| REVENUES: | | | |
| Taxes | \$ 10,038 | \$ 26,925 | \$ 36,963 |
| Licenses and permits | 1,043 | - | 1,043 |
| Intergovernmental revenues | 53,649 | 507 | 54,156 |
| Charges for services and sales | 8,593 | - | 8,593 |
| Fines and forfeits | 1,030 | - | 1,030 |
| Special assessments | 4,292 | 2 | 4,294 |
| Interest | 396 | 826 | 1,222 |
| Miscellaneous revenues | 3,657 | 2,585 | 6,242 |
| | <u>82,698</u> | <u>30,845</u> | <u>113,543</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| General government | 6,645 | - | 6,645 |
| Public safety | 29,056 | - | 29,056 |
| Public works | 1,605 | - | 1,605 |
| Health and welfare | 9,226 | - | 9,226 |
| Community & economic development | 28,692 | - | 28,692 |
| Debt Service: | | | |
| Principal retirement | - | 62,612 | 62,612 |
| Interest and fiscal charges | - | 58,225 | 58,225 |
| | <u>75,224</u> | <u>120,837</u> | <u>196,061</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>7,474</u> | <u>(89,992)</u> | <u>(82,518)</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers from other funds | 8,544 | 95,925 | 104,469 |
| Transfers to other funds | (7,444) | (1,446) | (8,890) |
| | <u>1,100</u> | <u>94,479</u> | <u>95,579</u> |
| Net change in fund balance | 8,574 | 4,487 | 13,061 |
| Fund balances - January 1 | <u>18,523</u> | <u>43,349</u> | <u>61,872</u> |
| Fund balances - December 31 | <u>\$ 27,097</u> | <u>\$ 47,836</u> | <u>\$ 74,933</u> |

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET - NONMAJOR FUNDS
December 31, 2008

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Arena Reserve | Board of Estimate and Taxation | Community Development Block Grant | Convention Facilities Reserve | Employee Retirement | Grants-Federal | Grants-Other | Police | 2008 | | 2007 | |
|-----------------------------|---------------|--------------------------------|-----------------------------------|-------------------------------|---------------------|----------------|--------------|----------|-----------|-----------|--------|-------|
| | | | | | | | | | Total | Total | Total | Total |
| ASSETS | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 1,640 | \$ 215 | \$ 73 | \$ 5,800 | \$ 9,594 | \$ 54 | \$ 1,589 | \$ 148 | \$ 19,113 | \$ 22,336 | \$ 490 | \$ - |
| Deposits with fiscal agents | - | - | - | - | - | - | 444 | - | 444 | - | - | - |
| Investments with trustees | 1 | - | - | - | - | - | - | - | 1 | - | - | - |
| Receivables: | | | | | | | | | | | | |
| Accounts - net | - | - | 16 | - | - | - | - | 71 | 87 | 138 | - | - |
| Taxes | - | 5 | - | - | 143 | - | - | - | 148 | 223 | - | - |
| Special Assessments | - | - | - | - | - | - | 1,278 | - | 1,278 | - | - | - |
| Intergovernmental | - | - | 5,735 | - | - | 5,026 | 3,379 | 1,090 | 15,230 | 9,566 | - | - |
| Loans | - | - | - | - | - | 4,885 | 438 | - | 5,323 | 5,740 | - | - |
| Accrued Interest | 8 | - | - | - | 29 | - | - | - | 37 | 72 | - | - |
| Due from other funds | - | - | - | - | - | 18 | 4,510 | 4 | 4,532 | 3,972 | - | - |
| Land held for development | - | - | 5,321 | - | - | - | - | - | 5,321 | - | - | - |
| Total assets | \$ 1,649 | \$ 220 | \$ 11,145 | \$ 5,800 | \$ 9,766 | \$ 9,983 | \$ 11,638 | \$ 1,313 | \$ 51,514 | \$ 42,537 | \$ - | \$ - |

| LIABILITIES AND FUND BALANCES | | | | | | | | | | | | |
|--|----------|--------|-----------|----------|----------|----------|-----------|----------|-----------|-----------|------|------|
| Liabilities: | | | | | | | | | | | | |
| Salaries payable | \$ - | \$ 11 | \$ 121 | \$ - | \$ - | \$ 118 | \$ 166 | \$ 111 | \$ 527 | \$ 762 | \$ - | \$ - |
| Accounts payable | - | 1 | 1,477 | - | - | 788 | 1,345 | 87 | 3,698 | 2,006 | - | - |
| Intergovernmental payable | - | 1 | 65 | - | - | 21 | 24 | 1 | 112 | 11 | - | - |
| Due to other funds | - | - | 4,161 | - | - | 517 | 77 | - | 4,755 | 5,827 | - | - |
| Deferred revenue | - | 2 | - | - | 59 | 8,539 | 6,716 | 9 | 15,325 | 15,408 | - | - |
| Total liabilities | - | 15 | 5,824 | - | 59 | 9,983 | 8,328 | 208 | 24,417 | 24,014 | - | - |
| Fund balances: | | | | | | | | | | | | |
| Reserved for: | | | | | | | | | | | | |
| Land held for development | - | - | 5,321 | - | - | - | - | - | 5,321 | - | - | - |
| Encumbrances | - | - | - | - | - | - | - | 7 | 7 | 8 | - | - |
| Pension liability | - | - | - | - | 9,707 | - | - | - | 9,707 | 9,673 | - | - |
| Unreserved: | | | | | | | | | | | | |
| Undesignated | 1,649 | 205 | - | 5,800 | - | - | 3,310 | 1,098 | 12,062 | 8,842 | - | - |
| Total fund balances | 1,649 | 205 | 5,321 | 5,800 | 9,707 | - | 3,310 | 1,105 | 27,097 | 18,523 | - | - |
| Total liabilities and fund balances | \$ 1,649 | \$ 220 | \$ 11,145 | \$ 5,800 | \$ 9,766 | \$ 9,983 | \$ 11,638 | \$ 1,313 | \$ 51,514 | \$ 42,537 | \$ - | \$ - |

CITY OF MINNEAPOLIS, MINNESOTA

SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - NONMAJOR FUNDS
 For the Fiscal Year Ended December 31, 2008

| | Arena Reserve | Board of Estimate and Taxation | Community Development Block Grant | Convention Facilities Reserve | Employee Retirement | Grants-Federal | Grants-Other | Police | 2008 Total | 2007 Total |
|---|---------------|--------------------------------|-----------------------------------|-------------------------------|---------------------|----------------|--------------|----------|------------|------------|
| REVENUES: | | | | | | | | | | |
| Taxes | \$ - | \$ 242 | \$ - | \$ - | \$ 9,638 | \$ - | \$ 11 | \$ 147 | \$ 10,038 | \$ 9,155 |
| Licenses and permits | - | - | - | - | - | - | 210 | 833 | 1,043 | 918 |
| Intergovernmental revenues | - | 7 | 19,380 | - | 2,758 | 17,102 | 14,402 | - | 53,649 | 60,253 |
| Charges for services and sales | - | - | 686 | - | - | 6,515 | 125 | 1,267 | 8,593 | 992 |
| Fines and forfeits | - | - | - | - | 297 | - | - | 733 | 1,030 | 909 |
| Special Assessments | - | - | 7 | - | - | - | 4,285 | - | 4,292 | - |
| Interest | 74 | - | 39 | - | 243 | 29 | 11 | - | 396 | 764 |
| Miscellaneous revenues | - | - | 602 | - | 1,259 | 184 | 1,612 | - | 3,657 | 4,544 |
| Total revenues | 74 | 249 | 20,714 | - | 14,195 | 23,830 | 20,656 | 2,980 | 82,698 | 77,535 |
| CURRENT EXPENDITURES: | | | | | | | | | | |
| General government | - | 315 | 2,188 | - | 3,577 | 368 | 197 | - | 6,645 | 6,150 |
| Public safety | - | - | 532 | - | 9,804 | 11,454 | 4,770 | 2,496 | 29,056 | 24,171 |
| Public works | - | - | 12 | - | - | 1,518 | 75 | - | 1,605 | 1,323 |
| Culture and Recreation | - | - | - | - | - | - | - | - | - | 43 |
| Health and welfare | - | - | 1,430 | - | - | 4,360 | 3,436 | - | 9,226 | 10,146 |
| Community & economic development | - | - | 14,907 | - | - | 4,983 | 8,802 | - | 28,692 | 28,141 |
| Total expenditures | - | 315 | 19,069 | - | 13,381 | 22,683 | 17,280 | 2,496 | 75,224 | 69,974 |
| Excess (deficiency) of revenues over (under) expenditures | 74 | (66) | 1,645 | - | 814 | 1,147 | 3,376 | 484 | 7,474 | 7,561 |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | | |
| Transfers from other funds | 3,598 | 100 | 3,696 | 1,150 | - | - | - | - | 8,544 | 4,668 |
| Transfers to other funds | (3,697) | - | (20) | (1,000) | (780) | (1,147) | (800) | - | (7,444) | (11,203) |
| Total other financing sources (uses) | (99) | 100 | 3,676 | 150 | (780) | (1,147) | (800) | - | 1,100 | (6,535) |
| Net change in fund balances | (25) | 34 | 5,321 | 150 | 34 | - | 2,576 | 484 | 8,574 | 1,026 |
| Fund balances - January 1 | 1,674 | 171 | - | 5,650 | 9,673 | - | 734 | 621 | 18,523 | 17,497 |
| Fund balances - December 31 | \$ 1,649 | \$ 205 | \$ 5,321 | \$ 5,800 | \$ 9,707 | \$ - | \$ 3,310 | \$ 1,105 | \$ 27,097 | \$ 18,523 |

**DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - NONMAJOR FUNDS
DECEMBER 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Community Planning and Economic Development | Development | General Debt Service | 2008 Total | 2007 Total |
|--|--|-----------------|----------------------------|------------------|------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 13,590 | \$ 84 | \$ 26,834 | 40,508 | \$ 37,093 |
| Investments with trustees | 5,180 | 1,317 | - | 6,497 | 5,463 |
| Receivables: | | | | | |
| Accounts - net | - | - | 609 | 609 | 379 |
| Taxes: | | | | | |
| Current | - | - | 244 | 244 | 248 |
| Delinquent | - | - | 325 | 325 | 851 |
| Accrued Interest | 23 | - | 80 | 103 | 173 |
| Total assets | \$ 18,793 | \$ 1,401 | \$ 28,092 | \$ 48,286 | \$ 44,207 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ 26 | \$ 99 | \$ 125 | \$ 7 |
| Deferred revenue | - | - | 325 | 325 | 851 |
| Total liabilities | - | 26 | 424 | 450 | 858 |
| Fund balances: | | | | | |
| Unreserved: | | | | | |
| Designated for debt service | 18,793 | 1,375 | 27,668 | 47,836 | 43,349 |
| Total liabilities and fund balances | \$ 18,793 | \$ 1,401 | \$ 28,092 | \$ 48,286 | \$ 44,207 |

DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR FUNDS
For the Fiscal Year Ended December 31, 2008

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Community Planning and Economic Development | Development | General Debt Service | 2008 Total | 2007 Total |
|--|--|-----------------|----------------------------|------------------|------------------|
| REVENUES: | | | | | |
| Taxes: | | | | | |
| General property tax | \$ - | \$ - | \$ 24,720 | \$ 24,720 | \$ 24,996 |
| Fiscal disparities | - | - | 2,205 | 2,205 | 2,184 |
| Total taxes | - | - | 26,925 | 26,925 | 27,180 |
| Intergovernmental revenues | - | - | 507 | 507 | 592 |
| Special assessments | - | - | 2 | 2 | 1 |
| Interest | 63 | 29 | 734 | 826 | 2,242 |
| Miscellaneous revenues: | | | | | |
| Rents and commissions | - | 302 | 801 | 1,103 | 628 |
| Other | - | 108 | 1,374 | 1,482 | 1,863 |
| Total miscellaneous revenues | - | 410 | 2,175 | 2,585 | 2,491 |
| Total revenues | 63 | 439 | 30,343 | 30,845 | 32,506 |
| EXPENDITURES: | | | | | |
| Principal retirement on bonds | 10,659 | 21,135 | 30,375 | 62,169 | 58,063 |
| Principal retirement on notes | 65 | - | 378 | 443 | 2,495 |
| Interest and fiscal charges | 28,591 | 17,074 | 12,560 | 58,225 | 60,529 |
| Total expenditures | 39,315 | 38,209 | 43,313 | 120,837 | 121,087 |
| Excess (deficiency) of revenues over (under) expenditures | (39,252) | (37,770) | (12,970) | (89,992) | (88,581) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers from other funds | 40,535 | 37,524 | 17,866 | 95,925 | 97,091 |
| Transfers to other funds | (157) | - | (1,289) | (1,446) | (2,456) |
| Refunding bonds issued | - | - | - | - | 1,750 |
| Payments to escrow agents | - | - | - | - | (1,480) |
| Total other financing sources (uses) | 40,378 | 37,524 | 16,577 | 94,479 | 94,905 |
| Net change in fund balances | 1,126 | (246) | 3,607 | 4,487 | 6,324 |
| Fund balances - January 1 | 17,667 | 1,621 | 24,061 | 43,349 | 37,025 |
| Fund balances - December 31 | \$ 18,793 | \$ 1,375 | \$ 27,668 | \$ 47,836 | \$ 43,349 |

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, 2008 **(In Thousands)**

| | 2008 | | | | 2007 Actual |
|--|-----------------|---------------|---------------|--------------|----------------|
| | Budgeted Amount | | Actual | Variance | |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Taxes: | | | | | |
| General property tax | \$ 245 | \$ 245 | \$ 212 | \$ (33) | \$ 203 |
| Fiscal disparities | - | - | 30 | 30 | 28 |
| Total taxes | 245 | 245 | 242 | (3) | 231 |
| Intergovernmental revenues: | | | | | |
| State grants and shared revenues | - | - | 7 | 7 | 8 |
| Total revenues | 245 | 245 | 249 | 4 | 239 |
| CURRENT EXPENDITURES: | | | | | |
| General government | 357 | 357 | 315 | 42 | 329 |
| Excess (deficiency) of revenues over (under) expenditures | (112) | (112) | (66) | 46 | (90) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Proceeds from bonds | 105 | 105 | - | (105) | - |
| Transfers from other funds | - | - | 100 | 100 | 101 |
| Total other financing sources (uses) | 105 | 105 | 100 | (5) | 101 |
| Net change in fund balance | (7) | (7) | 34 | 41 | 11 |
| Fund balance - January 1 | 171 | 171 | 171 | - | 160 |
| Fund balance - December 31 | \$ 164 | \$ 164 | \$ 205 | \$ 41 | \$ 171 |

**COMMUNITY DEVELOPMENT BLOCK GRANT
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | 2008 | | | | | 2007 Actual |
|--|------------------|--------------------|-----------------|------------------|-------------|----------------|
| | Budgeted Amounts | | Actual | Variance | | |
| | Original | Final | | | | |
| REVENUES: | | | | | | |
| Intergovernmental revenues: | | | | | | |
| Federal grantor agencies | \$ 18,904 | \$ 18,904 | \$ 19,380 | \$ 476 | \$ 19,300 | |
| Charges for services and sales | - | - | 686 | 686 | 100 | |
| Special Assessments | - | - | 7 | 7 | - | |
| Interest | - | - | 39 | 39 | 36 | |
| Miscellaneous revenues: | | | | | | |
| Sale of land | - | - | - | - | 263 | |
| Loan recapture | - | - | - | - | 1,831 | |
| Other | 600 | 616 | 602 | (14) | 1 | |
| Total miscellaneous revenues | 600 | 616 | 602 | (14) | 2,095 | |
| Total revenues | 19,504 | 19,520 | 20,714 | 1,194 | 21,531 | |
| CURRENT EXPENDITURES: | | | | | | |
| General government | 2,073 | 2,461 | 2,188 | 273 | 2,371 | |
| Public safety | 549 | 1,117 | 532 | 585 | 193 | |
| Public works | 90 | 98 | 12 | 86 | 131 | |
| Health and welfare | 1,721 | 1,675 | 1,430 | 245 | 1,455 | |
| Community & economic development | 10,875 | 20,892 | 14,907 | 5,985 | 12,335 | |
| Total expenditures | 15,308 | 26,243 | 19,069 | 7,174 | 16,485 | |
| Excess (deficiency) of revenues over (under) expenditures | 4,196 | (6,723) | 1,645 | 8,368 | 5,046 | |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers from other funds | - | - | 3,696 | 3,696 | - | |
| Transfers to other funds | (3,596) | (3,596) | (20) | 3,576 | (5,046) | |
| Total other financing sources (uses) | (3,596) | (3,596) | 3,676 | 7,272 | (5,046) | |
| Net change in fund balance | 600 | (10,319) | 5,321 | 15,640 | - | |
| Fund balance - January 1 | - | - | - | - | - | |
| Fund balance - December 31 | \$ 600 | \$ (10,319) | \$ 5,321 | \$ 15,640 | \$ - | |

CONVENTION FACILITIES RESERVE SPECIAL REVENUE FUND CITY OF MINNEAPOLIS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2008 **(In Thousands)**

| | 2008 | | | | 2007 Actual |
|--|------------------------|------------------------|------------------------|--------------------|------------------------|
| | Budgeted Amounts | | Actual | Variance | |
| | Original | Final | | | |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers from other funds | \$ 1,150 | \$ 1,150 | \$ 1,150 | \$ - | \$ 1,150 |
| Transfers to other funds | (1,000) | (1,000) | (1,000) | - | (500) |
| Total other financing sources (uses) | 150 | 150 | 150 | - | 650 |
| Net change in fund balance | 150 | 150 | 150 | - | 650 |
| Fund balance - January 1 | 5,650 | 5,650 | 5,650 | - | 5,000 |
| Fund balance - December 31 | <u><u>\$ 5,800</u></u> | <u><u>\$ 5,800</u></u> | <u><u>\$ 5,800</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 5,650</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, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | 2008 | | | | 2007 Actual |
|--|------------------|-----------------|-----------------|-----------------|-----------------|
| | Budgeted Amounts | | Actual | Variance | |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Taxes: | | | | | |
| General property tax | \$ 9,796 | \$ 9,796 | \$ 8,422 | \$ (1,374) | \$ 7,649 |
| Property tax increment | - | - | 13 | 13 | 12 |
| Fiscal disparities | - | - | 1,201 | 1,201 | 1,066 |
| Other taxes | - | - | 2 | 2 | 1 |
| Total taxes | 9,796 | 9,796 | 9,638 | (158) | 8,728 |
| Intergovernmental revenues: | | | | | |
| State grants and shared revenues | 6,392 | 6,392 | 2,758 | (3,634) | 3,702 |
| Fines and forfeits | - | - | 297 | 297 | 405 |
| Interest | - | - | 243 | 243 | 595 |
| Miscellaneous revenues: | | | | | |
| Other | 1,371 | 1,371 | 1,259 | (112) | 864 |
| Total revenues | 17,559 | 17,559 | 14,195 | (3,364) | 14,294 |
| CURRENT EXPENDITURES: | | | | | |
| General government | 17,569 | 17,569 | 3,577 | 13,992 | 2,662 |
| Public safety | - | - | 9,804 | (9,804) | 10,050 |
| Total expenditures | 17,569 | 17,569 | 13,381 | 4,188 | 12,712 |
| Excess (deficiency) of revenues over (under) expenditures | (10) | (10) | 814 | 824 | 1,582 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers to other funds | - | - | (780) | 780 | (903) |
| Total other financing sources (uses) | - | - | (780) | 780 | (903) |
| Net change in fund balance | (10) | (10) | 34 | 1,604 | 679 |
| Fund balance - January 1 | 9,673 | 9,673 | 9,673 | - | 8,994 |
| Fund balance - December 31 | \$ 9,663 | \$ 9,663 | \$ 9,707 | \$ 1,604 | \$ 9,673 |

**GRANTS - FEDERAL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | 2008 | | | | 2007 Actual |
|--|------------------|--------------------|-------------|------------------|----------------|
| | Budgeted Amounts | | Actual | Variance | |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Intergovernmental revenues: | | | | | |
| Federal grantor agencies | \$ 20,600 | \$ 29,534 | \$ 17,102 | \$ (12,432) | \$ 20,397 |
| Charges for services and sales | - | 6,603 | 6,515 | (88) | 1 |
| Interest | - | - | 29 | 29 | 44 |
| Miscellaneous revenues: | | | | | |
| Loan recapture | - | - | 178 | 178 | 180 |
| Other | - | - | 6 | 6 | 2 |
| Total miscellaneous revenues | - | - | 184 | 184 | 182 |
| Total revenues | 20,600 | 36,137 | 23,830 | (12,307) | 20,624 |
| CURRENT EXPENDITURES: | | | | | |
| General government | 331 | 673 | 368 | 305 | 571 |
| Public safety | 8,915 | 24,740 | 11,454 | 13,286 | 9,036 |
| Public works | - | 11,051 | 1,518 | 9,533 | 1,144 |
| Culture and recreation | - | - | - | - | 32 |
| Health and welfare | 4,361 | 4,682 | 4,360 | 322 | 4,251 |
| Community & economic development | 6,939 | 6,957 | 4,983 | 1,974 | 5,544 |
| Total expenditures | 20,546 | 48,103 | 22,683 | 25,420 | 20,578 |
| Excess (deficiency) of revenues over (under) expenditures | 54 | (11,966) | 1,147 | 13,113 | 46 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers to other funds | (54) | (54) | (1,147) | (1,093) | (46) |
| Net change in fund balance | - | (12,020) | - | 12,020 | - |
| Fund balance - January 1 | - | - | - | - | - |
| Fund balance - December 31 | \$ - | \$ (12,020) | \$ - | \$ 12,020 | \$ - |

