



# FINANCES OF THE CITY OF MINNEAPOLIS

**Dushani Dye, CFO**

Presenting to the  
Minnesota Society of Municipal Analysts (MSMA)  
June 16, 2022

# THE DEBT TEAM

- Dushani Dye, Chief Financial Officer--25 years in public finance including 2 years with the City.
- Lori Johnson, Deputy CFO—30+ years
- Allen Hoppe, CFA, CTP, Director—28 years in public finance including 2.6 with the City and the Board of Estimate and Taxation.
- Dave Wheeler. Manager—6 years with Northland Securities (muni advisory) and 5 months with the City.
- Jeff Metzen, Accountant II—15 years with the City.
- Bond attorney Julie Eddington at Kennedy & Graven
- Brian Reilly, CFA and CIPM at Ehlers, Inc.



# BOND RATINGS

1. Standard & Poors: AAA Stable Outlook\*
2. Fitch Ratings: AA+ Positive Outlook\*
3. Moody's rating of Aa1 (stable)\*\* is not currently funded by the City

\* *October 2021*

\*\* *February 2022*

*Search: Minneapolismn.gov, "Credit Ratings"*



# CREDIT SUMMARY

1. Economy: Strong
2. Budget: Prudent
3. Liquidity: Strong
4. Management: Strong
5. Debt: Moderate



# ECONOMY—CITY EMPLOYMENT DATA

Year	Population	Labor Force	Number Employed	Percent Employed
2022 (April Only)	434,346	247,274	243,643	98.5%
2021	434,346	241,154	229,699	95.2
2020	432,013	244,522	218,679	90.0
2019	435,885	241,434	235,063	97.4
2018	428,483	240,526	234,536	97.5
2017	423,952	234,505	226,826	96.7

April 2022 City unemployment rate was 1.5%.

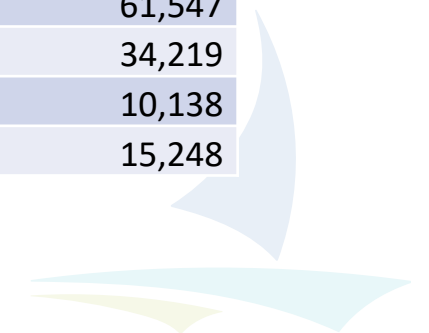
Source: Minnesota Department of Economic Development



# CITY EMPLOYMENT BY INDUSTRY

	2020	2019	2018	2017
<b>Total, all industries</b>	309,070	339,598	336,269	331,493
<b>Construction</b>	7,502	7,762	7,597	7,323
<b>Manufacturing</b>	12,263	13,406	13,737	13,274
<b>Utilities</b>	2,857	2,881	2,842	2,783
<b>Wholesale Trade</b>	6,964	7,784	8,163	8,518
<b>Retail Trade</b>	13,508	15,132	15,626	15,172
<b>Transportation and Warehousing</b>	8,807	10,006	8,334	8,106
<b>Information</b>	10,503	10,818	10,636	10,819
<b>* Finance and Insurance</b>	36,223	34,918	33,410	32,338
<b>Real Estate and Rental Leasing</b>	5,380	5,640	5,314	4,824
<b>* Professional and Technical Services</b>	35,578	37,906	38,806	38,372
<b>Management of Companies &amp; Enterprises</b>	20,526	18,047	17,697	17,084
<b>Administrative and Waste Services</b>	12,660	14,986	15,076	14,915
<b>Educational Services</b>	33,533	35,835	36,015	36,658
<b>* Health Care and Social Assistance</b>	61,636	63,013	62,107	61,547
<b># Leisure and Hospitality</b>	17,585	35,703	35,218	34,219
<b>Other Services</b>	8,641	10,371	10,242	10,138
<b>Public Administration</b>	14,734	15,216	15,302	15,248

Source: Minnesota Department of Employment and Economic Development



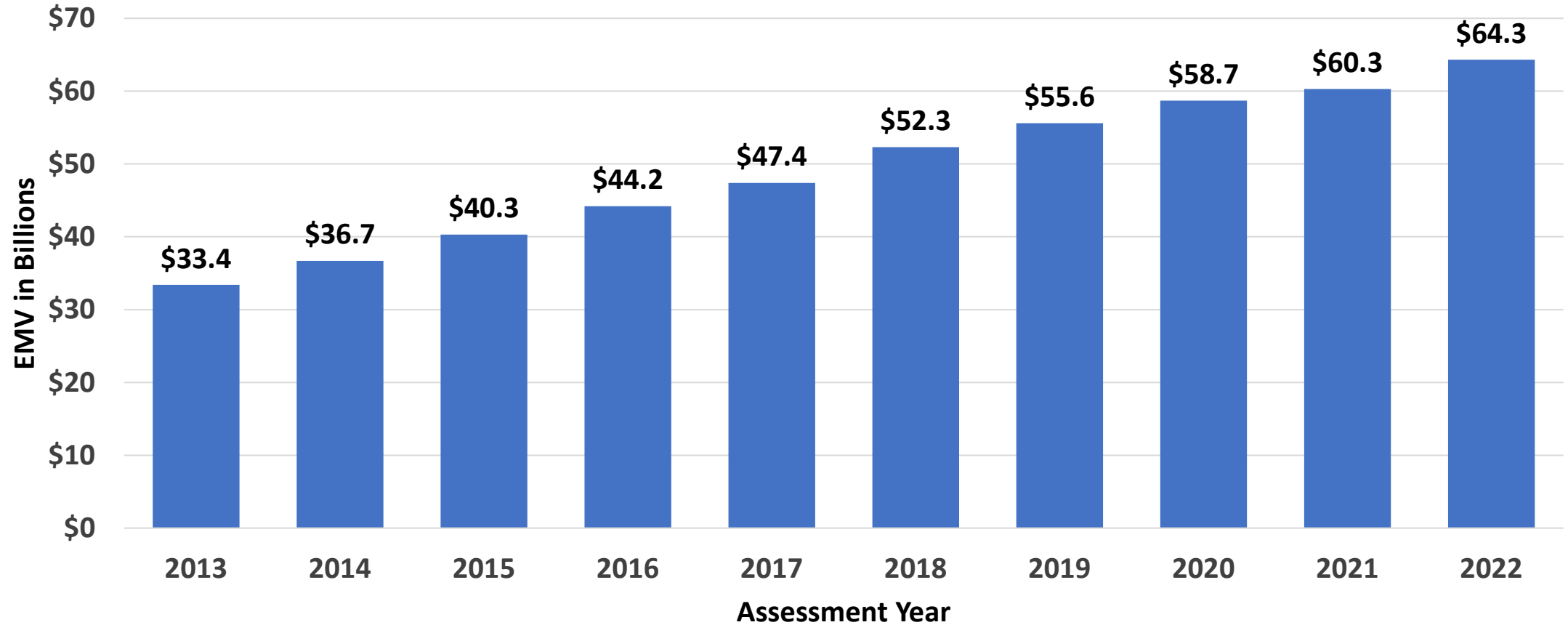
# FORTUNE 500 COMPANIES in METRO AREA

Company	Revenues	Rank	Industry Grouping
United Health Group	257.1	5	Health Care Insurance and Managed Care
Target	93.6	30	General Merchandisers
Best Buy	47.3	66	Specialty Retailers
3M	32.2	96	Chemicals
CHS	28.4	103	Food Production
U.S. Bancorp	25.2	113	Commercial Banks
General Mills	17.6	169	Food and Consumer Products
C.H. Robinson Worldwide	16.2	191	Transportation and Logistics
Land O'Lakes	13.9	219	Chemicals
Ecolab	12.7	237	Food and Consumer Products
Ameriprise Financial	11.9	253	Diversified Financials
Xcel Energy	11.5	272	Gas and Electric
Thrivent Financial	8.2	369	Insurance Life and Health (Mutual)
Polaris Industries	7.1	407	Transportation Equipment
Securian Financial Group	6.9	421	Insurance Life and Health (Stock)