**GRANTS - OTHER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | 2008 | | | | 2007 Actual |
|--|------------------|-------------------|-----------------|-----------------|----------------|
| | Budgeted Amounts | | Actual | Variance | |
| | Original | Final | | | |
| REVENUES: | | | | | |
| Taxes: | | | | | |
| Other taxes | \$ 50 | \$ 50 | \$ 11 | \$ (39) | \$ 48 |
| Licenses and Permits | 85 | 694 | 210 | (484) | - |
| Intergovernmental revenues: | | | | | |
| State grants and shared revenues | 7,827 | 14,687 | 12,623 | (2,064) | 15,785 |
| Other local grants | 120 | 2,948 | 1,779 | (1,169) | 585 |
| Total intergovernmental revenues | 7,947 | 17,635 | 14,402 | (3,233) | 16,370 |
| Charges for services | 240 | 240 | 125 | (115) | 305 |
| Special Assessments | 1,540 | 2,840 | 4,285 | 1,445 | - |
| Interest | 10 | 10 | 11 | 1 | 33 |
| Miscellaneous revenues: | | | | | |
| Loan recapture | 47 | 47 | 115 | 68 | 41 |
| Private contributions | 920 | 1,111 | 1,460 | 349 | 1,332 |
| Other | 18 | 101 | 37 | (64) | 29 |
| Total miscellaneous revenues | 985 | 1,259 | 1,612 | 353 | 1,402 |
| Total revenues | 10,857 | 22,728 | 20,656 | (2,072) | 18,158 |
| CURRENT EXPENDITURES: | | | | | |
| General government | 103 | 226 | 197 | 29 | 217 |
| Public safety | 3,078 | 6,272 | 4,770 | 1,502 | 2,551 |
| Public works | - | 1,999 | 75 | 1,924 | 48 |
| Culture and recreation | - | - | - | - | 11 |
| Health and welfare | 3,476 | 3,642 | 3,436 | 206 | 4,440 |
| Community & economic development | 3,500 | 11,856 | 8,802 | 3,054 | 10,262 |
| Total expenditures | 10,157 | 23,995 | 17,280 | 6,715 | 17,529 |
| Excess (deficiency) of revenues over (under) expenditures | 700 | (1,267) | 3,376 | 4,643 | 629 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers from other funds | - | - | - | - | 129 |
| Transfers to other funds | (700) | (700) | (800) | (100) | (700) |
| Total other financing sources (uses) | (700) | (700) | (800) | (100) | (571) |
| Net change in fund balance | - | (1,967) | 2,576 | 4,543 | 58 |
| Fund balance - January 1 | 734 | 734 | 734 | - | 676 |
| Fund balance - December 31 | \$ 734 | \$ (1,233) | \$ 3,310 | \$ 4,543 | \$ 734 |

**POLICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | 2008 | | | | | 2007 Actual |
|-----------------------------------|------------------|-----------------|-----------------|-----------------|---------------|----------------|
| | Budgeted Amounts | | Actual | Variance | | |
| | Original | Final | | | | |
| REVENUES: | | | | | | |
| Taxes: | | | | | | |
| Lawful gambling | \$ 122 | \$ 122 | \$ 147 | \$ 25 | \$ 148 | |
| Licenses and permits | 493 | 493 | 833 | 340 | 918 | |
| Intergovernmental revenues: | | | | | | |
| State grants and shared revenues | - | - | - | - | 476 | |
| Charges for services and sales | 360 | 960 | 1,267 | 307 | 586 | |
| Fines and forfeits | 263 | 263 | 733 | 470 | 504 | |
| Miscellaneous revenues: | | | | | | |
| Other | - | - | - | - | 1 | |
| Total revenues | <u>1,238</u> | <u>1,838</u> | <u>2,980</u> | <u>1,142</u> | <u>2,633</u> | |
| CURRENT EXPENDITURES: | | | | | | |
| Public safety | <u>1,237</u> | <u>2,712</u> | <u>2,496</u> | <u>216</u> | <u>2,341</u> | |
| Net change in fund balance | 1 | (874) | 484 | 1,358 | 292 | |
| Fund balance - January 1 | <u>621</u> | <u>621</u> | <u>621</u> | <u>-</u> | <u>329</u> | |
| Fund balance - December 31 | <u>\$ 622</u> | <u>\$ (253)</u> | <u>\$ 1,105</u> | <u>\$ 1,358</u> | <u>\$ 621</u> | |

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Engineering Materials & Testing | Inter- governmental Services | Property Services | Equipment Services | Public Works Stores | Self- Insurance | 2008 Total | 2007 Total |
|--|---------------------------------------|------------------------------------|----------------------|-----------------------|------------------------|--------------------|-------------------|-------------------|
| ASSETS | | | | | | | | |
| Current assets: | | | | | | | | |
| Cash and cash equivalents | \$ 3 | \$ 94 | \$ 592 | \$ 11 | \$ 6 | \$ 16,347 | \$ 17,053 | \$ 9,883 |
| Receivables: | | | | | | | | |
| Accounts - net | 214 | 43 | 18 | 51 | 13 | 6 | 345 | 180 |
| Intergovernmental | - | 63 | - | 11 | 4 | 184 | 262 | 204 |
| Notes | - | 6,897 | - | - | - | - | 6,897 | - |
| Due from other funds | - | 1,018 | 60 | - | - | 2,420 | 3,498 | 3,605 |
| Inventories | - | - | 427 | 1,187 | 5,421 | - | 7,035 | 6,615 |
| Prepaid items | - | 20 | - | - | - | 23 | 43 | - |
| Total current assets | 217 | 8,135 | 1,097 | 1,260 | 5,444 | 18,980 | 35,133 | 20,487 |
| Long-term assets: | | | | | | | | |
| Deferred charges | - | 31 | 9 | 36 | - | - | 76 | 86 |
| Capital assets: | | | | | | | | |
| Land, leaseholds and easements | - | - | 21,117 | 2,186 | - | - | 23,303 | 23,303 |
| Construction in progress | - | 21,071 | 7 | 331 | - | - | 21,409 | 26,459 |
| Buildings and structures | - | - | 25,588 | 30,062 | - | - | 55,650 | 55,649 |
| Less accumulated depreciation | - | - | (19,765) | (5,431) | - | - | (25,196) | (24,292) |
| Public improvements | - | - | 2,726 | 330 | - | - | 3,056 | 3,056 |
| Less accumulated depreciation | - | - | (2,493) | (167) | - | - | (2,660) | (2,585) |
| Machinery and equipment | 286 | 1,977 | 12,185 | 64,149 | 132 | - | 78,729 | 74,106 |
| Less accumulated depreciation | (251) | (1,542) | (3,947) | (35,330) | (132) | - | (41,202) | (36,872) |
| Computer equipment | 61 | 58,482 | 162 | 37 | 7 | - | 58,749 | 44,593 |
| Less accumulated depreciation | (61) | (41,935) | (162) | (37) | (7) | - | (42,202) | (37,393) |
| Software | - | 24,944 | 8 | - | 9 | - | 24,961 | 14,894 |
| Less accumulated depreciation | - | (10,765) | (8) | - | (9) | - | (10,782) | (8,884) |
| Other capital outlay | 15 | - | 21 | - | 14 | - | 50 | 51 |
| Less accumulated depreciation | (15) | - | (20) | - | (14) | - | (49) | (46) |
| Total long-term assets | 35 | 52,263 | 35,428 | 56,166 | - | - | 143,892 | 132,125 |
| Total assets | \$ 252 | \$ 60,398 | \$ 36,525 | \$ 57,426 | \$ 5,444 | \$ 18,980 | \$ 179,025 | \$ 152,612 |
| LIABILITIES AND NET ASSETS | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Salaries payable | \$ 35 | \$ 348 | \$ 337 | \$ 591 | \$ 36 | \$ 296 | \$ 1,643 | \$ 3,079 |
| Accounts payable | 6 | 5,221 | 548 | 968 | 173 | 1,563 | 8,479 | 4,876 |
| Intergovernmental payable | 1 | 5 | 13 | 6 | 5 | - | 30 | 1 |
| Due to other funds | 130 | - | - | 60 | 2,290 | - | 2,480 | 2,570 |
| Interest payable | - | 133 | 25 | 117 | - | - | 275 | 291 |
| Unearned revenue | - | 4,609 | - | - | - | 205 | 4,814 | 4,440 |
| Bonds payable-current portion | - | 8,575 | 590 | 2,055 | - | - | 11,220 | 5,145 |
| Compensated absences payable-current portion | - | - | - | - | - | - | - | - |
| | 12 | 126 | 138 | 237 | 13 | 164 | 690 | 873 |
| Total current liabilities | 184 | 19,017 | 1,651 | 4,034 | 2,517 | 2,228 | 29,631 | 21,275 |
| Long-term liabilities: | | | | | | | | |
| Bonds payable | - | 25,840 | 6,825 | 27,780 | - | - | 60,445 | 70,890 |
| Unamortized premium (discounts) | - | 160 | 174 | 1,079 | - | - | 1,413 | 1,462 |
| Advances from other funds | - | 10,114 | - | - | - | - | 10,114 | 10,114 |
| Compensated absences payable | 28 | 293 | 320 | 554 | 30 | 383 | 1,608 | 2,039 |
| Other post-employment benefits | 12 | 106 | 119 | 195 | 12 | 89 | 533 | - |
| Unpaid claims payable | - | - | - | - | - | 31,773 | 31,773 | 33,467 |
| Total long-term liabilities | 40 | 36,513 | 7,438 | 29,608 | 42 | 32,245 | 105,886 | 117,972 |
| Total liabilities | 224 | 55,530 | 9,089 | 33,642 | 2,559 | 34,473 | 135,517 | 139,247 |
| Net Assets: | | | | | | | | |
| Invested in Capital Assets, net of related debt | 35 | 17,688 | 27,839 | 25,252 | - | - | 70,814 | 55,602 |
| Restricted | 640 | - | - | - | - | - | 640 | 640 |
| Unrestricted | (647) | (12,820) | (403) | (1,468) | 2,885 | (15,493) | (27,946) | (42,877) |
| Total net assets | 28 | 4,868 | 27,436 | 23,784 | 2,885 | (15,493) | 43,508 | 13,365 |
| Total liabilities and net assets | \$ 252 | \$ 60,398 | \$ 36,525 | \$ 57,426 | \$ 5,444 | \$ 18,980 | \$ 179,025 | \$ 152,612 |

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

CITY OF MINNEAPOLIS, MINNESOTA

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

For the Fiscal Year Ended December 31, 2008

(In Thousands)

| | Engineering Materials and Testing | Inter- governmental Services | Property Services | Equipment Services | Public Works Stores | Self- Insurance | 2008 Total | 2007 Total |
|---|---|------------------------------------|----------------------|-----------------------|---------------------------|--------------------|---------------|---------------|
| Operating revenues: | | | | | | | | |
| Charges for services and sales | \$ 1,278 | \$ 36,997 | \$ 10,251 | \$ 13,154 | \$ 1,061 | \$ 49,253 | \$ 111,994 | \$ 138,408 |
| Rents and commissions | - | 20 | 8,071 | 20,685 | - | - | 28,776 | 27,412 |
| Total operating revenues | 1,278 | 37,017 | 18,322 | 33,839 | 1,061 | 49,253 | 140,770 | 165,820 |
| Operating expenses: | | | | | | | | |
| Personnel costs | 731 | 5,792 | 8,393 | 14,374 | 801 | 10,016 | 40,107 | 42,342 |
| Contractual Services | 498 | 15,417 | 7,795 | 3,973 | 239 | 38,332 | 66,254 | 95,280 |
| Materials, supplies, services and other | 67 | 595 | 1,658 | 8,442 | 591 | 1,482 | 12,835 | 21,741 |
| Rent | 61 | 146 | - | 998 | 29 | 393 | 1,627 | 1,651 |
| Cost of stores issuance | - | - | - | - | - | - | - | 7,515 |
| Depreciation | 36 | 6,464 | 1,221 | 6,487 | 16 | - | 14,224 | 8,834 |
| Total operating expenses | 1,393 | 28,414 | 19,067 | 34,274 | 1,676 | 50,223 | 135,047 | 177,363 |
| Operating income (loss) | (115) | 8,603 | (745) | (435) | (615) | (970) | 5,723 | (11,543) |
| Non-operating revenue (expenses) | | | | | | | | |
| Interest revenue | - | - | - | - | - | - | - | 1 |
| Interest expense | - | (1,594) | (313) | (1,416) | - | (21) | (3,344) | (3,635) |
| Gain (loss) on disposal of capital assets | - | - | - | 164 | - | - | 164 | 736 |
| Damages/losses recovered | - | - | - | - | - | - | - | 4 |
| Other revenues | - | 5 | 7 | 30 | - | 6,357 | 6,399 | 7,182 |
| Total non-operating revenues (expenses) | - | (1,589) | (306) | (1,222) | - | 6,336 | 3,219 | 4,288 |
| Income (loss) before operating transfers | (115) | 7,014 | (1,051) | (1,657) | (615) | 5,366 | 8,942 | (7,255) |
| Transfers in (out): | | | | | | | | |
| Transfers from other funds | - | 11,762 | 668 | 4,180 | - | 5,643 | 22,253 | 24,619 |
| Transfers to other funds | (53) | (296) | (88) | (453) | (31) | (131) | (1,052) | (728) |
| Total transfers | (53) | 11,466 | 580 | 3,727 | (31) | 5,512 | 21,201 | 23,891 |
| Change in net assets | (168) | 18,480 | (471) | 2,070 | (646) | 10,878 | 30,143 | 16,636 |
| Net assets - January 1 | 196 | (13,612) | 27,907 | 21,714 | 3,531 | (26,371) | 13,365 | (3,271) |
| Net assets - December 31 | \$ 28 | \$ 4,868 | \$ 27,436 | \$ 23,784 | \$ 2,885 | \$ (15,493) | \$ 43,508 | \$ 13,365 |

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Engineering Materials and Testing | Inter- governmental Services | Property Services | Equipment Services | Public Works Stores | Self- Insurance | 2008 Total | 2007 Total |
|---|---|------------------------------------|----------------------|-----------------------|---------------------------|--------------------|------------------|-----------------|
| Cash flows from operating activities: | | | | | | | | |
| Cash received from customers and users | \$ 985 | \$ 30,434 | \$ 18,855 | \$ 33,963 | \$ 1,069 | \$ 55,170 | \$ 140,476 | \$ 172,101 |
| Payments to suppliers | (408) | (14,802) | (9,514) | (12,326) | (228) | (42,003) | (79,281) | (129,106) |
| Payments to employees | (764) | (6,021) | (8,649) | (15,124) | (813) | (10,253) | (41,624) | (39,231) |
| Net Cash Provided (used) by operating Activities | (187) | 9,611 | 692 | 6,513 | 28 | 2,914 | 19,571 | 3,764 |
| Cash flows from non-capital financing activities: | | | | | | | | |
| Transfers from other funds | - | 11,762 | 668 | 4,180 | - | 5,643 | 22,253 | 24,619 |
| Advances from other funds | - | - | - | - | - | - | - | (4,357) |
| Principal paid on bonds and notes | - | - | - | - | - | (1,060) | (1,060) | (320) |
| Interest paid on bonds and notes | - | - | - | - | - | (21) | (21) | (48) |
| Transfers to other funds | (53) | (296) | (88) | (453) | (31) | (131) | (1,052) | (728) |
| Net cash provided (used) by non-capital financing activities | (53) | 11,466 | 580 | 3,727 | (31) | 4,431 | 20,120 | 19,166 |
| Cash flows from capital and related financing activities | | | | | | | | |
| Bonds issued | - | 1,560 | - | - | - | - | 1,560 | 1,450 |
| Principal paid on bonds | - | (1,805) | (655) | (2,410) | - | - | (4,870) | (8,810) |
| Interest paid on bonds | - | (1,640) | (333) | (1,513) | - | - | (3,486) | (3,720) |
| Premium (discount) | - | 106 | - | - | - | - | 106 | - |
| Acquisition and construction of capital assets | - | (19,325) | (7) | (6,996) | - | - | (26,328) | (11,896) |
| Bond issuance costs | - | 7 | - | - | - | - | 7 | (1) |
| Proceeds from sale of capital assets | - | - | - | 490 | - | - | 490 | 2,018 |
| Net cash provided (used) by capital and related financing activities | - | (21,097) | (995) | (10,429) | - | - | (32,521) | (20,959) |
| Cash flows from investing activities: | | | | | | | | |
| Interest | - | - | - | - | - | - | - | 1 |
| Net increase (decrease) in cash and cash equivalents | (240) | (20) | 277 | (189) | (3) | 7,345 | 7,170 | 1,972 |
| Cash and cash equivalents, beginning of year | 243 | 114 | 315 | 200 | 9 | 9,002 | 9,883 | 7,911 |
| Cash and cash equivalents, end of year | \$ 3 | \$ 94 | \$ 592 | \$ 11 | \$ 6 | \$ 16,347 | \$ 17,053 | \$ 9,883 |
| Reconciliation of operating income to net cash provided (used) by operating activities | | | | | | | | |
| Operating income (loss) | \$ (115) | \$ 8,603 | \$ (745) | \$ (435) | \$ (615) | \$ (970) | \$ 5,723 | \$ (11,543) |
| Adjustment to reconcile change in net assets to net cash provided (used) by operating activities: | | | | | | | | |
| Depreciation | 36 | 6,464 | 1,221 | 6,487 | 16 | - | 14,224 | 8,834 |
| Accounts receivable | (214) | (6,940) | 2 | 88 | 4 | (1) | (7,061) | 191 |
| Intergovernmental receivable | - | - | - | - | - | (2) | (2) | (3) |
| Inventories | 8 | - | (6) | 635 | (1,057) | - | (420) | 83 |
| Prepaid items | - | (20) | - | - | - | (23) | (43) | - |
| Due from other funds | - | (39) | 510 | - | - | (420) | 51 | 546 |
| Salaries payable | - | (248) | (261) | (654) | (17) | (226) | (1,406) | 810 |
| Accounts payable | 1 | 3,377 | (52) | 392 | (32) | (81) | 3,605 | (3,032) |
| Due to other funds | 130 | (2,000) | - | 60 | 1,720 | - | (90) | 30 |
| Interest payable | - | - | (3) | - | - | (3) | (6) | (1) |
| Intergovernmental payable | 1 | 5 | 13 | 6 | 4 | - | 29 | (2) |
| Unearned revenue | (31) | 386 | - | - | - | (12) | 343 | (1,631) |
| Compensated absences payable | (15) | (88) | (113) | (291) | (7) | (100) | (614) | 1,075 |
| Other post-employment benefits | 12 | 106 | 119 | 195 | 12 | 89 | 533 | - |
| Unpaid claims | - | - | - | - | - | (1,694) | (1,694) | 1,221 |
| Damages/Losses recovered | - | - | - | - | - | - | - | 4 |
| Other non-operating revenue | - | 5 | 7 | 30 | - | 6,357 | 6,399 | 7,182 |
| Net cash provided (used) by operating activities | \$ (187) | \$ 9,611 | \$ 692 | \$ 6,513 | \$ 28 | \$ 2,914 | \$ 19,571 | \$ 3,764 |
| Non-cash investing, capital and financing activities: | | | | | | | | |
| Gain (Loss) on disposal of capital assets | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 454 |

**ENGINEERING MATERIALS AND TESTING
INTERNAL SERVICE FUND
STATEMENT OF NET ASSETS
December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | <u>2008</u> | <u>2007</u> |
|--|---------------|---------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 3 | \$ 243 |
| Receivables: | | |
| Accounts - net | 214 | - |
| Inventories | - | 8 |
| Total current assets | <u>217</u> | <u>251</u> |
| Capital assets: | | |
| Machinery and equipment | 286 | 287 |
| Less accumulated depreciation | (251) | (221) |
| Computer equipment | 61 | 61 |
| Less accumulated depreciation | (61) | (55) |
| Other capital outlay | 15 | 15 |
| Less accumulated depreciation | (15) | (15) |
| Total capital assets | <u>35</u> | <u>72</u> |
| Total assets | <u>\$ 252</u> | <u>\$ 323</u> |
| LIABILITIES AND FUND EQUITY | | |
| Current liabilities: | | |
| Salaries payable | \$ 35 | \$ 66 |
| Accounts payable | 6 | 7 |
| Intergovernmental payable | 1 | - |
| Due to other funds | 130 | - |
| Compensated absences payable-current portion | 12 | 16 |
| Total current liabilities | <u>184</u> | <u>89</u> |
| Long-term liabilities: | | |
| Compensated absences payable | 28 | 38 |
| Other post-employment benefits | 12 | - |
| Total long-term liabilities | <u>40</u> | <u>38</u> |
| Total liabilities | <u>224</u> | <u>127</u> |
| Net Assets | | |
| Invested in net assets, net of related debt | 35 | 72 |
| Restricted | 640 | 640 |
| Unrestricted | (647) | (516) |
| Total net assets | <u>28</u> | <u>196</u> |
| Total liabilities and net assets | <u>\$ 252</u> | <u>\$ 323</u> |