# TREND OF ESTIMATED MARKET VALUE

City Total Estimated Market Value (EMV)

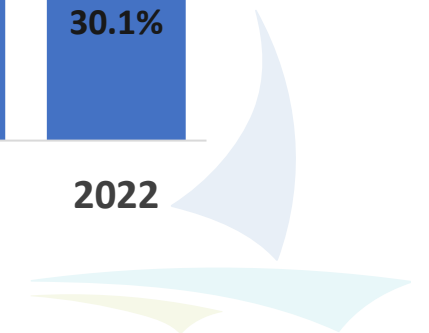
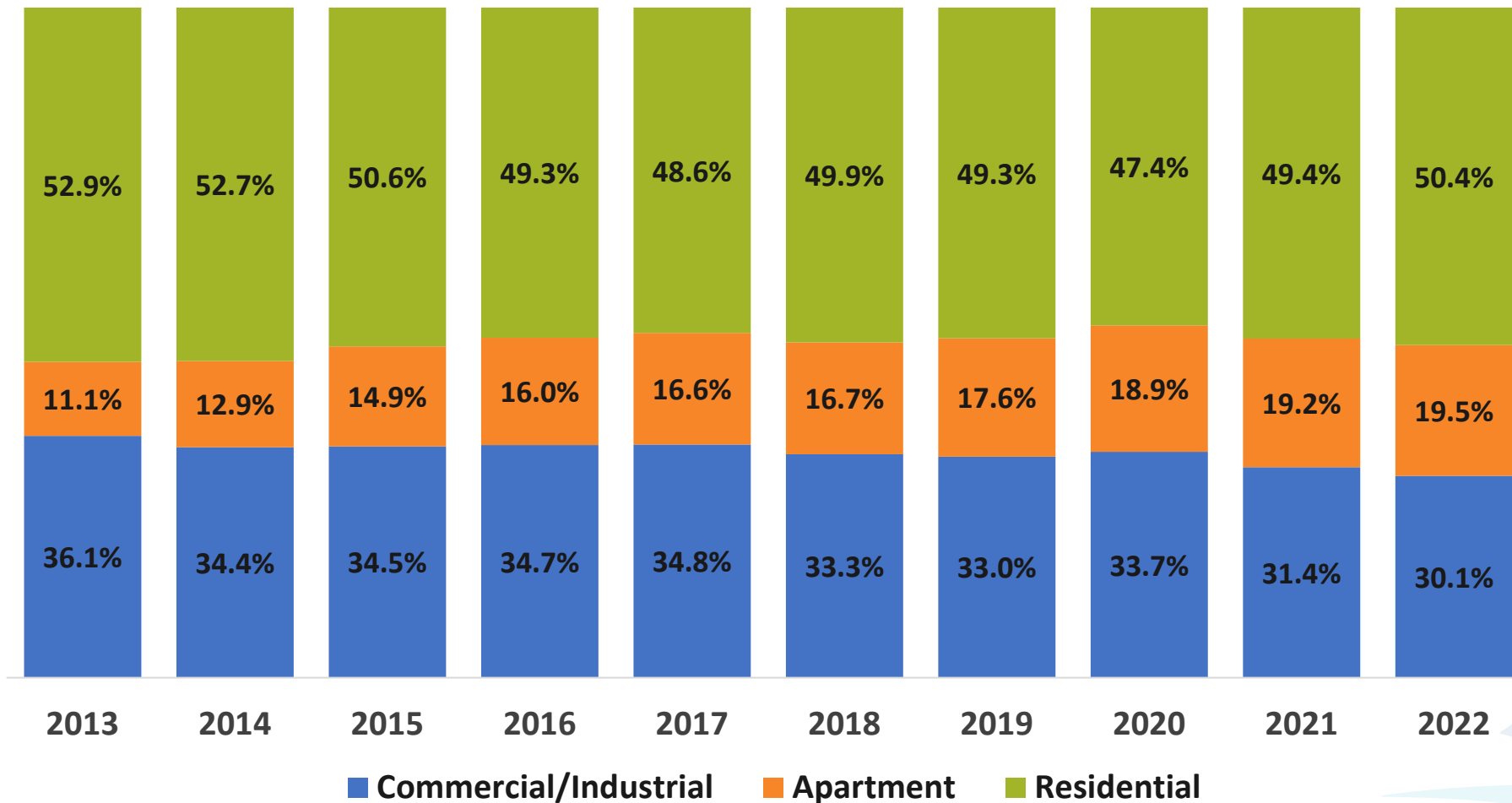