**ENGINEERING MATERIALS AND TESTING
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the fiscal year ended December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | <u>2008</u> | <u>2007</u> |
|---|--------------|---------------|
| Operating revenues: | | |
| Charges for services and sales | \$ 1,278 | \$ 4,097 |
| Operating expenses: | | |
| Personnel costs | 731 | 790 |
| Contractual services | 498 | 321 |
| Materials, supplies, services and other | 67 | 2,902 |
| Rent | 61 | 96 |
| Depreciation | 36 | 17 |
| Total operating expenses | <u>1,393</u> | <u>4,126</u> |
| Operating income (loss) | <u>(115)</u> | <u>(29)</u> |
| Transfers in (out): | - | |
| Transfers to other funds | <u>(53)</u> | <u>(42)</u> |
| Change in net assets | <u>(168)</u> | <u>(71)</u> |
| Net assets - January 1 | <u>196</u> | <u>267</u> |
| Net assets - December 31 | <u>\$ 28</u> | <u>\$ 196</u> |

ENGINEERING MATERIALS AND TESTING
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended December 31, 2008

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | <u>2008</u> | <u>2007</u> |
|---|-----------------|---------------|
| Cash flows from operating activities: | | |
| Cash received from customers and users | \$ 985 | \$ 4,097 |
| Payments to suppliers | (408) | (3,350) |
| Payments to employees | (764) | (756) |
| Net Cash Provided (used) by operating activities | <u>(187)</u> | <u>(9)</u> |
| Cash flows from non-capital financing activities: | | |
| Transfers to other funds | (53) | (42) |
| Net increase (decrease) in cash and cash equivalents | (240) | (51) |
| Cash and cash equivalents, beginning of year | 243 | 294 |
| Cash and cash equivalents, end of year | <u>3</u> | <u>243</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities | | |
| Operating income (loss) | (115) | (29) |
| Adjustment to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 36 | 17 |
| Accounts receivable | (214) | - |
| Inventories | 8 | - |
| Salaries payable | - | 18 |
| Accounts payable | 1 | (30) |
| Due to other funds | 130 | - |
| Intergovernmental payable | 1 | - |
| Unearned revenue | (31) | - |
| Compensated absences payable | (15) | 15 |
| Other post-employment benefits | 12 | - |
| Net cash provided (used) by operating activities | <u>\$ (187)</u> | <u>\$ (9)</u> |

**INTERGOVERNMENTAL SERVICES
INTERNAL SERVICE FUND
STATEMENT OF NET ASSETS
December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | <u>2008</u> | <u>2007</u> |
|---|------------------|------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 94 | \$ 114 |
| Receivables: | | |
| Accounts - net | 43 | - |
| Intergovernmental | 63 | 7 |
| Notes | 6,897 | - |
| Due from other funds | 1,018 | 1,035 |
| Prepaid items | 20 | - |
| Total current assets | <u>8,135</u> | <u>1,156</u> |
| Deferred charges | 31 | 38 |
| Capital assets: | | |
| Construction in progress | 21,071 | 25,826 |
| Machinery and equipment | 1,977 | 1,871 |
| Less accumulated depreciation | (1,542) | (1,510) |
| Computer equipment | 58,482 | 44,326 |
| Less accumulated depreciation | (41,935) | (37,151) |
| Software | 24,944 | 14,877 |
| Less accumulated depreciation | (10,765) | (8,868) |
| Total capital assets | <u>52,232</u> | <u>39,371</u> |
| Total assets | <u>\$ 60,398</u> | <u>\$ 40,565</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Salaries payable | \$ 348 | \$ 596 |
| Accounts payable | 5,221 | 1,844 |
| Intergovernmental payable | 5 | - |
| Due to other funds | - | 2,000 |
| Interest payable | 133 | 134 |
| Unearned revenue | 4,609 | 4,223 |
| Bonds payable-current portion | 8,575 | 1,745 |
| Compensated absences payable-current portion | 126 | 152 |
| Total current liabilities | <u>19,017</u> | <u>10,694</u> |
| Long-term liabilities: | | |
| Bonds payable | 25,840 | 32,915 |
| Unamortized premium (discounts) | 160 | 99 |
| Advances from other funds | 10,114 | 10,114 |
| Compensated absences payable | 293 | 355 |
| Other post-employment benefits | 106 | - |
| Total long-term liabilities | <u>36,513</u> | <u>43,483</u> |
| Total liabilities | <u>55,530</u> | <u>54,177</u> |
| Net Assets: | | |
| Invested in capital assets, net of related debt | 17,688 | 4,612 |
| Unrestricted | (12,820) | (18,224) |
| Total net assets | <u>4,868</u> | <u>(13,612)</u> |
| Total liabilities and net assets | <u>\$ 60,398</u> | <u>\$ 40,565</u> |

**INTERGOVERNMENTAL SERVICES
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the fiscal year ended December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | <u>2008</u> | <u>2007</u> |
|---|-----------------|--------------------|
| Operating revenues: | | |
| Charges for services and sales | \$ 36,997 | \$ 32,349 |
| Rents and commissions | 20 | - |
| Total operating revenues | <u>37,017</u> | <u>32,349</u> |
| Operating expenses: | | |
| Personnel costs | 5,792 | 7,336 |
| Contractual services | 15,417 | 19,562 |
| Materials, supplies, services and other | 595 | 5,688 |
| Rent | 146 | 156 |
| Depreciation | 6,464 | 2,442 |
| Total operating expenses | <u>28,414</u> | <u>35,184</u> |
| Operating income (loss) | <u>8,603</u> | <u>(2,835)</u> |
| Non-operating revenues (expenses): | | |
| Interest expense | (1,594) | (1,622) |
| Gain (loss) on disposal of capital assets | - | (250) |
| Other revenues | 5 | - |
| Total non-operating revenues (expenses) | <u>(1,589)</u> | <u>(1,872)</u> |
| Income (loss) before transfers | <u>7,014</u> | <u>(4,707)</u> |
| Transfers in (out): | | |
| Transfers from other funds | 11,762 | 15,036 |
| Transfers to other funds | (296) | (177) |
| Total transfers | <u>11,466</u> | <u>14,859</u> |
| Change in net assets | <u>18,480</u> | <u>10,152</u> |
| Net assets - January 1 | <u>(13,612)</u> | <u>(23,764)</u> |
| Net assets - December 31 | <u>\$ 4,868</u> | <u>\$ (13,612)</u> |

INTERGOVERNMENTAL SERVICES
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended December 31, 2008

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | 2008 | 2007 |
|---|-----------------|-----------------|
| Cash flows from operating activities: | | |
| Cash received from customers and users | \$ 30,434 | \$ 31,052 |
| Payments to suppliers | (14,802) | (24,626) |
| Payments to employees | (6,021) | (7,025) |
| Net Cash Provided (used) by operating activities | <u>9,611</u> | <u>(599)</u> |
| Cash flows from non-capital financing activities: | | |
| Transfers from other funds | 11,762 | 15,036 |
| Advances from other funds | - | (4,357) |
| Transfers to other funds | (296) | (177) |
| Net cash provided (used) by non-capital financing activities | <u>11,466</u> | <u>10,502</u> |
| Cash Flows from capital and related financing activities | | |
| Bonds issued | 1,560 | 1,450 |
| Principal paid on bonds | (1,805) | (2,565) |
| Interest paid on bonds | (1,640) | (1,630) |
| Acquisition and construction of capital assets | (19,325) | (7,044) |
| Premium (discount) | 106 | - |
| Bond issuance costs | 7 | (1) |
| Net cash provided (used) by capital and related financing activities | <u>(21,097)</u> | <u>(9,790)</u> |
| Net increase (decrease) in cash and cash equivalents | (20) | 113 |
| Cash and cash equivalents, beginning of year | 114 | 1 |
| Cash and cash equivalents, end of year | <u>94</u> | <u>114</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities | | |
| Operating income (loss) | 8,603 | (2,835) |
| Adjustment to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 6,464 | 2,442 |
| Accounts receivable | (6,940) | 2 |
| Prepaid items | (20) | - |
| Due from other funds | (39) | 298 |
| Salaries payable | (248) | 156 |
| Accounts payable | 3,377 | 441 |
| Due to other funds | (2,000) | 338 |
| Intergovernmental payable | 5 | - |
| Unearned revenue | 386 | (1,595) |
| Compensated absences payable | (88) | 154 |
| Other post-employment benefits | 106 | - |
| Other non-operating revenues | 5 | - |
| Net cash provided (used) by operating activities | <u>\$ 9,611</u> | <u>\$ (599)</u> |
| Non-cash investing, capital and financing activities: | | |
| (Loss) on disposal of capital assets | \$ - | \$ (250) |

**PROPERTY SERVICES
INTERNAL SERVICE FUND
STATEMENT OF NET ASSETS
December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | 2008 | 2007 |
|---|------------------|------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 592 | \$ 315 |
| Receivables: | | |
| Accounts - net | 18 | 20 |
| Due from other funds | 60 | 570 |
| Inventories | 427 | 421 |
| Total current assets | 1,097 | 1,326 |
| Deferred charges | 9 | 9 |
| Capital assets: | | |
| Land, leaseholds and easements | 21,117 | 21,117 |
| Construction in progress | 7 | - |
| Buildings and structures | 25,588 | 25,588 |
| Less accumulated depreciation | (19,765) | (19,452) |
| Public improvements | 2,726 | 2,726 |
| Less accumulated depreciation | (2,493) | (2,437) |
| Machinery and equipment | 12,185 | 12,185 |
| Less accumulated depreciation | (3,947) | (3,112) |
| Computer equipment | 162 | 162 |
| Less accumulated depreciation | (162) | (147) |
| Software | 8 | 8 |
| Less accumulated depreciation | (8) | (8) |
| Other capital outlay | 21 | 21 |
| Less accumulated depreciation | (20) | (18) |
| Total capital assets | 35,419 | 36,633 |
| Total assets | \$ 36,525 | \$ 37,968 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Salaries payable | \$ 337 | \$ 598 |
| Accounts payable | 548 | 601 |
| Intergovernmental payable | 13 | - |
| Interest payable | 25 | 28 |
| Bonds payable-current portion | 590 | 655 |
| Compensated absences payable-current portion | 138 | 171 |
| Total current liabilities | 1,651 | 2,053 |
| Long-term liabilities: | | |
| Bonds payable | 6,825 | 7,415 |
| Unamortized premium (discounts) | 174 | 193 |
| Compensated absences payable | 320 | 400 |
| Other post-employment benefits | 119 | - |
| Total long-term liabilities | 7,438 | 8,008 |
| Total liabilities | 9,089 | 10,061 |
| Net Assets: | | |
| Invested in capital assets, net of related debt | 27,839 | 28,370 |
| Unrestricted | (403) | (463) |
| Total net assets | 27,436 | 27,907 |
| Total liabilities and net assets | \$ 36,525 | \$ 37,968 |

**PROPERTY SERVICES
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the fiscal year ended December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | <u>2008</u> | <u>2007</u> |
|---|------------------|------------------|
| Operating revenues: | | |
| Charges for services and sales | \$ 10,251 | \$ 8,991 |
| Rents and commissions | 8,071 | 7,149 |
| Total operating revenues | <u>18,322</u> | <u>16,140</u> |
| Operating expenses: | | |
| Personnel costs | 8,393 | 8,265 |
| Contractual services | 7,795 | 6,352 |
| Materials, supplies, services and other | 1,658 | 1,921 |
| Depreciation | 1,221 | 1,226 |
| Total operating expenses | <u>19,067</u> | <u>17,764</u> |
| Operating income (loss) | <u>(745)</u> | <u>(1,624)</u> |
| Non-operating revenues (expenses): | | |
| Interest expense | (313) | (338) |
| Gain (loss) on disposal of capital assets | - | 704 |
| Other revenues | 7 | - |
| Total non-operating revenues (expenses) | <u>(306)</u> | <u>366</u> |
| Income (loss) before transfers | <u>(1,051)</u> | <u>(1,258)</u> |
| Transfers in (out): | | |
| Transfers from other funds | 668 | 653 |
| Transfers to other funds | (88) | (69) |
| Total transfers | <u>580</u> | <u>584</u> |
| Change in net assets | <u>(471)</u> | <u>(674)</u> |
| Net assets - January 1 | <u>27,907</u> | <u>28,581</u> |
| Net assets - December 31 | <u>\$ 27,436</u> | <u>\$ 27,907</u> |

PROPERTY SERVICES
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended December 31, 2008

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | <u>2008</u> | <u>2007</u> |
|---|----------------------|------------------------|
| Cash flows from operating activities: | | |
| Cash received from customers and users | \$ 18,855 | \$ 15,795 |
| Payments to suppliers | (9,514) | (8,535) |
| Payments to employees | (8,649) | (7,907) |
| Net Cash Provided (used) by operating activities | <u>692</u> | <u>(647)</u> |
| Cash flows from non-capital financing activities: | | |
| Transfers from other funds | 668 | 653 |
| Transfers to other funds | (88) | (69) |
| Net cash provided (used) by non-capital financing activities | <u>580</u> | <u>584</u> |
| Cash Flows from capital and related financing activities | | |
| Principal paid on bonds | (655) | (615) |
| Interest paid on bonds | (333) | (357) |
| Acquisition and construction of capital assets | (7) | - |
| Proceeds from sale of capital assets | - | 1,312 |
| Net cash provided (used) by capital and related financing activities | <u>(995)</u> | <u>340</u> |
| Net increase (decrease) in cash and cash equivalents | 277 | 277 |
| Cash and cash equivalents, beginning of year | 315 | 38 |
| Cash and cash equivalents, end of year | <u><u>592</u></u> | <u><u>315</u></u> |
| Reconciliation of operating income to net cash provided (used) by operating activities | | |
| Operating income (loss) | (745) | (1,624) |
| Adjustment to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 1,221 | 1,226 |
| Accounts receivable | 2 | 227 |
| Intergovernmental receivable | - | 1 |
| Inventories | (6) | 67 |
| Due from other funds | 510 | (570) |
| Salaries payable | (261) | 179 |
| Accounts payable | (52) | (331) |
| Interest payable | (3) | - |
| Intergovernmental payable | 13 | - |
| Compensated absences payable | (113) | 178 |
| Other post-employment benefits | 119 | - |
| Other non-operating revenues | 7 | - |
| Net cash provided (used) by operating activities | <u><u>\$ 692</u></u> | <u><u>\$ (647)</u></u> |
| Non-cash investing, capital and financing activities: | | |
| Gain on disposal of capital assets | \$ - | \$ 704 |

**EQUIPMENT SERVICES
INTERNAL SERVICE FUND
STATEMENT OF NET ASSETS
December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | 2008 | 2007 |
|---|-------------------------|-------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 11 | \$ 200 |
| Receivables: | | |
| Accounts - net | 51 | 138 |
| Intergovernmental | 11 | 11 |
| Inventories | 1,187 | 1,822 |
| Total current assets | <u>1,260</u> | <u>2,171</u> |
| Deferred charges | 36 | 39 |
| Capital assets: | | |
| Land, leaseholds and easements | 2,186 | 2,186 |
| Construction in progress | 331 | 633 |
| Buildings and structures | 30,062 | 30,061 |
| Less accumulated depreciation | (5,431) | (4,840) |
| Public improvements | 330 | 330 |
| Less accumulated depreciation | (167) | (148) |
| Machinery and equipment | 64,149 | 59,631 |
| Less accumulated depreciation | (35,330) | (31,910) |
| Computer equipment | 37 | 37 |
| Less accumulated depreciation | (37) | (33) |
| Total capital assets | <u>56,130</u> | <u>55,947</u> |
| Total assets | <u><u>\$ 57,426</u></u> | <u><u>\$ 58,157</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Salaries payable | \$ 591 | \$ 1,244 |
| Accounts payable | 968 | 575 |
| Intergovernmental payable | 6 | - |
| Due to other funds | 60 | - |
| Interest payable | 117 | 126 |
| Bonds payable-current portion | 2,055 | 2,410 |
| Compensated absences payable-current portion | 237 | 325 |
| Total current liabilities | <u>4,034</u> | <u>4,680</u> |
| Long-term liabilities: | | |
| Bonds payable | 27,780 | 29,835 |
| Unamortized premium (discounts) | 1,079 | 1,170 |
| Compensated absences payable | 554 | 758 |
| Other post-employment benefits | 195 | - |
| Total long-term liabilities | <u>29,608</u> | <u>31,763</u> |
| Total liabilities | <u>33,642</u> | <u>36,443</u> |
| Net Assets: | | |
| Invested in capital assets, net of related debt | 25,252 | 22,532 |
| Unrestricted | (1,468) | (818) |
| Total net assets | <u>23,784</u> | <u>21,714</u> |
| Total liabilities and net assets | <u><u>\$ 57,426</u></u> | <u><u>\$ 58,157</u></u> |

**EQUIPMENT SERVICES
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the fiscal year ended December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | <u>2008</u> | <u>2007</u> |
|---|------------------|------------------|
| Operating revenues: | | |
| Charges for services and sales | \$ 13,154 | \$ 12,760 |
| Rents and commissions | 20,685 | 20,263 |
| Total operating revenues | <u>33,839</u> | <u>33,023</u> |
| Operating expenses: | | |
| Personnel costs | 14,374 | 15,681 |
| Contractual services | 3,973 | 4,098 |
| Materials, supplies, services and other | 8,442 | 1,894 |
| Rent | 998 | 980 |
| Cost of stores issuance | - | 4,419 |
| Depreciation | 6,487 | 5,149 |
| Total operating expenses | <u>34,274</u> | <u>32,221</u> |
| Operating income (loss) | <u>(435)</u> | <u>802</u> |
| Non-operating revenues (expenses): | | |
| Interest revenue | - | 1 |
| Interest expense | (1,416) | (1,627) |
| Gain (loss) on disposal of capital assets | 164 | 282 |
| Damages/losses recovered | - | 4 |
| Other revenues | 30 | 27 |
| Total non-operating revenues (expenses) | <u>(1,222)</u> | <u>(1,313)</u> |
| Income (loss) before transfers | <u>(1,657)</u> | <u>(511)</u> |
| Transfers in (out): | | |
| Transfers from other funds | 4,180 | 4,180 |
| Transfers to other funds | (453) | (332) |
| Total transfers | <u>3,727</u> | <u>3,848</u> |
| Change in net assets | <u>2,070</u> | <u>3,337</u> |
| Net assets - January 1 | <u>21,714</u> | <u>18,377</u> |
| Net assets - December 31 | <u>\$ 23,784</u> | <u>\$ 21,714</u> |

EQUIPMENT SERVICES
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended December 31, 2008

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | 2008 | 2007 |
|---|-----------------|-----------------|
| Cash flows from operating activities: | | |
| Cash received from customers and users | \$ 33,963 | \$ 32,966 |
| Payments to suppliers | (12,326) | (12,129) |
| Payments to employees | (15,124) | (15,013) |
| Net Cash Provided (used) by operating activities | <u>6,513</u> | <u>5,824</u> |
| Cash flows from non-capital financing activities: | | |
| Transfers from other funds | 4,180 | 4,180 |
| Transfers to other funds | (453) | (332) |
| Net cash provided (used) by non-capital financing activities | <u>3,727</u> | <u>3,848</u> |
| Cash Flows from capital and related financing activities | | |
| Principal paid on bonds | (2,410) | (5,630) |
| Interest paid on bonds | (1,513) | (1,733) |
| Acquisition and construction of capital assets | (6,996) | (4,852) |
| Proceeds from sale of capital assets | 490 | 706 |
| Net cash provided (used) by capital and related financing activities | <u>(10,429)</u> | <u>(11,509)</u> |
| Cash flows from investing activities: | | |
| Interest | - | 1 |
| Net cash provided (used) by investing activities | <u>-</u> | <u>1</u> |
| Net increase (decrease) in cash and cash equivalents | (189) | (1,836) |
| Cash and cash equivalents, beginning of year | 200 | 2,036 |
| Cash and cash equivalents, end of year | <u>11</u> | <u>200</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities | | |
| Operating income (loss) | (435) | 802 |
| Adjustment to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 6,487 | 5,149 |
| Accounts receivable | 88 | (46) |
| Inventories | 635 | (630) |
| Due from other funds | - | (5) |
| Salaries payable | (654) | 322 |
| Accounts payable | 392 | (109) |
| Due to other funds | 60 | - |
| Intergovernmental payable | 6 | - |
| Unearned revenue | - | (37) |
| Compensated absences payable | (291) | 347 |
| Other post-employment benefits | 195 | - |
| Damages/Losses recovered | - | 4 |
| Other non-operating revenues | 30 | 27 |
| Net cash provided (used) by operating activities | <u>\$ 6,513</u> | <u>\$ 5,824</u> |

**PUBLIC WORKS STORES
INTERNAL SERVICE FUND
STATEMENT OF NET ASSETS
December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | <u>2008</u> | <u>2007</u> |
|---|------------------------|------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 6 | \$ 9 |
| Receivables: | | |
| Accounts - net | 13 | 17 |
| Intergovernmental | 4 | 4 |
| Inventories | 5,421 | 4,364 |
| Total current assets | <u>5,444</u> | <u>4,394</u> |
| Capital assets: | | |
| Machinery and equipment | 132 | 132 |
| Less accumulated depreciation | (132) | (119) |
| Computer equipment | 7 | 7 |
| Less accumulated depreciation | (7) | (7) |
| Software | 9 | 9 |
| Less accumulated depreciation | (9) | (8) |
| Other capital outlay | 14 | 15 |
| Less accumulated depreciation | (14) | (13) |
| Total capital assets | <u>-</u> | <u>16</u> |
| Total assets | <u><u>\$ 5,444</u></u> | <u><u>\$ 4,410</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Salaries payable | \$ 36 | \$ 53 |
| Accounts payable | 173 | 205 |
| Intergovernmental payable | 5 | 1 |
| Due to other funds | 2,290 | 570 |
| Compensated absences payable-current portion | 13 | 15 |
| Total current liabilities | <u>2,517</u> | <u>844</u> |
| Long-term liabilities: | | |
| Compensated absences payable | 30 | 35 |
| Other post-employment benefits | 12 | - |
| Total long-term liabilities | <u>42</u> | <u>35</u> |
| Total liabilities | <u>2,559</u> | <u>879</u> |
| Net Assets: | | |
| Invested in capital assets, net of related debt | | 16 |
| Unrestricted | 2,885 | 3,515 |
| Total net assets | <u>2,885</u> | <u>3,531</u> |
| Total liabilities and net assets | <u><u>\$ 5,444</u></u> | <u><u>\$ 4,410</u></u> |

**PUBLIC WORKS STORES
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the fiscal year ended December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | <u>2008</u> | <u>2007</u> |
|---|-----------------|-----------------|
| Operating revenues: | | |
| Charges for services and sales | \$ 1,061 | \$ 4,335 |
| Operating expenses: | | |
| Personnel costs | 801 | 732 |
| Contractual services | 239 | 249 |
| Materials, supplies, services and other | 591 | 61 |
| Rent | 29 | 25 |
| Cost of stores issuance | - | 3,096 |
| Depreciation | 16 | - |
| Total operating expenses | <u>1,676</u> | <u>4,163</u> |
| Operating income (loss) | <u>(615)</u> | <u>172</u> |
| Transfers in (out): | | |
| Transfers to other funds | <u>(31)</u> | <u>(11)</u> |
| Change in net assets | <u>(646)</u> | <u>161</u> |
| Net assets - January 1 | <u>3,531</u> | <u>3,370</u> |
| Net assets - December 31 | <u>\$ 2,885</u> | <u>\$ 3,531</u> |

**PUBLIC WORKS STORES
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | <u>2008</u> | <u>2007</u> |
|---|--------------|--------------|
| Cash flows from operating activities: | | |
| Cash received from customers and users | \$ 1,069 | \$ 4,336 |
| Payments to suppliers | (228) | (3,611) |
| Payments to employees | (813) | (706) |
| Net Cash Provided (used) by operating activities | <u>28</u> | <u>19</u> |
| Cash flows from non-capital financing activities: | | |
| Transfers to other funds | (31) | (11) |
| Net increase (decrease) in cash and cash equivalents | (3) | 8 |
| Cash and cash equivalents, beginning of year | 9 | 1 |
| Cash and cash equivalents, end of year | <u>6</u> | <u>9</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | |
| Operating income (loss) | (615) | 172 |
| Adjustment to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Depreciation | 16 | - |
| Accounts receivable | 4 | 8 |
| Intergovernmental Receivable | - | (4) |
| Inventories | (1,057) | 646 |
| Salaries payable | (17) | 7 |
| Accounts payable | (32) | (517) |
| Due to other funds | 1,720 | (308) |
| Intergovernmental payable | 4 | (2) |
| Compensated absences payable | (7) | 17 |
| Other post-employment benefits | 12 | - |
| Net cash provided (used) by operating activities | <u>\$ 28</u> | <u>\$ 19</u> |

**SELF-INSURANCE
INTERNAL SERVICE FUND
STATEMENT OF NET ASSETS
December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | 2008 | 2007 |
|--|-------------------------|-------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 16,347 | \$ 9,002 |
| Receivables: | | |
| Accounts - net | 6 | 5 |
| Intergovernmental | 184 | 182 |
| Due from other funds | 2,420 | 2,000 |
| Prepaid items | 23 | - |
| Total current assets | <u>18,980</u> | <u>11,189</u> |
| Total assets | <u><u>\$ 18,980</u></u> | <u><u>\$ 11,189</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Salaries payable | \$ 296 | \$ 522 |
| Accounts payable | 1,563 | 1,644 |
| Interest payable | - | 3 |
| Unearned revenue | 205 | 217 |
| Bonds payable-current portion | - | 335 |
| Compensated absences payable-current portion | 164 | 194 |
| Total current liabilities | <u>2,228</u> | <u>2,915</u> |
| Long-term liabilities: | | |
| Bonds payable | - | 725 |
| Compensated absences payable | 383 | 453 |
| Other post-employment benefits | 89 | - |
| Unpaid claims payable | 31,773 | 33,467 |
| Total long-term liabilities | <u>32,245</u> | <u>34,645</u> |
| Total liabilities | <u>34,473</u> | <u>37,560</u> |
| Net Assets: | | |
| Unrestricted | <u>(15,493)</u> | <u>(26,371)</u> |
| Total liabilities and net assets | <u><u>\$ 18,980</u></u> | <u><u>\$ 11,189</u></u> |

**SELF-INSURANCE
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the fiscal year ended December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | <u>2008</u> | <u>2007</u> |
|---|--------------------|--------------------|
| Operating revenues: | | |
| Charges for services and sales | \$ 49,253 | \$ 75,876 |
| Operating expenses: | | |
| Personnel costs | 10,016 | 9,538 |
| Contractual services | 38,332 | 64,698 |
| Materials, supplies, services and other | 1,482 | 9,275 |
| Rent | 393 | 394 |
| Total operating expenses | <u>50,223</u> | <u>83,905</u> |
| Operating income (loss) | <u>(970)</u> | <u>(8,029)</u> |
| Non-operating revenues (expenses): | | |
| Interest expense | (21) | (48) |
| Other revenues | <u>6,357</u> | <u>7,155</u> |
| Total non-operating revenues (expenses) | <u>6,336</u> | <u>7,107</u> |
| Income (loss) before transfers | <u>5,366</u> | <u>(922)</u> |
| Transfers in (out): | | |
| Transfers from other funds | 5,643 | 4,750 |
| Transfers to other funds | <u>(131)</u> | <u>(97)</u> |
| Total transfers | <u>5,512</u> | <u>4,653</u> |
| Change in net assets | 10,878 | 3,731 |
| Net assets - January 1 | <u>(26,371)</u> | <u>(30,102)</u> |
| Net assets - December 31 | <u>\$ (15,493)</u> | <u>\$ (26,371)</u> |

SELF-INSURANCE
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended December 31, 2008

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | <u>2008</u> | <u>2007</u> |
|---|------------------------|------------------------|
| Cash flows from operating activities: | | |
| Cash received from customers and users | \$ 55,170 | \$ 83,855 |
| Payments to suppliers | (42,003) | (76,855) |
| Payments to employees | (10,253) | (7,824) |
| Net Cash Provided (used) by operating Activities | <u>2,914</u> | <u>(824)</u> |
| Cash flows from non-capital financing activities: | | |
| Transfers from other funds | 5,643 | 4,750 |
| Principal paid on bonds and notes | (1,060) | (320) |
| Interest paid on bonds and notes | (21) | (48) |
| Transfers to other funds | (131) | (97) |
| Net cash provided (used) by non-capital financing activities | <u>4,431</u> | <u>4,285</u> |
| Net increase (decrease) in cash and cash equivalents | 7,345 | 3,461 |
| Cash and cash equivalents, beginning of year | <u>9,002</u> | <u>5,541</u> |
| Cash and cash equivalents, end of year | <u><u>16,347</u></u> | <u><u>9,002</u></u> |
| Reconciliation of operating income to net cash provided (used) by operating activities | | |
| Operating income (loss) | <u>(970)</u> | <u>(8,029)</u> |
| Adjustment to reconcile change in net assets to net cash provided (used) by operating activities: | | |
| Accounts receivable | (1) | - |
| Intergovernmental Receivable | (2) | - |
| Prepaid items | (23) | - |
| Due from other funds | (420) | 823 |
| Salaries payable | (226) | 128 |
| Accounts payable | (81) | (2,486) |
| Interest payable | (3) | (1) |
| Unearned revenue | (12) | 1 |
| Compensated absences payable | (100) | 364 |
| Other post-employment benefits | 89 | - |
| Unpaid claims | (1,694) | 1,221 |
| Other non-operating revenues | 6,357 | 7,155 |
| Net cash provided (used) by operating activities | <u><u>\$ 2,914</u></u> | <u><u>\$ (824)</u></u> |

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Minneapolis Agency | | Skyway Debt Service | | Youth Coordinating Board | | Neighborhood Revitalization Project | | Minneapolis Public Housing Authority | | Joint Board | | Total |
|---------------------------|--------------------|--------------|---------------------|------------|--------------------------|--------------|-------------------------------------|------------|--------------------------------------|--------------|-------------|-----------|---------------|
| | | | | | | | | | | | | | |
| ASSETS | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ | 5,006 | \$ | 122 | \$ | 2,515 | \$ | 961 | \$ | 1,446 | \$ | 88 | \$ 10,138 |
| Receivables: | | | | | | | | | | | | | |
| Accounts-net | | 86 | | - | | 253 | | 19 | | - | | - | 358 |
| Total assets | | <u>5,092</u> | | <u>122</u> | | <u>2,768</u> | | <u>980</u> | | <u>1,446</u> | | <u>88</u> | <u>10,496</u> |
| LIABILITIES | | | | | | | | | | | | | |
| Accounts payable | | 5,092 | | - | | 2,768 | | 980 | | 1,446 | | 88 | 10,374 |
| Deposits held for others | | - | | 122 | | - | | - | | - | | - | 122 |
| Total liabilities | \$ | <u>5,092</u> | \$ | <u>122</u> | \$ | <u>2,768</u> | \$ | <u>980</u> | \$ | <u>1,446</u> | \$ | <u>88</u> | <u>10,496</u> |

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

CITY OF MINNEAPOLIS, MINNESOTA

For the fiscal year ended December 31, 2008

(In Thousands)

| | Balance January 1, 2008 | Additions | Deductions | Balance December 31, 2008 |
|---|--|------------------|-------------------|--|
| MINNEAPOLIS AGENCY | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 1,227 | \$ 199,716 | \$ 195,937 | \$ 5,006 |
| Receivables: | | | | |
| Accounts-net | 91 | 22 | 27 | 86 |
| Intergovernmental | - | 6,552 | 6,552 | - |
| Total assets | <u>1,318</u> | <u>199,738</u> | <u>195,964</u> | <u>5,092</u> |
| Liabilities: | | | | |
| Accounts payable | <u>1,318</u> | <u>252,439</u> | <u>248,665</u> | <u>5,092</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 | - | 4,219 | 1,704 | 2,515 |
| Receivables: | | | | |
| Accounts-net | - | 621 | 368 | 253 |
| Total assets | <u>-</u> | <u>4,840</u> | <u>2,072</u> | <u>2,768</u> |
| Liabilities: | | | | |
| Accounts payable | <u>-</u> | <u>4,840</u> | <u>2,072</u> | <u>2,768</u> |
| NEIGHBORHOOD REVITALIZATION PROJECT | | | | |
| Assets: | | | | |
| Cash and cash equivalents | - | 2,400 | 1,439 | 961 |
| Receivables: | | | | |
| Accounts-net | - | 22 | 3 | 19 |
| Total assets | <u>-</u> | <u>2,422</u> | <u>1,442</u> | <u>980</u> |
| Liabilities: | | | | |
| Accounts payable | <u>-</u> | <u>2,422</u> | <u>1,442</u> | <u>980</u> |
| MINNEAPOLIS PUBLIC HOUSING AUTHORITY | | | | |
| Assets: | | | | |
| Cash and cash equivalents | <u>-</u> | <u>19,979</u> | <u>18,533</u> | <u>1,446</u> |
| Liabilities: | | | | |
| Accounts payable | <u>-</u> | <u>19,979</u> | <u>18,533</u> | <u>1,446</u> |
| JOINT BOARD | | | | |
| Assets: | | | | |
| Cash and cash equivalents | - | 89 | 19 | 70 |
| Receivables: | | | | |
| Accounts-net | - | 18 | - | 18 |
| Total assets | <u>-</u> | <u>107</u> | <u>19</u> | <u>88</u> |
| Liabilities: | | | | |
| Accounts payable | <u>-</u> | <u>107</u> | <u>19</u> | <u>88</u> |

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

CITY OF MINNEAPOLIS, MINNESOTA

For the fiscal year ended December 31, 2008

(In Thousands)

| | <u>Balance January 1, 2008</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance December 31, 2008</u> |
|-------------------------------|--|-------------------|-------------------|--|
| TOTAL ALL AGENCY FUNDS | | | | |
| Assets: | | | | |
| Cash and cash equivalents | 1,349 | 226,421 | 217,632 | 10,120 |
| Receivables: | | | | |
| Accounts-net | 91 | 665 | 398 | 376 |
| Intergovernmental | - | 6,552 | 6,552 | - |
| Total assets | <u>1,440</u> | <u>233,638</u> | <u>224,582</u> | <u>10,496</u> |
| Liabilities: | | | | |
| Accounts payable | 1,318 | 279,787 | 270,731 | 10,374 |
| Deposits held for others | 122 | - | - | 122 |
| Total liabilities | <u>\$ 1,440</u> | <u>\$ 279,787</u> | <u>\$ 270,731</u> | <u>\$ 10,496</u> |

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2008

(In Thousands)

| Issues Outstanding | Interest Rates | Issue Date | Final Maturity Date | Issued | Retired | Outstanding | Principal Due in 2009 | | Interest Due in 2009 | |
|---|---|--|--|--|--|--|--|---|----------------------|---|
| | | | | | | | | | | |
| Property Tax Supported General Obligation Bonds | | | | | | | | | | |
| General Infrastructure Bonds | | | | | | | | | | |
| Bridges | Variable 4.00% | 06/01/06 05/29/08 | 12/01/10 12/01/08 | 1,645 485 | 845 485 | 800 | 400 | 400 | 40 | - |
| Libraries | 4.00% | 05/29/08 | 12/01/08 | 1,390 | 1,390 | - | - | - | - | - |
| Park Improvements | 4.00% to 5.00% | 07/12/07 | 12/01/08 | 505 | 505 | - | - | - | - | - |
| Parkway Improvements | 4.00% to 5.00% 4.00% | 07/12/07 05/29/08 | 12/01/08 12/01/08 | 1,145 600 | 1,145 600 | - | - | - | - | - |
| Public Buildings | Variable 4.00% to 5.00% 4.00% to 5.00% | 06/01/06 07/12/07 05/29/08 | 12/01/08 12/01/09 12/01/11 | 2,615 3,202 7,800 | 2,615 1,602 100 | - | 1,600 2,100 | - | 80 385 | - |
| Municipal Buildings | 4.00% | 05/29/08 | 12/01/08 | 600 | 600 | - | - | - | - | - |
| Street Improvements | 3.00% to 4.00% 3.00% to 4.00% Variable 4.00% to 5.00% 4.00% to 5.00% 4.00% | 07/11/02 06/30/05 06/01/06 07/12/07 05/29/08 05/29/08 | 12/01/11 12/01/09 12/01/11 12/01/09 12/01/11 12/01/08 | 9,596 16,349 9,423 9,582 5,971 519 | 8,396 15,049 9,423 4,757 471 519 | 1,200 1,300 | 400 1,300 | 48 52 | - | - |
| Public Safety Capital Initiative | 3.00% to 4.60% | 07/11/02 | 12/01/19 | 4,735 | 1,165 | 3,570 | 260 | 151 | - | - |
| Sub-total General Infrastructure Bonds | 2.00% to 4.25% | 06/25/03 | 12/01/25 | 9,655 | - | 9,655 | - | 398 | - | - |
| Library Referendum Bonds | 3.00% to 5.00% Variable 3.00% to 5.00% 4.00% to 4.375% Variable 3.00% to 3.50% | 12/19/02 10/30/03 12/01/04 06/30/05 06/01/06 05/29/08 | 12/01/25 12/01/32 12/01/25 12/01/25 12/01/09 12/01/16 | 9,500 57,000 28,000 29,915 3,980 11,605 | 1,000 6,800 2,300 4,690 2,880 1,205 | 8,500 50,200 25,700 25,225 1,100 10,400 | 500 250 700 575 1,100 500 | 374 2,510 1,213 1,049 55 342 | - | - |
| Sub-total Library Referendum Bonds | | | | 140,000 | 18,875 | 121,125 | 3,625 | 5,543 | - | - |

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2008

(In Thousands)

| Issues Outstanding | Interest Rates | Issue Date | Final Maturity Date | Issued | Retired | Outstanding | Principal Due in 2009 | Interest Due in 2009 |
|---|-----------------|------------|---------------------|---------|---------|-------------|-----------------------|----------------------|
| Pension Obligation Bonds | | | | | | | | |
| Pension Bonds (MERF) | 5.80% to 5.85% | 12/19/02 | 12/01/26 | 25,000 | - | 25,000 | - | 1,450 |
| | 4.70% to 5.00% | 06/25/03 | 12/01/26 | 36,000 | - | 36,000 | - | 1,745 |
| Pension Bonds (MFDRA) | 3.00% to 3.625% | 12/01/04 | 12/01/08 | 4,740 | 4,740 | - | - | - |
| Pension Bonds (MPRA) | 2.00% to 4.98% | 12/19/02 | 12/01/14 | 10,600 | 3,350 | 7,250 | 1,440 | 334 |
| | Variable | 10/30/03 | 12/01/13 | 17,900 | 17,900 | - | - | - |
| | 5.00% to 5.30% | 12/01/04 | 12/01/21 | 24,970 | 2,970 | 22,000 | - | 1,134 |
| Sub-total Pension Obligation Bonds | | | | 119,210 | 28,960 | 90,250 | 1,440 | 4,663 |
| Total Property Tax Supported General Obligation Bonds | | | | 345,027 | 97,502 | 247,525 | 17,750 | 11,876 |
| <u>Self-Supporting General Obligation Bonds</u> | | | | | | | | |
| Convention Center | Variable | 06/24/99 | 12/01/18 | 88,400 | 51,400 | 37,000 | - | 1,850 |
| | Variable | 09/21/00 | 12/01/18 | 80,000 | 40,000 | 40,000 | - | 2,000 |
| | 3.00% to 5.00% | 07/11/02 | 12/01/20 | 13,180 | 6,665 | 6,515 | 65 | 326 |
| | 3.00% to 5.00% | 07/11/02 | 12/01/20 | 76,400 | - | 76,400 | - | 3,820 |
| | 4.00% to 5.00% | 11/07/02 | 12/01/13 | 48,400 | 21,065 | 27,335 | 4,760 | 1,367 |
| | 5.00% | 06/24/04 | 12/01/14 | 39,740 | 13,185 | 26,555 | 3,295 | 1,245 |
| Park Acquisition | 4.00% to 5.00% | 08/29/01 | 12/01/19 | 11,270 | 3,100 | 8,170 | 550 | 409 |
| | 3.00% to 4.00% | 07/11/02 | 12/01/21 | 2,200 | 200 | 2,000 | - | 95 |
| Library Parking Ramp | 3.25% to 4.75% | 12/19/02 | 12/01/28 | 10,100 | 100 | 10,000 | 140 | 454 |
| Total Self-Supporting General Obligation Bonds | | | | 369,690 | 135,715 | 233,975 | 8,810 | 11,566 |