*\*Includes Real and Personal Property. Excludes State Assessed Property (Utilities and Railroads)*



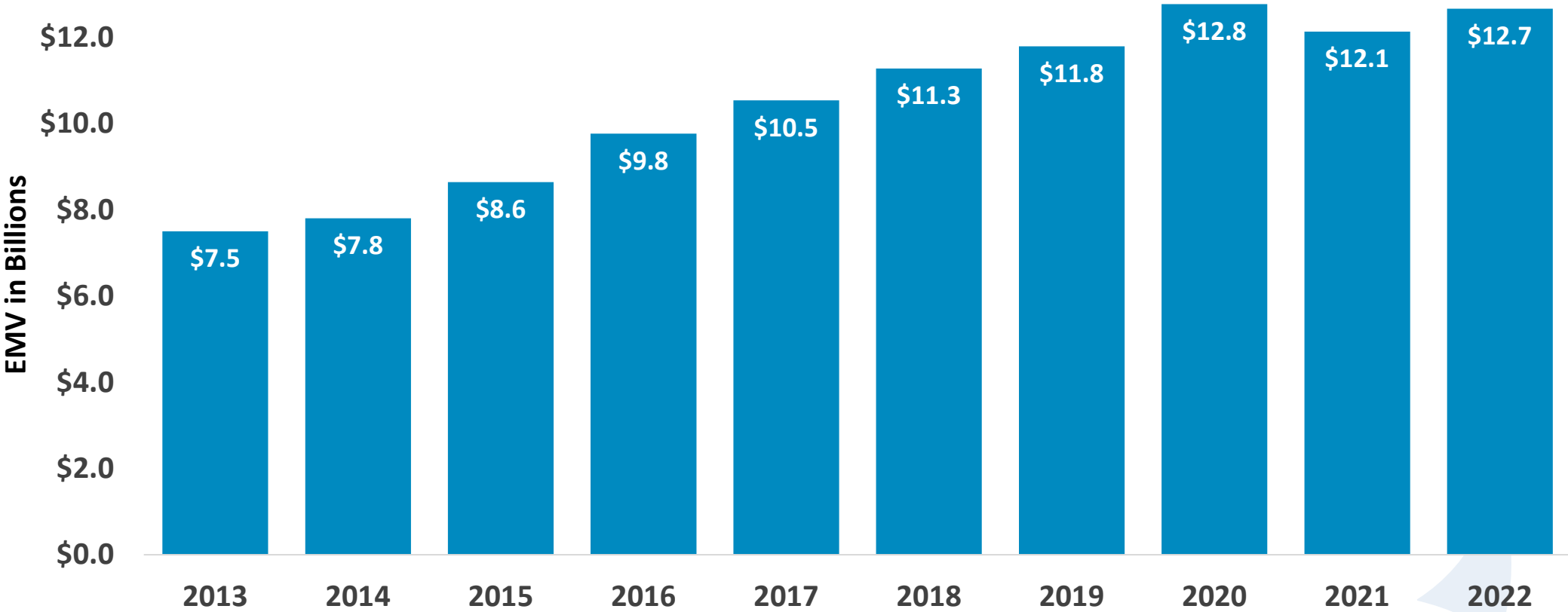
# CHANGES TO SOURCES OF NET TAX CAPACITY (NTC)