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2008

(In Thousands)

| Issues Outstanding | Interest Rates | Issue Date | Final Maturity Date | Issued | Retired | Outstanding | (In Thousands) | |
|--|------------------|------------|---------------------|---------------|---------------|---------------|-----------------------|----------------------|
| | | | | | | | Principal Due in 2009 | Interest Due in 2009 |
| <u>Special Assessment General Obligation Bonds</u> | | | | | | | | |
| <u>Improvements</u> | | | | | | | | |
| | 5.10% to 5.70% | 06/05/96 | 12/01/16 | 2,315 | 2,315 | - | - | - |
| | 3.50% to 4.50% | 11/17/05 | 12/01/16 | 815 | - | 815 | 105 | 34 |
| | 4.85% to 5.25% | 06/25/97 | 12/01/17 | 2,965 | 2,965 | - | - | - |
| | 3.50% to 4.50% | 11/17/05 | 12/01/17 | 960 | - | 960 | 5 | 41 |
| | 3.20% to 4.75% | 11/01/98 | 12/01/18 | 1,500 | 1,500 | - | - | - |
| | 4.00% to 5.00% | 11/01/98 | 12/01/11 | 1,955 | 1,535 | 420 | 160 | 20 |
| | 4.00% to 5.00% | 08/29/01 | 12/01/21 | 9,245 | 4,035 | 5,210 | 500 | 237 |
| | 4.00% to 4.10% | 11/07/02 | 12/01/22 | 5,890 | 2,210 | 3,680 | 300 | 172 |
| | 2.50% to 4.50% | 11/06/03 | 12/01/23 | 6,130 | 2,310 | 3,820 | 445 | 144 |
| | Variable | 10/30/03 | 12/01/13 | 1,460 | 725 | 735 | 145 | 37 |
| | 2.50% to 4.375% | 12/01/04 | 12/01/24 | 9,740 | 2,690 | 7,050 | 665 | 269 |
| | 3.50% to 4.00% | 10/20/05 | 12/01/10 | 1,155 | 680 | 475 | 210 | 17 |
| | 3.50% to 4.00% | 10/20/05 | 12/01/10 | 860 | 525 | 335 | 165 | 12 |
| | 4.00% to 4.375% | 11/30/05 | 12/01/25 | 4,610 | 1,130 | 3,480 | 365 | 144 |
| | 4.00% to 4.50% | 11/16/06 | 12/01/26 | 3,780 | 510 | 3,270 | 240 | 134 |
| | 4.00% to 4.50% | 11/28/07 | 12/01/27 | 5,400 | 385 | 5,015 | 360 | 204 |
| | 3.25% to 4.75% | 11/26/08 | 12/01/28 | 7,725 | - | 7,725 | 795 | 232 |
| Nicollet Mall Improvement | 3.50% to 5.00% | 06/30/05 | 03/01/10 | 6,255 | 3,550 | 2,705 | 1,320 | 102 |
| Northop Lane Improvement | 4.375% to 4.875% | 07/01/98 | 12/01/18 | 157 | 157 | - | - | - |
| | 4.00% to 5.00% | 11/17/05 | 12/01/18 | 35 | - | 35 | - | 2 |
| Park Diseased Trees | 2.00% to 4.00% | 06/25/03 | 12/01/08 | 500 | 500 | - | - | - |
| | 4.00% to 5.00% | 06/24/04 | 12/01/09 | 500 | 400 | 100 | 100 | 5 |
| | 3.00% to 4.00% | 06/30/05 | 12/01/10 | 500 | 300 | 200 | 100 | 8 |
| | Variable | 06/01/06 | 12/01/11 | 500 | 500 | - | - | - |
| | 4.00% to 5.00% | 07/12/07 | 12/01/12 | 500 | 220 | 280 | 40 | 14 |
| | 4.00% to 5.00% | 05/29/08 | 12/01/13 | 500 | - | 500 | 100 | 25 |
| Total Special Assessment General Obligation Bonds | | | | 75,952 | 29,142 | 46,810 | 6,120 | 1,853 |
| <u>Tax Increment General Obligation Bonds</u> | | | | | | | | |
| Laurel Village Tax Increment | 2.00% to 4.20% | 01/29/03 | 03/01/16 | 26,350 | 19,250 | 7,100 | 755 | 257 |
| Laurel Village Tax Increment - Taxable | 4.00% to 4.85% | 03/11/08 | 03/01/18 | 12,360 | - | 12,360 | 200 | 570 |
| Nicollet Mall Tax Increment | 3.50% to 5.00% | 06/30/05 | 03/01/10 | 765 | 440 | 325 | 160 | 12 |

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2008

(In Thousands)

| Issues Outstanding | Interest Rates | Issue Date | Final Maturity Date | Issued | Retired | Outstanding | Principal Due in 2009 | Interest Due in 2009 |
|---|-----------------|------------|---------------------|-----------|---------|-------------|-----------------------|----------------------|
| <u>Tax Increment General Obligation Bonds (continued)</u> | | | | | | | | |
| Tax Increment | 3.50% to 5.00% | 06/30/05 | 03/01/13 | 36,260 | 12,270 | 23,990 | 4,745 | 1,141 |
| | 3.50% to 5.00% | 06/30/05 | 03/01/08 | 5,730 | 5,730 | - | - | - |
| Tax Redevelopment - Arena Acquisition | 4.25% to 5.20% | 01/15/96 | 10/01/24 | 67,555 | 15,200 | 52,355 | 2,620 | 2,646 |
| West Side Milling District Tax Increment | 4.90% to 6.055% | 11/15/01 | 02/01/26 | 15,275 | 275 | 15,000 | 230 | 869 |
| | 4.25% to 5.00% | 11/15/01 | 02/01/26 | 1,100 | - | 1,100 | - | 53 |
| | 2.00% to 3.50% | 06/25/03 | 03/01/15 | 1,725 | 300 | 1,425 | 225 | 40 |
| Block E Development | Variable | 10/26/00 | 03/01/27 | 10,610 | 1,640 | 8,970 | 300 | 449 |
| Block E Development - Taxable | 4.60% to 5.30% | 10/20/05 | 03/01/27 | 14,000 | 2,375 | 11,625 | 600 | 576 |
| Milwaukee Depot Development | 7.00% to 7.375% | 11/29/00 | 03/01/20 | 9,300 | 1,520 | 7,780 | 350 | 553 |
| Humboldt Greenway | 4.00% to 5.00% | 11/15/01 | 02/01/28 | 4,500 | 80 | 4,420 | 90 | 206 |
| Heritage Park | 2.15% to 4.25% | 06/25/03 | 03/01/25 | 6,900 | 150 | 6,750 | 225 | 257 |
| Midtown Exchange | 4.00% to 5.00% | 03/11/08 | 03/01/32 | 2,770 | - | 2,770 | 55 | 128 |
| Total Tax Increment General Obligation Bonds | | | | 215,200 | 59,230 | 155,970 | 10,555 | 7,757 |
| <u>Revenue Bonds</u> | | | | | | | | |
| Arena Acquisition Project Series B | Variable | 03/01/95 | 10/01/24 | 6,100 | 1,780 | 4,320 | 180 | 212 |
| Arena Acquisition Project Series A | 5.50% | 03/01/95 | 10/01/24 | 6,550 | 1,890 | 4,660 | 205 | 256 |
| 2004 Village at St. Anthony Falls-Tax Exempt | 2.35% to 5.75% | 03/01/04 | 03/01/27 | 7,470 | 585 | 6,885 | 160 | 372 |
| 2005 Village at St. Anthony Falls-Tax Exempt | 4.00% to 5.65% | 12/13/05 | 02/01/27 | 4,430 | 200 | 4,230 | 100 | 225 |
| 2005 Ivy Tower | 5.10% to 5.70% | 12/20/05 | 02/01/29 | 4,935 | - | 4,935 | - | 274 |
| 2006 Grant Park T1 Revenue Refunding | 5.00% to 5.350% | 09/26/06 | 02/01/30 | 10,545 | 320 | 10,225 | 250 | 528 |
| 2007 East River Unocal Site | 4.50% to 5.40% | 07/12/07 | 02/01/31 | 1,750 | 85 | 1,665 | 45 | 86 |
| Subordinated Development-Tax Increment | 7.00% to 7.25% | 01/09/90 | 09/01/09 | 112,785 | 104,058 | 8,727 | 8,727 | 25,978 |
| Total Revenue Bonds | | | | 154,565 | 108,918 | 45,647 | 9,667 | 27,931 |
| Total General Government Bonds | | | | 1,160,434 | 430,507 | 729,927 | 52,902 | 60,984 |

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2008

(In Thousands)

| Issues Outstanding | Interest Rates | Issue Date | Final Maturity Date | Issued | Retired | Outstanding | Principal Due in 2009 | Interest Due in 2009 |
|--|----------------|-------------|---------------------|------------------|----------------|----------------|-----------------------|----------------------|
| Revenue Notes | | | | | | | | |
| Edison Youth Hockey Association | 6.18% | 10/02/96 | 07/02/08 | 1,045 | 1,045 | - | - | - |
| Community Health and Education | 5.86% | 08/05/97 | 08/05/12 | 680 | 278 | 402 | 35 | 23 |
| NSP Energy | 0.00% | 1996 - 1998 | 12/31/08 | 5,973 | 5,973 | - | - | - |
| Tax Increment- | | | | | | | | |
| College of St. Thomas District | 6.93% | 04/01/91 | 02/01/16 | 9,200 | - | 9,200 | - | - |
| Urban Village - 2002B | Variable | 11/19/01 | 12/01/31 | 3,000 | 185 | 2,815 | 65 | 44 |
| Urban Village - 2002B | Variable | 11/19/01 | 12/01/31 | 2,000 | 2,000 | - | - | - |
| Grant Park Project | 7.25% | 08/28/02 | 08/01/07 | 9,825 | 9,825 | - | - | - |
| East River Unocal Site | 7.00% | 09/19/02 | 08/01/07 | 1,500 | 1,500 | - | - | - |
| Section 108 - Near North | Variable | 04/26/01 | 08/01/20 | 3,900 | 3,900 | - | - | - |
| Section 108 - Portland Place | 7.60% | 08/01/00 | 08/01/17 | 610 | 156 | 454 | 36 | 35 |
| Section 108 - Green Institute | Variable | 02/14/02 | 08/01/21 | 3,500 | 580 | 2,920 | 134 | 143 |
| Section 108 - Midtown Exchange | Variable | 12/01/04 | 08/01/24 | 6,500 | - | 6,500 | 195 | 332 |
| Total Revenue Notes | | | | 47,733 | 25,442 | 22,291 | 465 | 577 |
| Total General Government Bonds and Notes: | | | | 1,208,167 | 455,949 | 752,218 | 53,367 | 61,561 |
| Internal Service Funds | | | | | | | | |
| Equipment Fund General Obligation Bonds | | | | | | | | |
| Currie Facility | 4.00% to 5.00% | 08/29/01 | 12/01/22 | 26,150 | 7,860 | 18,290 | 530 | 915 |
| Equipment Purchases 2002 | 3.25% to 3.50% | 12/19/02 | 12/01/07 | 6,100 | 6,100 | - | - | - |
| Equipment Purchases 2003 | 2.00% to 4.00% | 06/25/03 | 12/01/18 | 9,630 | 4,435 | 5,195 | 725 | 208 |
| Equipment Purchases 2004 | 4.00% to 5.00% | 06/24/04 | 12/01/19 | 5,450 | 2,390 | 3,060 | 410 | 153 |
| Equipment Purchases 2005 | 3.00% to 4.00% | 06/30/05 | 12/01/20 | 5,540 | 2,250 | 3,290 | 390 | 132 |
| Total Equipment Fund General Obligation Bonds | | | | 52,870 | 23,035 | 29,835 | 2,055 | 1,408 |
| Property Fund General Obligation Bonds | | | | | | | | |
| Property Fund General Obligation Bonds | 3.00% to 4.60% | 07/11/02 | 12/01/19 | 6,425 | 1,795 | 4,630 | 340 | 195 |
| Property Fund General Obligation Bonds | 2.00% to 4.00% | 06/25/03 | 12/01/17 | 4,560 | 1,775 | 2,785 | 250 | 111 |
| Total Property Fund General Obligation Bonds | | | | 10,985 | 3,570 | 7,415 | 590 | 306 |

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2008

(In Thousands)

| Issues Outstanding | Interest Rates | Issue Date | Final Maturity Date | Issued | Retired | Outstanding | Principal Due in 2009 | Interest Due in 2009 |
|---|----------------|------------|---------------------|-----------|---------|-------------|-----------------------|----------------------|
| Information & Technology Services Fund - General Obligation Bonds | | | | | | | | |
| | 4.75% | 12/13/00 | 12/01/12 | 22,820 | - | 22,820 | 6,020 | 1,084 |
| | 4.00% to 5.00% | 08/29/01 | 12/01/12 | 5,518 | 618 | 4,900 | 340 | 245 |
| | 3.50% to 4.00% | 10/20/05 | 12/01/12 | 4,370 | 1,775 | 2,595 | 615 | 97 |
| | 3.00% to 4.00% | 06/30/05 | 12/01/09 | 2,475 | 1,975 | 500 | 500 | 20 |
| | Variable | 06/01/06 | 12/01/11 | 1,525 | 625 | 900 | 300 | 45 |
| | 4.00% to 5.00% | 07/12/07 | 12/01/12 | 1,450 | 250 | 1,200 | 300 | 60 |
| | 4.00% to 5.00% | 05/29/08 | 12/01/11 | 1,560 | 60 | 1,500 | 500 | 75 |
| Total Information & Technology Services Fund - General Obligation Bonds | | | | 39,718 | 5,303 | 34,415 | 8,575 | 1,626 |
| Self-Insurance Fund - General Obligation Bonds (Self-Supporting) | | | | | | | | |
| | Variable | 09/21/00 | 12/01/10 | 8,800 | 8,800 | - | - | - |
| Sub-Total Self-Insurance Fund | | | | 8,800 | 8,800 | - | - | - |
| Total Internal Service Funds | | | | 112,373 | 40,708 | 71,665 | 11,220 | 3,340 |
| Total General Governmental Activity Bonds and Notes | | | | 1,320,540 | 496,657 | 823,883 | 64,587 | 64,901 |

SCHEDULE OF BUSINESS ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2008

(In Thousands)

| Issues Outstanding | Interest Rates | Issue Date | Final Maturity Date | Issued | Retired | Outstanding | Principal | | Interest | |
|---|----------------|------------|---------------------|---------|---------|-------------|-------------|-------------|-------------|-------------|
| | | | | | | | Due in 2009 | Due in 2009 | Due in 2009 | Due in 2009 |
| <u>Stormwater Fund General Obligation Bonds</u> | | | | | | | | | | |
| | 4.70% to 5.75% | 06/01/93 | 12/01/15 | 3,856 | 1,955 | 1,901 | 325 | 497 | | |
| | 4.25% to 5.05% | 05/24/94 | 12/01/08 | 4,225 | 4,225 | - | - | - | | |
| | 4.00% to 5.00% | 11/01/98 | 12/01/17 | 9,345 | 2,435 | 6,910 | - | 346 | | |
| | 4.00% to 5.00% | 08/29/01 | 12/01/08 | 11,102 | 11,102 | - | - | - | | |
| | 2.00% to 4.00% | 06/25/03 | 12/01/10 | 8,590 | 6,590 | 2,000 | 1,000 | 80 | | |
| | 4.00% to 5.00% | 06/24/04 | 12/01/09 | 7,410 | 5,350 | 2,060 | 2,060 | 103 | | |
| | 3.00% to 4.00% | 06/30/05 | 12/01/08 | 5,079 | 5,079 | - | - | - | | |
| | 3.50% to 4.00% | 10/20/05 | 12/01/08 | 715 | 715 | - | - | - | | |
| | Variable | 06/01/06 | 12/01/11 | 6,947 | 983 | 5,964 | 3,211 | 298 | | |
| | 4.00% to 5.00% | 06/01/07 | 12/01/12 | 6,304 | 4 | 6,300 | - | 315 | | |
| | 4.00% to 5.00% | 05/29/08 | 12/01/15 | 3,635 | 135 | 3,500 | 500 | 175 | | |
| Total Stormwater Fund Bonds | | | | 67,208 | 38,573 | 28,635 | 7,096 | 1,814 | | |
| <u>Sanitary Sewer Fund General Obligation Bonds</u> | | | | | | | | | | |
| | Variable | 06/01/06 | 12/01/11 | 625 | 89 | 536 | 289 | 27 | | |
| | 4.00% to 5.00% | 07/12/07 | 12/01/12 | 6,250 | 1,950 | 4,300 | 900 | 215 | | |
| | 4.00% to 5.00% | 05/29/08 | 12/01/14 | 5,500 | - | 5,500 | 500 | 275 | | |
| Total Sanitary Sewer Fund Bonds | | | | 12,375 | 2,039 | 10,336 | 1,689 | 517 | | |
| <u>Water Fund General Obligation Bonds</u> | | | | | | | | | | |
| | 4.70% to 5.75% | 06/01/93 | 12/01/15 | 6,715 | 3,968 | 2,747 | 401 | 612 | | |
| | 4.25% to 5.05% | 05/24/94 | 12/01/08 | 11,775 | 11,775 | - | - | - | | |
| | 4.00% to 5.00% | 11/01/98 | 12/01/17 | 15,340 | 2,725 | 12,615 | 1,090 | 623 | | |
| | 2.00% to 4.00% | 06/25/03 | 12/01/10 | 8,350 | 6,350 | 2,000 | 1,000 | 80 | | |
| | 3.00% to 4.00% | 06/30/05 | 12/01/08 | 4,250 | 4,250 | - | - | - | | |
| | 4.00% to 5.00% | 07/12/07 | 12/01/09 | 3,407 | 1,972 | 1,435 | 1,435 | 72 | | |
| | 4.00% to 5.00% | 05/29/08 | 12/01/15 | 10,250 | 250 | 10,000 | 1,000 | 500 | | |
| <u>Drinking Water Program - Notes Payable</u> | | | | | | | | | | |
| | | 12/17/02 | 08/20/22 | 27,400 | 2,900 | 24,500 | 500 | 691 | | |
| | | 02/21/04 | 08/20/23 | 25,000 | 1,300 | 23,700 | 450 | 664 | | |
| | | 03/23/05 | 08/20/19 | 12,500 | 150 | 12,350 | 675 | 312 | | |
| | | 08/23/06 | 08/20/26 | 8,194 | 450 | 7,744 | 300 | 339 | | |
| Total Water Fund General Obligation Bonds | | | | 133,181 | 36,090 | 97,091 | 6,851 | 3,893 | | |

SCHEDULE OF BUSINESS ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2008

(In Thousands)

| Issues Outstanding | Interest Rates | Issue Date | Final Maturity Date | Issued | Retired | Outstanding | Principal | | Interest | |
|--|------------------|------------|---------------------|---------|---------|-------------|-------------|-------------|-------------|-------------|
| | | | | | | | Due in 2009 | Due in 2009 | Due in 2009 | Due in 2009 |
| <u>Municipal Parking Fund General Obligation Bonds</u> | | | | | | | | | | |
| | 4.70% to 5.75% | 06/01/93 | 12/01/15 | 4,530 | 2,575 | 1,955 | 275 | 420 | | |
| | 3.50% to 5.00% | 06/30/05 | 03/01/12 | 12,400 | 4,640 | 7,760 | 1,825 | 342 | | |
| | 4.375% to 4.875% | 07/01/98 | 12/01/18 | 2,282 | 2,282 | - | - | - | | |
| | 4.00% to 5.00% | 11/17/05 | 12/01/18 | 685 | - | 685 | - | 31 | | |
| | 4.00% to 5.00% | 11/01/98 | 12/01/17 | 30,730 | 20,380 | 10,350 | 800 | 512 | | |
| | 4.55% to 4.75% | 11/01/98 | 12/01/26 | 19,200 | - | 19,200 | - | 908 | | |
| | 4.70% to 5.125% | 07/01/99 | 12/01/17 | 14,000 | 9,150 | 4,850 | 1,050 | 238 | | |
| | 3.50% to 5.00% | 11/17/05 | 12/01/17 | 5,340 | - | 5,340 | 10 | 246 | | |
| | 5.25% to 6.00% | 01/12/00 | 12/01/25 | 10,800 | 300 | 10,500 | 175 | 612 | | |
| | 3.00% to 5.00% | 07/11/02 | 12/01/12 | 11,485 | 7,110 | 4,375 | 1,505 | 219 | | |
| | 3.00% to 5.00% | 07/11/02 | 12/01/12 | 7,135 | 4,425 | 2,710 | 930 | 136 | | |
| | 4.00% to 5.00% | 11/07/02 | 12/01/26 | 25,000 | 1,475 | 23,525 | 250 | 1,169 | | |
| | Variable | 10/30/03 | 12/01/18 | 10,525 | 3,715 | 6,810 | - | 341 | | |
| | Variable | 12/11/03 | 12/01/28 | 16,100 | 490 | 15,610 | - | 781 | | |
| | Variable | 06/12/04 | 12/01/14 | 19,170 | 6,285 | 12,885 | 1,640 | 644 | | |
| | Variable | 03/17/05 | 12/01/33 | 16,400 | 3,100 | 13,300 | - | 665 | | |
| | 3.50% to 4.00% | 10/20/05 | 12/01/09 | 840 | 640 | 200 | 200 | 7 | | |
| | 3.50% to 4.00% | 10/20/05 | 12/01/09 | 1,240 | 945 | 295 | 295 | 10 | | |
| | 3.50% to 4.00% | 10/20/05 | 12/01/09 | 2,370 | 1,785 | 585 | 585 | 20 | | |
| | Variable | 06/01/06 | 12/01/13 | 1,700 | 1,700 | - | - | - | | |
| | 4.00% to 5.00% | 07/12/07 | 12/01/14 | 1,700 | - | 1,700 | - | 85 | | |
| <u>Municipal Parking Fund General Obligation/Tax Increment Bonds</u> | | | | | | | | | | |
| | 4.70% to 5.125% | 07/01/99 | 12/01/24 | 16,150 | 9,550 | 6,600 | 475 | 333 | | |
| | 3.50% to 5.00% | 11/17/05 | 12/01/21 | 7,100 | - | 7,100 | 25 | 322 | | |
| | 5.00% to 5.25% | 06/29/00 | 12/01/15 | 5,000 | 1,900 | 3,100 | 400 | 163 | | |
| | 5.00% to 5.00% | 11/14/00 | 03/01/26 | 46,225 | 28,350 | 17,875 | 4,200 | 789 | | |
| | 3.50% to 5.00% | 11/17/05 | 12/01/21 | 15,355 | - | 15,355 | 25 | 752 | | |
| | 6.3% to 7.00% | 11/29/00 | 03/01/12 | 15,000 | 9,400 | 5,600 | 1,400 | 337 | | |
| | Variable | 03/17/05 | 03/01/32 | 4,250 | 390 | 3,860 | - | 193 | | |
| | | | | 322,712 | 120,587 | 202,125 | 16,065 | 10,275 | | |
| Total Municipal Parking Fund General Obligation Bonds | | | | | | | | | | |
| Total Business Activity General Obligation Bonds | | | | 535,476 | 197,289 | 338,187 | 31,701 | 16,499 | | |

SCHEDULE OF BUSINESS ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2008

(In Thousands)

| Issues Outstanding | Interest Rates | Issue Date | Final Maturity Date | Issued | Retired | Outstanding | Principal | | Interest | |
|--|-----------------|------------|---------------------|---------|---------|-------------|-------------|-------------|-------------|-------------|
| | | | | | | | Due in 2009 | Due in 2009 | Due in 2009 | Due in 2009 |
| Community Development Agency Fund - General Agency Reserve Fund System Bonds | | | | | | | | | | |
| Carlson Companies | 4.85% to 6.00% | 03-01-96 | 02-01-11 | 8,370 | 6,451 | 1,919 | 735 | 104 | | |
| Halper Box | 5.10% to 6.15% | 04-01-97 | 06-01-17 | 2,400 | 1,035 | 1,365 | 120 | 80 | | |
| Baker Bearing | 5.10% to 6.20% | 05-01-97 | 12-01-17 | 2,900 | 1,305 | 1,595 | 150 | 94 | | |
| Laurel Village Alden Limited Partnership II | 4.30% to 5.75% | 10-01-97 | 06-01-27 | 2,515 | 475 | 2,040 | 60 | 115 | | |
| 100 East 22nd Associates - A | 4.00% to 5.50% | 10-01-97 | 06-01-12 | 2,820 | 1,890 | 930 | 245 | 48 | | |
| Cord Sets | 4.10% to 5.50% | 07-01-98 | 06-01-18 | 1,500 | 560 | 940 | 75 | 49 | | |
| Discount Steel - A | 5.00% to 5.25% | 12-01-99 | 06-01-19 | 1,900 | - | 1,900 | - | 49 | | |
| Discount Steel - B | 6.75% | 12-01-99 | 06-01-09 | 1,000 | 865 | 135 | 135 | 53 | | |
| Pajor and Associates | 4.75% to 6.75% | 03-01-00 | 12-01-25 | 1,505 | 270 | 1,235 | 40 | 82 | | |
| Resource Inc | 4.65% to 6.00% | 08-01-00 | 12-01-20 | 1,650 | 465 | 1,185 | 70 | 69 | | |
| Elmer Enterprises Refunding | 3.90% to 5.875% | 04-01-01 | 06-01-19 | 2,395 | 2,395 | - | - | - | | |
| Bridgerail Properties (All-Weather Roofing) | 4.31 to 7.00% | 09-01-02 | 06-01-22 | 2,750 | 540 | 2,210 | 105 | 144 | | |
| Kristol Properties | 2.45 to 5.12% | 11-20-03 | 12-01-23 | 3,300 | 1,130 | 2,170 | 140 | 101 | | |
| Infinite Graphics | 2.25 to 5.50% | 07-14-04 | 12-01-24 | 2,475 | 440 | 2,035 | 120 | 106 | | |
| Theatres Bonds, Series 2005-1 | 5.23 to 6.30% | 12-01-05 | 12-01-35 | 21,055 | 870 | 20,185 | 320 | 1,243 | | |
| Ambassador Press Refunding | 5.875 to 6.50% | 12-01-06 | 12-01-26 | 8,400 | 515 | 7,885 | 480 | 894 | | |
| Quality Resource Group | 5.28 to 5.84% | 03/01/07 | 12/01/27 | 3,100 | 90 | 3,010 | 95 | 169 | | |
| New French Bakery (Taxable) | 5.70% | 07/01/07 | 06/01/12 | 1,000 | - | 1,000 | 300 | 40 | | |
| New French Bakery (Tax-Exempt) | 5.00 to 5.25% | 07/01/07 | 06/01/28 | 8,990 | - | 8,990 | - | 471 | | |
| Total Community Development Agency Fund - General Agency Reserve Fund System Bonds | | | | 80,025 | 19,296 | 60,729 | 3,190 | 3,911 | | |
| Community Development Agency Fund - Revenue Notes | | | | | | | | | | |
| Economic Development Program | | | | 440 | 280 | 160 | 36 | 9 | | |
| Federal Home Loan Note | | 12/14/97 | 12/14/12 | 1,200 | 642 | 558 | 91 | 32 | | |
| Federal Home Loan Note | | 04/01/99 | 04/01/14 | | | | | | | |
| Total Community Development Agency Fund - Revenue Notes | | | | 1,640 | 922 | 718 | 127 | 41 | | |
| Total Business Activity Bonds and Notes | | | | 617,141 | 217,507 | 399,634 | 35,018 | 20,451 | | |

**MUNICIPAL BUILDING COMMISSION
BALANCE SHEET
December 31, 2008**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | General Fund | Capital Projects Fund | Total |
|---|-------------------------|--------------------------------------|-----------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 701 | \$ 105 | \$ 806 |
| Receivables: | | | |
| Accounts - net | 7 | - | 7 |
| Taxes | | | |
| Current | 36 | - | 36 |
| Delinquent | 47 | - | 47 |
| Intergovernmental | 910 | 295 | 1,205 |
| Due from other funds | 140 | - | 140 |
| | <u>1,841</u> | <u>400</u> | <u>2,241</u> |
| Total assets | \$ 1,841 | \$ 400 | \$ 2,241 |
| <u>LIABILITIES and FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Salaries payable | \$ 163 | \$ - | \$ 163 |
| Accounts payable | 775 | 51 | 826 |
| Due to other funds | - | 140 | 140 |
| Deferred revenue | 47 | - | 47 |
| | <u>985</u> | <u>191</u> | <u>1,176</u> |
| Total liabilities | 985 | 191 | 1,176 |
| Fund balances: | | | |
| Reserved for: | | | |
| Encumbrances | 33 | 19 | 52 |
| Unreserved, reported in | | | |
| General Fund | 823 | - | 823 |
| Capital Project Fund | - | 190 | 190 |
| | <u>856</u> | <u>209</u> | <u>1,065</u> |
| Total fund balances | 856 | 209 | 1,065 |
| | <u>\$ 1,841</u> | <u>\$ 400</u> | <u>\$ 2,241</u> |
| Total liabilities and fund balances | \$ 1,841 | \$ 400 | \$ 2,241 |

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

CITY OF MINNEAPOLIS, MINNESOTA

For the fiscal year ended December 31, 2008

(In Thousands)

| | General Fund | Capital Projects Fund | Total |
|------------------------------------|-------------------------|--------------------------------------|------------------------|
| REVENUES: | | | |
| Taxes | \$ 4,030 | \$ - | \$ 4,030 |
| Intergovernmental revenues | 324 | 117 | 441 |
| Charges for services and sales | 3,714 | 1,356 | 5,070 |
| Miscellaneous revenues | 98 | 704 | 802 |
| | <u>8,166</u> | <u>2,177</u> | <u>10,343</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| General government | 8,142 | - | 8,142 |
| Capital outlay | - | 2,126 | 2,126 |
| | <u>8,142</u> | <u>2,126</u> | <u>10,268</u> |
| Net change in fund balance | 24 | 51 | 75 |
| Fund balances - January 1 | <u>832</u> | <u>158</u> | <u>990</u> |
| Fund balances - December 31 | <u><u>\$ 856</u></u> | <u><u>\$ 209</u></u> | <u><u>\$ 1,065</u></u> |

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. | 136 - 139 |
| 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. | 140 - 143 |
| 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. | 144-151 |
| 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. | 152 - 153 |
| 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. | 154 - 157 |

Schedule 1
City of Minneapolis
Net Assets by Component (In Thousands)
Last 6 Fiscal Years
December 31, 2008

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

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

Schedule 2
City of Minneapolis
Changes in Net Assets (In Thousands)
Last 6 Fiscal Years
December 31, 2008

| | Fiscal Year | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Expenses | | | | | | |
| Governmental activities: | | | | | | |
| General government | \$ 123,139 | \$ 75,530 | \$ 68,095 | \$ 67,780 | \$ 57,519 | \$ 79,609 |
| Public safety | 168,976 | 202,334 | 215,366 | 221,160 | 226,050 | 232,210 |
| Public works | 68,296 | 20,691 | 28,909 | 52,267 | 80,315 | 50,523 |
| Culture and recreation | 26,346 | 49,968 | 48,744 | 15,851 | 5,279 | 29,607 |
| Health and welfare | 23,502 | 9,905 | 13,502 | 14,572 | 14,325 | 13,028 |
| Community development | 107,061 | 105,676 | 133,037 | 116,369 | 118,066 | 122,936 |
| Interest on long-term debt | 44,014 | 56,283 | 34,383 | 89,147 | 40,691 | 36,405 |
| Total governmental activities expenses | \$ 561,334 | \$ 520,387 | \$ 542,036 | \$ 577,146 | \$ 542,245 | \$ 564,318 |
| Business-type activities: | | | | | | |
| Sanitary Sewer | 56,746 | 53,690 | 26,880 | 36,710 | 37,696 | 38,057 |
| Stormwater | - | - | 25,898 | 23,815 | 24,459 | 24,027 |
| Water works | 46,757 | 50,683 | 46,292 | 53,209 | 52,983 | 56,310 |
| Municipal parking | 62,832 | 67,195 | 56,676 | 60,097 | 58,714 | 50,833 |
| Solid waste and recycling | 23,568 | 26,007 | 24,500 | 26,554 | 26,570 | 26,514 |
| Community development | 14,962 | 18,551 | 24,517 | 9,035 | 6,446 | 6,367 |
| Total business-type activities expenses | \$ 204,865 | \$ 216,126 | \$ 204,763 | \$ 209,420 | \$ 206,868 | \$ 202,108 |
| Total primary government expenses | \$ 766,199 | \$ 736,513 | \$ 746,799 | \$ 786,566 | \$ 749,113 | \$ 766,426 |
| Program Revenues | | | | | | |
| Governmental activities: | | | | | | |
| Charges for services: | | | | | | |
| General government | \$ 48,345 | \$ 18,036 | \$ 19,805 | \$ 28,320 | \$ 30,490 | \$ 45,882 |
| Public safety | 6,498 | 36,073 | 38,002 | 43,889 | 34,486 | 37,525 |
| Public works | 4,419 | 2,059 | 5,169 | 8,461 | 10,239 | 11,670 |
| Health and welfare | 712 | 449 | 536 | 528 | 500 | 524 |
| Community development | 7,915 | 32,465 | 44,447 | 35,595 | 30,169 | 30,470 |
| Culture and recreation | - | - | - | - | 2,252 | - |
| Operating grants and contributions | 65,751 | 52,288 | 85,301 | 68,894 | 84,926 | 100,095 |
| Capital grants and contributions | 19,793 | 35,637 | 13,858 | 18,717 | 19,174 | 13,136 |
| Total governmental activities program revenues | \$ 153,433 | \$ 177,007 | \$ 207,118 | \$ 204,404 | \$ 212,236 | \$ 239,302 |
| Business-type activities: | | | | | | |
| Charges for services: | | | | | | |
| Sanitary Sewer | \$ 59,834 | \$ 64,132 | \$ 33,756 | \$ 37,968 | \$ 40,369 | \$ 40,787 |
| Storm Water | - | - | 31,336 | 30,209 | 32,205 | 35,109 |
| Water works | 55,903 | 58,669 | 60,118 | 59,541 | 29,193 | 61,088 |
| Municipal parking | 51,859 | 55,274 | 55,300 | 57,884 | 60,625 | 52,564 |
| Solid waste and recycling | 27,071 | 28,396 | 29,443 | 28,546 | 7,917 | 29,626 |
| Community development | 10,791 | 13,838 | 12,125 | 7,483 | 60,152 | 7,698 |
| Operating grants and contributions | 1,537 | - | - | 13,553 | 1,737 | 2,641 |
| Total business-type activities program revenues | \$ 206,995 | \$ 220,309 | \$ 222,078 | \$ 235,184 | \$ 232,198 | \$ 229,513 |
| Total primary government program revenues | \$ 360,428 | \$ 397,316 | \$ 429,196 | \$ 439,588 | \$ 444,434 | \$ 468,815 |
| Net (Expenses) Revenue | | | | | | |
| Governmental activities | \$ (407,901) | \$ (343,380) | \$ (334,918) | \$ (372,742) | \$ (330,009) | \$ (325,016) |
| Business-type activities | 2,130 | 4,183 | 17,315 | 25,764 | 25,330 | 27,405 |
| Total primary government net expense | \$ (405,771) | \$ (339,197) | \$ (317,603) | \$ (346,978) | \$ (304,679) | \$ (297,611) |
| General Revenues and Other Changes in Net Assets | | | | | | |
| Governmental activities: | | | | | | |
| Taxes | | | | | | |
| General property tax and fiscal disparities | \$ 109,340 | \$ 124,485 | \$ 131,261 | \$ 145,073 | \$ 159,878 | \$ 184,985 |
| Property tax increment | 67,506 | 64,118 | 64,044 | 71,556 | 77,979 | 82,686 |
| Franchise fees | 24,083 | 25,112 | 27,702 | 29,026 | 29,548 | 31,705 |
| Convention center taxes | 48,908 | 52,169 | 55,064 | 56,725 | 60,065 | 60,480 |
| Other taxes | 341 | 273 | 228 | 188 | 215 | 183 |
| Intergovernmental - unrestricted | 88,818 | 81,722 | 65,921 | 81,626 | 70,712 | 60,702 |
| 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 |
| Sale of land | - | - | - | - | - | - |
| Other | 20,500 | 1,028 | 1,144 | 2,862 | 2,715 | 1,287 |
| Gain on sale of capital assets | - | 3 | - | - | - | - |
| Transfers | 7,308 | 8,544 | 19,291 | 416 | 5,023 | 4,250 |
| Total governmental activities | \$ 383,744 | \$ 363,606 | \$ 378,165 | \$ 401,888 | \$ 423,717 | \$ 439,406 |
| Business-type activities: | | | | | | |
| Unrestricted interest and investment earnings | \$ 2,181 | \$ 1,236 | \$ 1,359 | \$ 1,542 | \$ 1,924 | \$ 1,487 |
| Other | 4,724 | 2,270 | 1,580 | 2,039 | 3,187 | 1,479 |
| Gain on sale of capital assets | 62 | - | 2 | - | 30,725 | 565 |
| Transfers | (7,308) | (8,544) | (19,291) | (416) | (5,023) | (4,250) |
| Total business-type activities | \$ (341) | \$ (5,038) | \$ (16,350) | \$ 3,165 | \$ 30,813 | \$ (719) |
| Total primary government | \$ 383,403 | \$ 358,568 | \$ 361,815 | \$ 405,053 | \$ 454,530 | \$ 438,687 |
| Changes in Net Assets | | | | | | |
| Governmental activities | \$ (24,157) | \$ 23,004 | \$ 43,247 | \$ 29,146 | \$ 93,708 | \$ 114,390 |
| Business-type activities | 1,789 | (855) | 965 | 28,929 | 56,143 | 26,686 |
| Total primary government | \$ (22,368) | \$ 22,149 | \$ 44,212 | \$ 58,075 | \$ 149,851 | \$ 141,076 |

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

Schedule 3
City of Minneapolis
Fund Balance, Governmental Funds (In Thousands)
Last 6 Fiscal Years
December 31, 2008

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

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

Schedule 4
City of Minneapolis
Changes in Fund Balance, Governmental Funds (In Thousands)
Last 6 Fiscal Years
December 31, 2008

| | Fiscal Year | | | | | |
|---|------------------|--------------------|--------------------|--------------------|-----------------|------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Revenues | | | | | | |
| Taxes | \$ 248,584 | \$ 265,672 | \$ 277,411 | \$ 300,893 | \$ 326,187 | \$ 362,553 |
| Licenses, fees, and permits | 22,915 | 24,780 | 25,835 | 25,838 | 26,407 | 27,118 |
| Intergovernmental revenues | 164,600 | 161,820 | 169,558 | 175,981 | 160,384 | 151,308 |
| Charges for services | 34,192 | 43,798 | 52,590 | 55,112 | 53,778 | 62,186 |
| Fines and penalties | 8,704 | 9,641 | 10,680 | 9,249 | 9,397 | 9,700 |
| Special assessments | 10,921 | 11,091 | 11,503 | 12,363 | 13,555 | 18,018 |
| Interest | 14,455 | 6,141 | 13,292 | 14,517 | 19,075 | 13,660 |
| Miscellaneous revenues | 31,603 | 32,042 | 34,696 | 34,001 | 29,626 | 29,420 |
| Total Revenues | 535,974 | 554,985 | 595,565 | 627,954 | 638,409 | 673,963 |
| Expenditures | | | | | | |
| General government | 98,201 | 57,557 | 58,880 | 66,803 | 55,581 | 59,567 |
| Public Safety | 160,750 | 190,638 | 209,453 | 220,346 | 222,823 | 237,692 |
| Highways and streets | 33,542 | 40,049 | 39,204 | 39,171 | 41,892 | 43,893 |
| Culture and recreations | 26,346 | 49,968 | 48,744 | 15,851 | 5,279 | 29,607 |
| Health and welfare | 22,856 | 9,403 | 13,258 | 14,613 | 14,193 | 13,309 |
| Community development | 110,576 | 106,348 | 128,464 | 112,103 | 116,348 | 117,396 |
| Capital outlay | 59,714 | 63,365 | 46,141 | 45,447 | 43,846 | 39,160 |
| Debt Service: | | | | | | |
| Principal | 67,329 | 76,175 | 90,825 | 72,768 | 66,744 | 68,617 |
| Interest | 52,263 | 57,462 | 62,456 | 63,490 | 62,424 | 60,191 |
| Total expenditures | 631,577 | 650,965 | 697,425 | 650,592 | 629,130 | 669,432 |
| Excess of revenues over (under) expenditures | (95,603) | (95,980) | (101,860) | (22,638) | 9,279 | 4,531 |
| Other Financing Sources (Uses) | | | | | | |
| Transfers from other funds | 118,655 | 112,918 | 159,664 | 157,161 | 129,321 | 133,635 |
| Transfers to other funds | (149,381) | (147,725) | (179,836) | (185,576) | (151,672) | (152,056) |
| Bonds issued | 160,229 | 84,770 | 59,356 | 26,835 | 20,344 | 39,965 |
| Premium (discount) | 1,736 | 4,898 | 4,293 | 49 | 478 | 1,490 |
| Refunding bonds issued | 31,810 | 51,210 | 71,385 | 10,545 | 1,750 | 12,360 |
| Loans and notes issued | 1,725 | 6,500 | - | - | - | - |
| Payments to escrow agents | (31,625) | (39,370) | (74,820) | (9,989) | (1,480) | (12,262) |
| Total other financing sources (uses) | 133,149 | 73,201 | 40,042 | (975) | (1,259) | 23,132 |
| Net change in fund balance | \$ 37,546 | \$ (22,779) | \$ (61,818) | \$ (23,613) | \$ 8,020 | \$ 27,663 |
| Debt service as a percentage of noncapital expenditures | 20.9% | 22.7% | 23.5% | 22.5% | 22.1% | 20.4% |

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

(UNAUDITED)

Schedule 5
City of Minneapolis
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2008

| 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 |
|--------------------------------|---------------------|--------------------|----------------------|---------------------|---------------------------|---------------------|---|-----------------------|---|---|
| 1999 | \$ 3,968,179 | \$ 1,323,041 | \$ 9,215,680 | \$ 804,894 | \$ 289,177 | \$ 5,076,487 | \$ 15,600,971 | 5.88 | \$ 18,424,454 | 85% |
| 2000 | 4,191,716 | 1,495,183 | 10,093,079 | 902,211 | 296,295 | 6,385,833 | 16,978,484 | 6.03 | 20,113,950 | 84% |
| 2001 | 4,566,619 | 1,774,766 | 11,702,958 | 1,030,649 | 295,151 | 7,024,416 | 19,370,143 | 5.93 | 22,694,511 | 85% |
| 2002 | 4,996,989 | 2,262,704 | 14,445,648 | 1,147,733 | 309,224 | 7,834,331 | 23,162,298 | 8.28 | 26,594,230 | 87% |
| 2003 | 4,895,935 | 2,633,849 | 16,664,348 | 1,314,200 | 363,997 | 8,160,621 | 25,872,329 | 8.78 | 29,315,775 | 88% |
| 2004 | 4,670,904 | 3,005,654 | 19,172,856 | 1,302,065 | 372,891 | 8,739,232 | 28,524,370 | 8.50 | 33,473,533 | 85% |
| 2005 | 4,646,615 | 3,199,757 | 21,504,339 | 1,347,262 | 392,195 | 10,351,037 | 31,090,168 | 8.19 | 35,289,521 | 88% |
| 2006 | 5,282,718 | 3,393,675 | 24,309,842 | 1,392,094 | 413,521 | 8,426,487 | 34,791,850 | 7.75 | 39,067,565 | 89% |
| 2007 | 6,141,186 | 3,341,167 | 25,883,768 | 1,305,858 | 424,587 | 8,465,785 | 37,096,566 | 7.55 | 39,943,095 | 93% |
| 2008 | 6,869,181 | 1,341,775 | 26,571,451 | 3,448,334 | 415,390 | 9,549,066 | 38,646,131 | 7.51 | 43,857,249 | 88% |

Source: Finance Department calculations, using Assessor data

Notes:

¹Total of the first five property types.

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

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

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

(UNAUDITED)

Schedule 6
City of Minneapolis
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
December 31, 2008

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| City Direct Rates | | | | | | | | | | |
| <i>Tax Capacity Based Rates</i> | | | | | | | | | | |
| General | 2.75 | 2.74 | 2.81 | 3.12 | 3.63 | 4.13 | 4.40 | 4.27 | 4.24 | 4.80 |
| Estimate and Taxation | 0.01 | 0.01 | 0.00 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 |
| Building Commission | 0.12 | 0.12 | 0.11 | 0.18 | 0.19 | 0.17 | 0.16 | 0.14 | 0.13 | 0.13 |
| Permanent Improvement | 0.09 | 0.10 | 0.11 | 0.14 | 0.14 | 0.10 | 0.08 | 0.07 | 0.05 | 0.05 |
| Bond Redemption | 0.90 | 1.10 | 0.95 | 1.53 | 1.69 | 1.25 | 0.97 | 0.74 | 0.63 | 0.57 |
| Firefighter's Relief Association | 0.13 | 0.04 | 0.01 | - | - | - | - | 0.05 | 0.10 | 0.11 |
| Police Relief Association | 0.03 | 0.05 | - | 0.16 | 0.16 | 0.14 | - | 0.08 | 0.12 | 0.11 |
| Minneapolis Employees Retirement Fund | 0.16 | 0.16 | 0.14 | 0.24 | 0.21 | 0.19 | 0.13 | 0.11 | 0.08 | 0.09 |
| Parks | 1.11 | 1.13 | 1.21 | 1.86 | 1.75 | 1.65 | 1.55 | 1.42 | 1.34 | 1.29 |
| Libraries | 0.46 | 0.47 | 0.45 | 0.63 | 0.60 | 0.56 | 0.52 | 0.48 | 0.45 | - |
| Community Development | - | - | - | 0.26 | 0.21 | - | - | - | - | - |
| Public Housing | 0.05 | 0.05 | 0.04 | 0.05 | 0.05 | 0.05 | 0.05 | 0.04 | 0.04 | 0.04 |
| Teacher's Retirement Association | 0.08 | 0.09 | 0.08 | 0.11 | 0.12 | 0.11 | 0.09 | 0.08 | 0.07 | 0.07 |
| <i>Market Value Based Rates</i> | | | | | | | | | | |
| Library Referendum | - | - | - | - | 0.02 | 0.14 | 0.24 | 0.27 | 0.27 | 0.25 |
| Total City Direct Rates | 5.89 | 6.06 | 5.91 | 8.29 | 8.78 | 8.50 | 8.20 | 7.76 | 7.55 | 7.52 |
| Overlapping Rates | | | | | | | | | | |
| <i>Tax Capacity Based Rates</i> | | | | | | | | | | |
| Watershed Districts | n/a | n/a | 0.18 | 0.36 | 0.16 | 0.10 | 0.16 | 0.13 | 0.14 | 0.18 |
| Hennepin County | 4.98 | 4.80 | 4.52 | 5.95 | 5.93 | 5.33 | 4.94 | 4.59 | 4.40 | 4.38 |
| Minneapolis Public Schools | 7.95 | 7.72 | 6.98 | 4.39 | 4.40 | 4.17 | 3.39 | 3.23 | 3.06 | 2.79 |
| Other Special Taxing Districts | 0.95 | 0.94 | 0.31 | 0.63 | 0.67 | 0.62 | 0.59 | 0.52 | 0.54 | 0.54 |
| <i>Market Value Based Rates</i> | | | | | | | | | | |
| Minneapolis Public Schools Referendum | 0.01 | 0.02 | 0.02 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 |
| Solid Waste Fee | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Overlapping Rates | 13.89 | 13.48 | 12.01 | 11.34 | 11.17 | 10.23 | 9.09 | 8.48 | 8.15 | 7.90 |
| Grand Total | 19.78 | 19.54 | 17.92 | 19.63 | 19.95 | 18.73 | 17.29 | 16.24 | 15.70 | 15.42 |

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

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

n/a=not available

Source: Finance Department

(UNAUDITED)

Schedule 7
City of Minneapolis
Principle Property Tax Payers
Current Year and Nine Years Ago
(in thousands of dollars)
December 31, 2008

| Taxpayer | 2008 | | | 1999 | | |
|----------------------------------|------------------------|------|---|------------------------|------|---|
| | 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 | \$ 314,134 | 1 | 1.32% | \$ 274,520 | 3 | 3.94% |
| Target Corporation | 263,243 | 2 | 1.11% | | | |
| MB Mpls. 8th St LLC | 219,000 | 3 | 0.92% | | | |
| NWC Limited Partnership | 191,000 | 4 | 0.80% | 187,100 | 4 | 2.44% |
| Minneapolis 225 Holdings LLC | 185,600 | 5 | 0.78% | | | |
| City Center Associates | 172,400 | 6 | 0.72% | 182,500 | 5 | 2.50% |
| First Minneapolis - Hines | 168,200 | 7 | 0.71% | | | |
| Wells Operating Partnership LP | 161,600 | 8 | 0.68% | | | |
| American Express Financial Corp. | 142,474 | 9 | 0.59% | | | |
| Byte Investmetn Ptnrshp I | 141,000 | 10 | 0.59% | | | |
| Hines Intrsts Ltd Ptnrsp | - | - | - | 391,000 | 1 | 5.11% |
| Heitman Properties Ltd. | - | - | - | 336,315 | 2 | 4.41% |
| Property Minnesota One LLC | - | - | - | 152,900 | 6 | 2.00% |
| Internatl Centre Ltd Ptnrshp | - | - | - | 120,495 | 7 | 1.57% |
| Brookfield Market Inc | - | - | - | 114,400 | 8 | 1.49% |
| NW Natl Life Insurance Co | - | - | - | 98,078 | 9 | 1.28% |
| Federal Reserve Bank of Mpls | - | - | - | 96,375 | 10 | 1.26% |
| Total | <u>\$ 1,958,651</u> | | <u>8.22%</u> | <u>\$ 1,953,683</u> | | <u>26.00%</u> |

Source: Bond Issue Report 11/25/08

(UNAUDITED)

Schedule 8
City of Minneapolis
Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2008

| 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 |
| 1999 | \$ 144,339 | \$ 142,815 | 98.94% | \$ 841 | \$ 143,656 | 99.53% |
| 2000 | 153,438 | 151,872 | 98.98% | 232 | 152,104 | 99.13% |
| 2001 | 163,751 | 161,188 | 98.43% | 19 | 161,207 | 98.45% |
| 2002 | 146,852 | 144,386 | 98.32% | (102) | 144,284 | 98.25% |
| 2003 | 158,819 | 156,550 | 98.57% | 680 | 157,230 | 99.00% |
| 2004 | 176,066 | 173,565 | 98.58% | 359 | 173,924 | 98.78% |
| 2005 | 190,375 | 187,271 | 98.37% | 1,408 | 188,679 | 99.11% |
| 2006* | 205,830 | 201,794 | 98.04% | 1,562 | 203,356 | 98.80% |
| 2007 | 222,523 | 217,841 | 97.90% | 3,212 | 221,053 | 99.34% |
| 2008 | 240,553 | 234,736 | 97.58% | 3,956 | 238,691 | 99.23% |

Source: Minneapolis Finance Department - Controller Division

(UNAUDITED)

Schedule 9
City of Minneapolis
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(in thousands of dollars, except per capita)
December 31, 2008

| Fiscal Year | Governmental Activities | | | | Business-type Activities | | | | Total Primary Government | Percentage of Personal Income (1) | Per Capita (1) |
|-------------|--------------------------|---------------|---------------|----------------------------------|--------------------------|---------------|---------------|---------------|--------------------------|-----------------------------------|----------------|
| | General Obligation Bonds | Revenue Bonds | Notes Payable | General Obligation Bonds & Notes | Revenue Bonds | Notes Payable | Revenue Bonds | Notes Payable | | | |
| 1999 | \$ 642,497 | \$ 125,035 | \$ 27,753 | \$ 326,620 | \$ 116,245 | \$ 4,760 | \$ 1,242,910 | \$ 3,466 | N/A | \$ 3,466 | |
| 2000 | 731,091 | 118,385 | 14,478 | 432,940 | 94,445 | 9,083 | 1,400,422 | 3,660 | 16.14% | 3,660 | |
| 2001 | 756,500 | 103,726 | 32,488 | 417,672 | 102,765 | 7,406 | 1,420,557 | 3,714 | 15.45% | 3,714 | |
| 2002 | 738,379 | 90,643 | 49,091 | 380,645 | 91,885 | 3,502 | 1,354,145 | 3,538 | 16.78% | 3,538 | |
| 2003 | 857,358 | 77,102 | 48,422 | 390,135 | 82,117 | 1,248 | 1,456,382 | 3,810 | 16.32% | 3,810 | |
| 2004 | 891,678 | 74,682 | 41,998 | 407,280 | 71,390 | 1,155 | 1,488,183 | 3,892 | 16.99% | 3,892 | |
| 2005 | 865,011 | 67,085 | 41,252 | 410,263 | 61,631 | 1,056 | 1,446,298 | 3,730 | 15.36% | 3,730 | |
| 2006 | 817,771 | 65,756 | 26,709 | 396,019 | 57,985 | 950 | 1,365,190 | 3,521 | 14.50% | 3,521 | |
| 2007 | 777,385 | 56,306 | 22,735 | 368,335 | 63,695 | 837 | 1,289,293 | 3,323 | 12.10% | 3,323 | |
| 2008 | 755,946 | 45,647 | 22,291 | 338,188 | 60,730 | 718 | 1,223,520 | 3,153 | 11.48% | 3,153 | |

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. Personal income data was not available for 1999. The 2008 ratio is calculated using population for the prior calendar year

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

Schedule 10
City of Minneapolis
Ratios Of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(in thousands of dollars, except per capita)
December 31, 2008

| Fiscal Year | Net General Bonded Debt Outstanding | | | | | Percentage of Total Taxable Assessed Value of Property (1) | Per Capita (2) |
|-------------|---------------------------------------|--|---------------------------------------|------------|-------|--|----------------|
| | Governmental General Obligation Bonds | Business-type General Obligation Bonds & Notes | Less Assets Reserved for Debt Service | Total | | | |
| 1999 | \$ 642,497 | \$ 326,620 | \$ 36,139 | \$ 932,978 | 5.98% | \$ 2,602 | |
| 2000 | 731,091 | 432,940 | 32,495 | 1,131,536 | 6.66% | 2,957 | |
| 2001 | 756,500 | 417,672 | 33,059 | 1,141,113 | 5.89% | 2,984 | |
| 2002 | 738,379 | 380,645 | 32,453 | 1,086,571 | 4.69% | 2,839 | |
| 2003 | 857,358 | 390,135 | 34,451 | 1,213,042 | 4.69% | 3,173 | |
| 2004 | 891,678 | 407,280 | 35,753 | 1,263,205 | 4.43% | 3,303 | |
| 2005 | 865,011 | 410,263 | 27,704 | 1,247,570 | 4.01% | 3,218 | |
| 2006 | 817,771 | 396,019 | 30,978 | 1,182,812 | 3.40% | 3,051 | |
| 2007 | 777,385 | 368,335 | 36,559 | 1,109,161 | 2.99% | 2,859 | |
| 2008 | 755,946 | 338,188 | 40,196 | 1,053,938 | 2.73% | 2,711 | |

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. The 2008 ratio is calculated using the population for the prior calendar year.

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

Schedule 11
City of Minneapolis
Direct and Overlapping Governmental Activities Debt
(in thousands of dollars)
December 31, 2008

| Governmental Unit | Net General Obligation Governmental Debt Outstanding (1) | Estimated Percentage Applicable (2) | Estimated Share of Direct and Overlapping Debt |
|---|--|---|---|
| City of Minneapolis - Direct Debt | \$ 446,117 (3) | 100.00% | \$ 446,117 |
| <u>Overlapping Debt:</u> | | | |
| Special School District No. 1 | \$ 232,800 | 100.00% | \$ 232,800 |
| Hennepin County | 501,975 (4) | 24.44% | 122,683 |
| Hennepin County Regional Railroad Authority | 43,487 | 24.44% | 10,628 |
| Metropolitan Council | 137,905 | 11.02% | 15,197 |
| Subtotal, Overlapping Debt | | | \$ 381,308 |
| Total Direct and Overlapping Debt | | | \$ 827,425 |

Notes:

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

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

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

(3) Total excludes \$233,975 of self supporting debt, \$46,810 of special assessment debt and all governmental activity revenue bonds and notes which are not principally paid by the general taxpayer base.

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

Sources:

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

(UNAUDITED)

Schedule 12
City of Minneapolis
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2008

| | Fiscal Year | | | | | | | | | |
|---|-------------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|-------------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Debt Limit | \$576,511 | \$655,557 | \$784,051 | \$875,204 | \$967,210 | \$1,054,780 | \$1,182,794 | \$1,159,728 | \$1,253,051 | \$1,306,194 |
| Total net debt applicable to limit | 134,109 | 159,347 | 146,911 | 193,639 | 319,436 | 362,739 | 369,842 | 339,712 | 313,129 | 302,772 |
| Legal debt margin | \$442,402 | \$496,210 | \$637,140 | \$681,565 | \$647,774 | \$692,041 | \$812,952 | \$820,016 | \$939,922 | \$1,003,422 |
| Total net debt applicable to limit as a percentage of debt limit | 23.26% | 24.31% | 18.74% | 22.13% | 33.03% | 34.39% | 31.27% | 29.29% | 24.99% | 23.18% |

Legal Debt Margin Calculation for Fiscal Year 2008

| | |
|---|--------------|
| Real Property (2008 Assessed Market Value) | \$38,254,250 |
| Personal Property (2008 Assessed Market Value) | 391,881 |
| Adjustment for Exempt Personal Property (1966 Market Value) | 298,030 |
| Adjustment for Net Fiscal Disparities (Contribution)/Distribution | 241,645 |
| Total 2008 Assessed Market Value | 39,185,806 |
| Debt Limit (3-1/3% of Market Value Applicable to Debt Limit) | 1,306,194 |
| Debt applicable to limit: | |
| General Obligation Bonds Subject to Debt Limit: | 330,440 |
| Less: Assets in General Debt Service Funds | -27,668 |
| Total Net Debt Applicable to Limit | 302,772 |
| Legal Debt Margin | \$1,003,422 |

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2008

MUNICIPAL PARKING BONDS

| Fiscal Year | Operating Revenue (1) | Operating Expenses (2) | Debt Service Transfers (3) (4) | Net Revenue Available for Debt Service | Debt Service Requirements | | Coverage | |
|-------------|-----------------------|------------------------|--------------------------------|--|---------------------------|----------|-----------|------|
| | | | | | Principal | Interest | | |
| 1999 | \$ 48,248 | \$ 32,032 | \$ 12,426 | \$ 28,642 | \$ 25,849 | \$ 9,209 | \$ 35,058 | 0.82 |
| 2000 | 52,746 | 29,936 | 11,508 | 34,318 | 24,765 | 10,949 | 35,714 | 0.96 |
| 2001 | 56,889 | 35,227 | 8,757 | 30,419 | 31,329 | 12,734 | 44,063 | 0.69 |
| 2002 | 55,010 | 35,462 | 8,235 | 27,783 | 13,439 | 13,205 | 26,644 | 1.04 |
| 2003 | 53,401 | 44,507 | 13,941 | 22,836 | 10,129 | 12,616 | 22,745 | 1.00 |
| 2004 | 55,604 | 47,409 | 13,993 | 22,188 | 11,434 | 13,226 | 24,660 | 0.90 |
| 2005 | 55,600 | 39,535 | 13,474 | 29,539 | 12,834 | 12,127 | 24,961 | 1.18 |
| 2006 | 58,349 | 39,431 | 16,816 | 35,734 | 14,174 | 13,186 | 27,360 | 1.31 |
| 2007 | 60,554 | 39,548 | 18,361 | 39,367 | 16,924 | 12,882 | 29,806 | 1.32 |
| 2008 | 52,752 | 35,383 | 17,219 | 34,588 | 16,239 | 10,047 | 26,286 | 1.32 |

Notes:

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

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2008

(Continued)

SANITARY SEWER BONDS

| Fiscal Year | Operating Revenue (1) | Operating Expenses (2) | Net Revenue Available for Debt Service | Debt Service Requirements | | Coverage |
|-------------|-----------------------|------------------------|--|---------------------------|-------|----------|
| | | | | Principal | Total | |
| 1999 | - | - | - | - | - | - |
| 2000 | - | - | - | - | - | - |
| 2001 | - | - | - | - | - | - |
| 2002 | - | - | - | - | - | - |
| 2003 | - | - | - | - | - | - |
| 2004 | - | - | - | - | - | - |
| 2005 | - | - | - | - | - | - |
| 2006 (3) | \$ 39,342 | \$ 38,542 | \$ 800 | \$ 72 | \$ 81 | 9.88 |
| 2007 | 41,915 | 39,954 | 1,961 | 767 | 904 | 2.17 |
| 2008 | 41,615 | 38,216 | 3,399 | 1,200 | 1,578 | 2.15 |

Notes:

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

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2008

(Continued)

STORMWATER BONDS

| Fiscal Year | Operating Revenue (1) | Operating Expenses (2) | Net Revenue Available for Debt Service | Debt Service Requirements | | Coverage |
|-------------|-----------------------|------------------------|--|---------------------------|----------|----------|
| | | | | Principal | Total | |
| 1999 | \$ 51,493 | \$ 36,546 | \$ 14,947 | \$ 6,685 | \$ 8,283 | 1.80 |
| 2000 | 58,999 | 41,420 | 17,579 | 11,070 | 13,108 | 1.34 |
| 2001 | 63,301 | 42,429 | 20,872 | 10,187 | 12,204 | 1.71 |
| 2002 | 66,347 | 45,785 | 20,562 | 6,690 | 8,782 | 2.34 |
| 2003 | 63,846 | 47,010 | 16,836 | 9,026 | 11,161 | 1.51 |
| 2004 | 67,458 | 55,619 | 11,839 | 9,120 | 11,412 | 1.04 |
| 2005 (3) | 31,435 | 20,080 | 11,355 | 9,609 | 11,961 | 0.95 |
| 2006 | 30,575 | 18,250 | 12,325 | 8,360 | 10,843 | 1.14 |
| 2007 | 33,008 | 19,348 | 13,660 | 7,797 | 10,360 | 1.32 |
| 2008 | 35,824 | 19,738 | 16,086 | 8,620 | 10,184 | 1.58 |

Notes:

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

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2008

(Continued)

WATER WORKS BONDS

| Fiscal Year | Operating Revenue (1) | Operating Expenses (2) | Net Revenue Available for Debt Service | Debt Service Requirements | | Coverage | |
|-------------|-----------------------|------------------------|--|---------------------------|----------|----------|------|
| | | | | Principal | Interest | | |
| 1999 | \$ 42,919 | \$ 30,738 | \$ 12,181 | \$ 3,374 | \$ 1,832 | \$ 5,206 | 2.34 |
| 2000 | 50,567 | 33,428 | 17,139 | 6,091 | 2,281 | 8,372 | 2.05 |
| 2001 | 55,385 | 37,154 | 18,231 | 9,879 | 2,392 | 12,271 | 1.49 |
| 2002 | 57,378 | 40,161 | 17,217 | 13,192 | 2,796 | 15,988 | 1.08 |
| 2003 | 62,581 | 40,178 | 22,403 | 12,759 | 2,836 | 15,594 | 1.44 |
| 2004 | 63,449 | 46,205 | 17,244 | 11,930 | 3,221 | 15,152 | 1.14 |
| 2005 | 61,946 | 44,116 | 17,830 | 10,819 | 4,078 | 14,897 | 1.20 |
| 2006 | 64,786 | 46,704 | 18,082 | 8,659 | 4,371 | 13,030 | 1.39 |
| 2007 | 66,439 | 44,838 | 21,601 | 8,419 | 4,481 | 12,900 | 1.67 |
| 2008 | 64,130 | 47,208 | 16,922 | 6,930 | 3,406 | 10,336 | 1.64 |

Notes:

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

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

Schedule 14
City of Minneapolis
Demographic and Economic Statistics
Last 10 Fiscal Years
December 31, 2008

| Year | Population (1) | Aggregate Income (3) | Per Capita Income | Median Age (4) | School Enrollment (5) | Annual average Unemployment Rate (6) |
|----------|----------------|-------------------------|----------------------|-------------------|--------------------------|--|
| 1999 | 358,610 | N/A | N/A | N/A | 48,487 | 2.8% |
| 2000 (2) | 382,618 | \$ 8,675,946,500 | \$ 22,675 | 31.5 | 48,689 | 3.0% |
| 2001 | 382,446 | 9,194,419,953 | 24,041 | 32.1 | 47,824 | 3.9% |
| 2002 | 382,700 | 8,069,589,052 | 21,086 | 32.0 | 45,651 | 4.9% |
| 2003 | 382,295 | 8,924,153,419 | 23,344 | 33.4 | 42,900 | 5.2% |
| 2004 | 382,400 | 8,759,647,300 | 22,907 | 33.9 | 40,051 | 5.0% |
| 2005 | 387,711 | 9,417,158,500 | 24,289 | 32.1 | 37,865 | 4.2% |
| 2006 | 387,970 | 10,144,150,100 | 27,487 | 33.6 | 36,428 | 3.8% |
| 2007 | 388,020 | 10,656,131,500 | 30,343 | 35.3 | 34,570 | 4.2% |
| 2008 | N/A | N/A | N/A | N/A | 33,789 | 5.1% |

N/A = Non available

Sources:

- (1) Population 1999-2007 - Metropolitan Council
- (2) Population and aggregate income for 2000 - US Census of Population and Housing-American Community Survey began counting population in group totals as part the total population estimates in 2006.
- (3) Aggregate income (for population 15+) - US Census Bureau - American Community Survey
- (4) Median age - US Census Bureau - American Community Survey
- (5) School enrollment - Minneapolis School System
- (6) Annual average unemployment rate - Minnesota Department of Employment an Economic Development

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

Definitions:

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

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

(UNAUDITED)

Schedule 15
City of Minneapolis
Principal Employers
Current Year and Nine Years Ago
December 31, 2008

| <u>Employer - Metro Region</u> | 2008 | | | 2006 | | |
|---------------------------------------|---------------------------------|------|-------------------------------------|---------------------------------|------|-------------------------------------|
| | Approximate Number of Employees | Rank | Percentage of Total City Employment | Approximate Number of Employees | Rank | Percentage of Total City Employment |
| University of Minnesota | 30,000 | 1 | 14.18% | 30,240 | 1 | 14.29% |
| Target Corporation | 25,734 | 2 | 12.16% | 24,294 | 2 | 11.48% |
| Allina Health System | 22,105 | 3 | 10.45% | 22,500 | 3 | 10.64% |
| Wells Fargo Bank Minnesota | 20,175 | 4 | 9.54% | 19,100 | 4 | 9.03% |
| Fairview Health Services | 18,500 | 5 | 8.74% | 18,500 | 5 | 8.74% |
| Hennepin County | 12,171 | 6 | 5.75% | 12,459 | 6 | 5.89% |
| U.S. Bankcorp | 9,500 | 7 | 4.49% | 9,442 | 7 | 4.46% |
| Ameriprise Financial Inc. | 6,000 | 8 | 2.84% | 6,500 | 8 | 3.07% |
| Xcel Energy Inc. | 5,057 | 9 | 2.39% | 5,356 | 9 | 2.53% |
| Honeywell ACS | 5,000 | 10 | 2.36% | - | - | - |
| United Parcel Services | - | - | - | 5,329 | 10 | 2.52% |
| Total | 154,242 | | 72.90% | 153,720 | | 72.66% |

Note:

Information Prior to 2006 is not available

Source: 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, 2008

| Function Program | Full-time Equivalent Employees as of December 31, | | | | | | | | | |
|---|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| General Government | | | | | | | | | | |
| Assessor | 39.00 | 38.00 | 37.00 | 35.50 | 35.50 | 34.50 | 34.50 | 34.50 | 37.00 | 37.00 |
| Attorney | 106.00 | 105.50 | 113.50 | 111.50 | 110.63 | 101.13 | 101.00 | 106.50 | 108.00 | 108.00 |
| City Clerk/Council | 90.60 | 93.25 | 90.00 | 92.25 | 85.50 | 85.20 | 65.50 | 66.50 | 66.00 | 68.00 |
| City Coordinator | 772.25 | 775.50 | 852.80 | 969.20 | 969.59 | 929.75 | 929.08 | 911.03 | 917.00 | 941.00 |
| Civil Rights | 24.00 | 25.00 | 29.00 | 29.00 | 27.50 | 24.00 | 27.00 | 26.00 | 26.00 | 26.00 |
| Civilian Review | 7.00 | 7.00 | 5.00 | 5.00 | - | - | - | - | - | - |
| Community Planning and Economic Development | | | | | | | | | | |
| Fire | 483.00 | 493.00 | 211.75 | 204.38 | 206.48 | 144.00 | 139.00 | 142.00 | 141.00 | 140.00 |
| Health & Family Support | 70.97 | 73.90 | 64.15 | 69.15 | 75.40 | 73.90 | 69.00 | 66.30 | 66.00 | 66.00 |
| Mayor | 13.00 | 13.00 | 13.00 | 12.00 | 11.00 | 11.00 | 11.00 | 11.00 | 12.00 | 12.00 |
| Police | 1,202.50 | 1,191.00 | 1,182.50 | 1,093.00 | 1,060.50 | 966.05 | 942.00 | 1,058.00 | 1,088.00 | 1,093.00 |
| Public Works | 1,177.24 | 1,182.64 | 1,195.34 | 1,227.04 | 1,256.54 | 1,211.19 | 1,206.39 | 1,206.59 | 1,197.00 | 1,204.00 |
| Planning | 39.00 | 39.00 | - | - | - | - | - | - | - | - |
| | 4,024.56 | 4,036.79 | 4,277.04 | 4,330.52 | 4,308.14 | 4,030.22 | 3,968.97 | 4,072.92 | 4,105.00 | 4,144.00 |
| Independent Boards | | | | | | | | | | |
| Board of Estimate & Taxation | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Library | 358.89 | 358.89 | 357.99 | 368.00 | 363.40 | 242.00 | 246.50 | 261.90 | 273.00 | - |
| Park | 890.47 | 903.38 | 951.23 | 946.94 | 936.27 | 907.47 | 907.91 | 909.55 | 902.00 | 886.00 |
| Community Development | 163.50 | 157.00 | - | - | - | - | - | - | - | - |
| Building Commission | 74.00 | 66.50 | 66.50 | 66.50 | 64.00 | 62.00 | 61.00 | 61.00 | 62.00 | 62.00 |
| Youth Coordinating Board | 31.13 | 28.50 | 30.00 | 39.00 | 26.50 | 4.50 | 4.50 | 4.50 | 5.00 | 5.00 |
| NRP | 18.00 | 16.00 | 15.00 | 14.00 | 12.00 | 12.00 | 11.00 | 10.00 | 10.00 | 9.00 |
| | 1,537.99 | 1,532.27 | 1,422.72 | 1,436.44 | 1,404.17 | 1,229.97 | 1,232.91 | 1,248.95 | 1,254.00 | 964.00 |
| Total | 5,562.55 | 5,569.06 | 5,699.76 | 5,766.96 | 5,712.31 | 5,260.19 | 5,201.88 | 5,321.87 | 5,359.00 | 5,108.00 |

Source: City Management and Budget

(UNAUDITED)

Schedule 17
City of Minneapolis
Operating Indicators by Function/Program - Last 10 Fiscal Years
December 31, 2008

| Function/Description | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|----------------|---------|-----------|-----------|---------------|---------|-----------|---------|-------------|---------|
| General Government | | | | | | | | | | |
| Assessor | | | | | | | | | | |
| Sales ratio, all classes aggregated | 85% | 84% | 85% | 87% | 88% | 85% | 88% | 89% | 93% | 94% |
| Number of parcels' valuations petitioned in tax court | 274 | 505 | 621 | 834 | 745 | 967 | 822 | 900 | 1,429 | NA |
| Attorney - City litigation | | | | | | | | | | |
| Liability payouts, millions \$ | 5 | 12 | 3 | 2 | 10 | 4 | 3 | 2 | 9 | 1 |
| Civil litigation caseload | 808 | 688 | 697 | 683 | 724 | 904 | 1,142 | 999 | 1,226 | 1,107 |
| City Clerk - Elections | | | | | | | | | | |
| Number of registered voters | 205,069 | 259,231 | 223,778 | 219,834 | 217,131 | 287,459 | 235,172 | 226,585 | 220,740 | 240,022 |
| Number of votes cast in election | 23,323 | 175,191 | 89,927 | 150,192 | 2,284 | 201,672 | 70,987 | 149,318 | no election | 209,000 |
| Voter turnout, percentage of registered voters | 11.37% | 65.58% | 40.19% | 68.32% | 16.49% | 70.16% | 30.19% | 65.90% | no election | 87.08% |
| Type of election, highest level of government | special/school | federal | municipal | state | 3rd ward only | federal | municipal | state | no election | federal |
| Number of new voters registered at the polls | NA | 46,627 | 5,976 | 32,869 | 41 | 48,611 | 5,579 | 28,907 | no election | 50,505 |
| Number of spoiled ballots | NA | 3,891 | 1,162 | 4,309 | 3 | 3,909 | 755 | 2,284 | no election | NA |
| Number of absentee ballots | NA | 8,412 | 2,681 | 5,272 | 173 | 14,147 | 2,506 | 7,410 | no election | 17,100 |
| Coordinator - Finance | | | | | | | | | | |
| Bond rating - Fitch | NAP | AAA | AAA | AAA | AAA | AAA | AAA | AAA | AAA | AAA |
| Bond rating - Moody's | Aaa | Aaa | Aa1 | Aa1 | Aa1 | Aa1 | Aa1 | Aa1 | Aa1 | Aa1 |
| Bond rating - Standard & Poor's | AAA | AAA | AAA | AAA | AAA | AAA | AAA | AAA | AAA | AAA |
| Collections Effectiveness Indicator, Utility revenues | NA | NA | NA | NA | 81% | 79% | 68% | 70% | 74% | 78% |
| Civil Rights | | | | | | | | | | |
| Number of new civil rights complaints | NA | NA | NA | NA | 165 | 125 | 121 | 250 | 231 | 277 |
| Number of new complaints of police misconduct | NA | NA | NA | NA | 157 | 128 | 85 | 89 | 75 | 68 |
| Community and Economic Development & Planning | | | | | | | | | | |
| Number of jobs added by City assisted businesses (projected) | NA | NA | 1,771 | 1,445 | 1,554 | 378 | 659 | 2,115 | 318 | NAP |
| Multifamily housing investment: City funds, millions \$ | NA | NA | 9 | 27 | 11 | 23 | 33 | 12 | 10 | 6 |
| Multifamily housing investment: Other public funds, millions \$ | NA | NA | 15 | 26 | 39 | 38 | 19 | 14 | 12 | 4 |
| Multifamily housing investment: Private funds, millions \$ | NA | NA | 120 | 285 | 130 | 145 | 225 | 165 | 57 | 14 |
| Business finance loans: City funds, millions \$ | NA | NA | 3 | 2 | 2 | 2 | 3 | 4 | 2 | 3 |
| Number of foreclosure sales | NA | NA | NA | NA | NA | NA | 863 | 1,610 | 5,563 | 3,077 |
| Convention Center | | | | | | | | | | |
| Occupancy rate | NA | NA | NA | 60% | 55% | 56% | 66% | 62% | 61% | 61% |
| Total attendance | NA | NA | NA | 1,111,513 | 917,821 | 903,330 | 784,250 | 836,000 | 782,000 | 753,000 |
| Health & Family Support | | | | | | | | | | |
| Number of three-year old screenings conducted by the schools | NA | NA | NA | 195 | 601 | 647 | 740 | 837 | 828 | NA |
| Number of homicide deaths in Minneapolis, ages 15-24 | NA | NA | NA | NA | 24 | 19 | 17 | 26 | 15 | NA |
| Percent of one and two year olds tested for lead | 53% | 48% | 50% | 55% | 58% | 63% | 65% | 69% | 71% | NA |
| Number of children under age 6 with elevated lead levels | 968 | 758 | 846 | 516 | 463 | 384 | 374 | 351 | 282 | NA |
| Public Safety | | | | | | | | | | |
| Coordinator - 311 - 911 | | | | | | | | | | |
| 911 answer time, seconds | NA | NA | NA | NA | 6.09 | 6.51 | 6.40 | 7.53 | 7.90 | 7.10 |
| 911 pending time to dispatch, high priority calls, minutes | NA | NA | NA | NA | 2.32 | 2.28 | 2.85 | 2.97 | 3.17 | 1.82 |
| Percent of 311 calls answered in 20 seconds or less | NAP | NAP | NAP | NAP | NAP | NAP | NAP | 90% | 74% | 80% |
| Percent of 311 calls resolved at first call | NAP | NAP | NAP | NAP | NAP | NAP | NAP | 70% | 76% | 80% |
| Attorney - Criminal Prosecution | | | | | | | | | | |
| Number of chronic offenders convicted | NA | NA | NA | NA | 82 | 83 | 81 | 129 | 130 | 145 |
| Domestic violence conviction rate | NA | NA | NA | NA | 48% | 48% | 48% | 58% | 54% | 61% |
| Prosecution caseload | 55,027 | 51,080 | 44,970 | 43,981 | 35,393 | 29,117 | 21,688 | 27,195 | 27,377 | 32,076 |
| Fire | | | | | | | | | | |
| Number of emergency responses | 23,680 | 24,131 | 24,542 | 21,745 | 21,879 | 21,433 | 22,423 | 22,199 | 34,019 | 34,146 |
| Number of fires extinguished (all non EMS runs prior to 2002) | 10,483 | 10,325 | 10,260 | 2,238 | 2,194 | 2,068 | 1,775 | 1,808 | 1,859 | 1,489 |
| Number of hazmat, false alarms, and other non EMS/ fire runs | NA | NA | NA | 9,471 | 8,940 | 9,129 | 9,672 | 9,638 | 9,961 | 10,165 |
| Number of inspections | 5,810 | 7,626 | 9,528 | 6,736 | 9,782 | 9,460 | 7,802 | 8,271 | 4,821 | 7,337 |
| Percent of time response is five minutes or less | NA | NA | NA | NA | 88.1% | 88.1% | 85.8% | 84.8% | 83.0% | 86.5% |
| Lives lost due to fires | NA | 4 | 7 | 5 | 8 | 6 | 5 | 2 | 2 | 6 |
| Civilian injuries due to fire | NA | 42 | 30 | 51 | 28 | 37 | 31 | 29 | 21 | 21 |

Schedule 17
 City of Minneapolis
 Operating Indicators by Function/Program - Last 10 Fiscal Years
 December 31, 2008

| Function/Description | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Public Safety -Continued | | | | | | | | | | |
| Police | | | | | | | | | | |
| Number of major crimes | 31,454 | 28,134 | 27,199 | 27,200 | 25,427 | 25,457 | 28,941 | 29,474 | 28,458 | 25,894 |
| Number of livability crimes | NA | NA | 45,385 | 42,405 | 38,926 | 37,000 | 36,676 | 40,294 | 38,184 | 35,135 |
| Number of violent crimes (subset of major crimes) | 5,024 | 4,490 | 4,140 | 4,204 | 4,594 | 4,825 | 5,572 | 6,480 | 5,660 | 4,884 |
| Number of guns seized | NA | NA | 763 | 813 | 822 | 1,093 | 1,032 | 1,458 | 1,087 | 1,002 |
| Regulatory Services - Building permits | | | | | | | | | | |
| Permits issued | 27,067 | 17,812 | 32,823 | 21,228 | 20,277 | 13,497 | 45,163 | 34,587 | 10,787 | 11,022 |
| Estimated value, in millions \$ | 393 | 978 | 163 | 90 | 100 | 927 | 777 | 840 | 761 | 773 |
| Public Works | | | | | | | | | | |
| Refuse Collection | | | | | | | | | | |
| Refuse collected, tons | 165,666 | 168,859 | 175,712 | 174,146 | 174,491 | 175,887 | 169,220 | 164,180 | 153,687 | 163,084 |
| Recyclables, tons | 51,776 | 55,279 | 58,958 | 58,320 | 59,742 | 61,267 | 56,479 | 54,649 | 47,976 | 53,552 |
| Percent of solid waste stream recycled, by weight | NA | NA | NA | NA | 34.2% | 34.8% | 33.4% | 34.0% | 31.2% | 32.8% |
| Water | | | | | | | | | | |
| Average daily consumption, thousands of gallons | 65,380 | 65,380 | 65,380 | 61,160 | 57,960 | 57,343 | 56,864 | 58,434 | 60,300 | 58,520 |
| Sewer | | | | | | | | | | |
| Number of residential sanitary sewer backups | NA | 31 | 35 | 29 | 24 | 20 | 21 | 21 | 16 | NA |
| Volume of combined sewer overflow, millions of gallons | 3 | 25 | 57 | 40 | 1 | 8 | 2 | 3 | none | none |
| Streets | | | | | | | | | | |
| Safety and ride-ability pavement condition index (PCI), average of all city streets | 78 | 78 | 78 | 77 | 76 | 75 | 74 | 74 | 73 | 73 |
| Number of traffic crashes | NA | NA | 8,079 | 7,442 | 7,018 | 6,802 | 6,443 | 5,712 | 5,600 | NA |
| Number of injuries in traffic crashes | NA | NA | 3,626 | 3,297 | 3,052 | 3,144 | 2,844 | 2,535 | 2,500 | NA |

Notes:

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

Source: Prepared by finance department using City department reports

(UNAUDITED)

Schedule 18
City of Minneapolis
Capital Assets Statistics by Function/Program
Last 10 Fiscal Years
December 31, 2008

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <u>Primary Government</u> | | | | | | | | | | |
| Public Safety: | | | | | | | | | | |
| Police stations | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Patrol units | 224 | 223 | 225 | 225 | 225 | 218 | 205 | 206 | 224 | 225 |
| Unmarked, trucks, trailers, scooters, motorcycles | 274 | 284 | 286 | 267 | 254 | 256 | 320 | 309 | 299 | 287 |
| Fire Stations | 20 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 |
| Fire Trucks/Pumpers/Ladders/Engines/Cars | 73 | 73 | 58 | 59 | 59 | 71 | 62 | 62 | 60 | 33 |
| Regulatory Services Fleet | 166 | 166 | 191 | 114 | 130 | 129 | 129 | 99 | 101 | 144 |
| Public Works: | | | | | | | | | | |
| Refuse collection trucks,heavy equipment,dumpsters | 99 | 108 | 114 | 106 | 105 | 119 | 121 | 149 | 202 | 140 |
| Streets (miles) | 978 | 978 | 1,071 | 1,071 | 1,070 | 1,070 | 1,070 | 896 | 896 | 896 |
| Alleys (miles) | 433 | 433 | 455 | 374 | 376 | 379 | 379 | 380 | 380 | 380 |
| Sidewalks (miles) | 1,903 | 1,903 | 1,900 | 1,900 | 1,900 | 1,900 | 1,900 | 2,000 | 2,000 | 2,000 |
| Streetlights | 33,100 | 12,200 | 13,300 | 16,000 | 17,000 | 17,500 | 17,750 | 18,000 | 18,500 | 19,000 |
| Traffic signals | 844 | 854 | 855 | 884 | 884 | 884 | 916 | 916 | 916 | 916 |
| Buildings/Plants/Garages | 33 | 34 | 34 | 29 | 28 | 28 | 31 | 31 | 31 | 31 |
| Equipment,Cars,Trucks,Tractors,Vans | 984 | 1,056 | 1,090 | 931 | 909 | 912 | 875 | 1,016 | 902 | 1,391 |
| <u>Business-type Activities</u> | | | | | | | | | | |
| Water: | | | | | | | | | | |
| Water mains (miles) | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Fire hydrants | 8,084 | 8,084 | 8,084 | 8,084 | 8,084 | 8,084 | 8,084 | 8,084 | 8,084 | 8,084 |
| Storage capacity (thousands of gallons) | 180,000 | 180,000 | 180,000 | 180,000 | 180,000 | 180,000 | 180,000 | 180,000 | 180,000 | 180,000 |
| Buildings | 13 | 13 | 13 | 13 | 13 | 14 | 14 | 14 | 13 | 13 |
| Water basins | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Sanitary sewers (miles) | 861 | 861 | 877 | 852 | 835 | 845 | 838 | 838 | 830 | 830 |
| Stormwater: | | | | | | | | | | |
| Storm sewers (miles) | 518 | 518 | 533 | 569 | 583 | 536 | 581 | 571 | 522 | 522 |
| Holding Ponds | 1 | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Number of parking ramps | 15 | 17 | 18 | 19 | 21 | 22 | 22 | 24 | 15 | 14 |
| Convention Center | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 3 | 4 | 4 |

Source: Minneapolis Finance Department - Comptroller Division

(UNAUDITED)



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