## NTC by Property Type as a Percentage of Total NTC

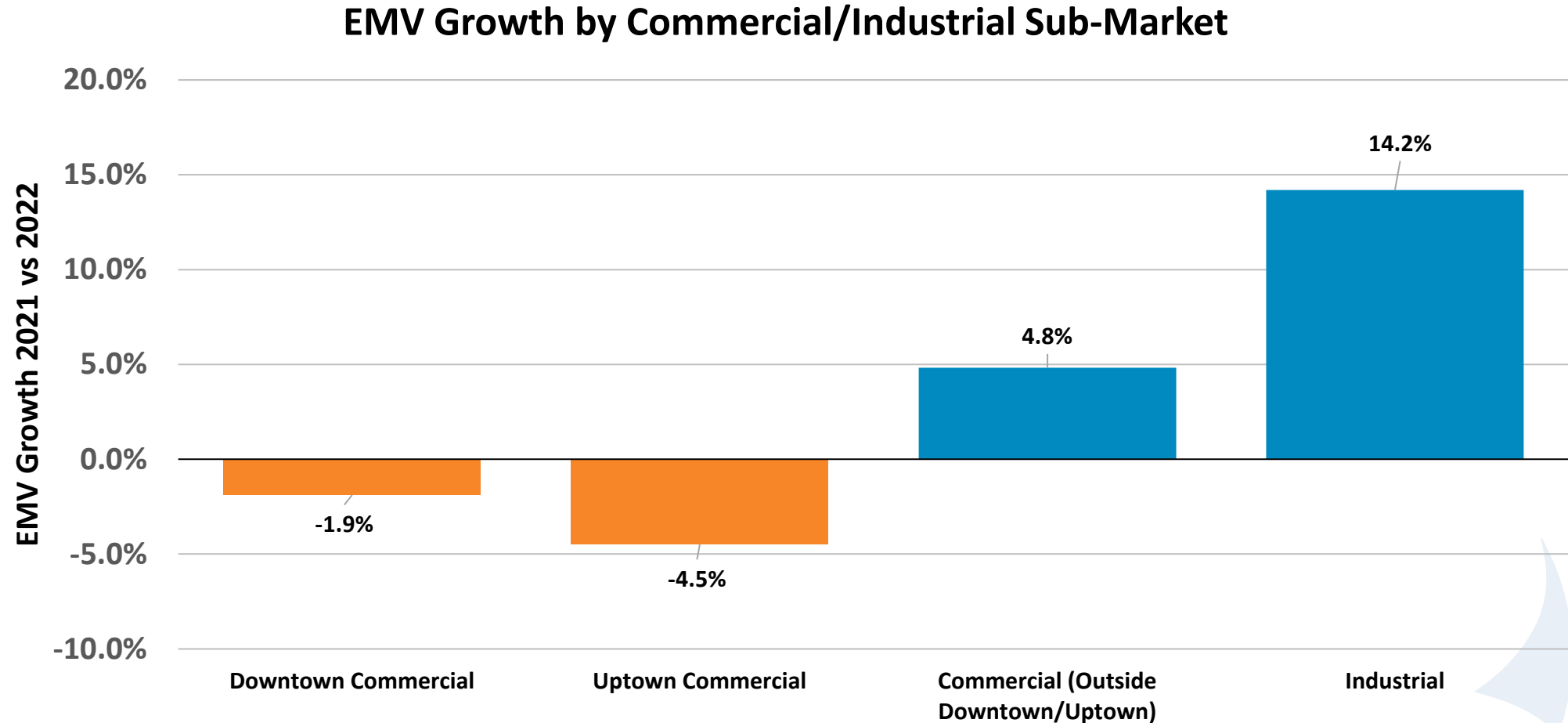


# EMV COMMERCIAL/INDUSTRIAL PROPERTY

Estimated Market Value by Assessment Year



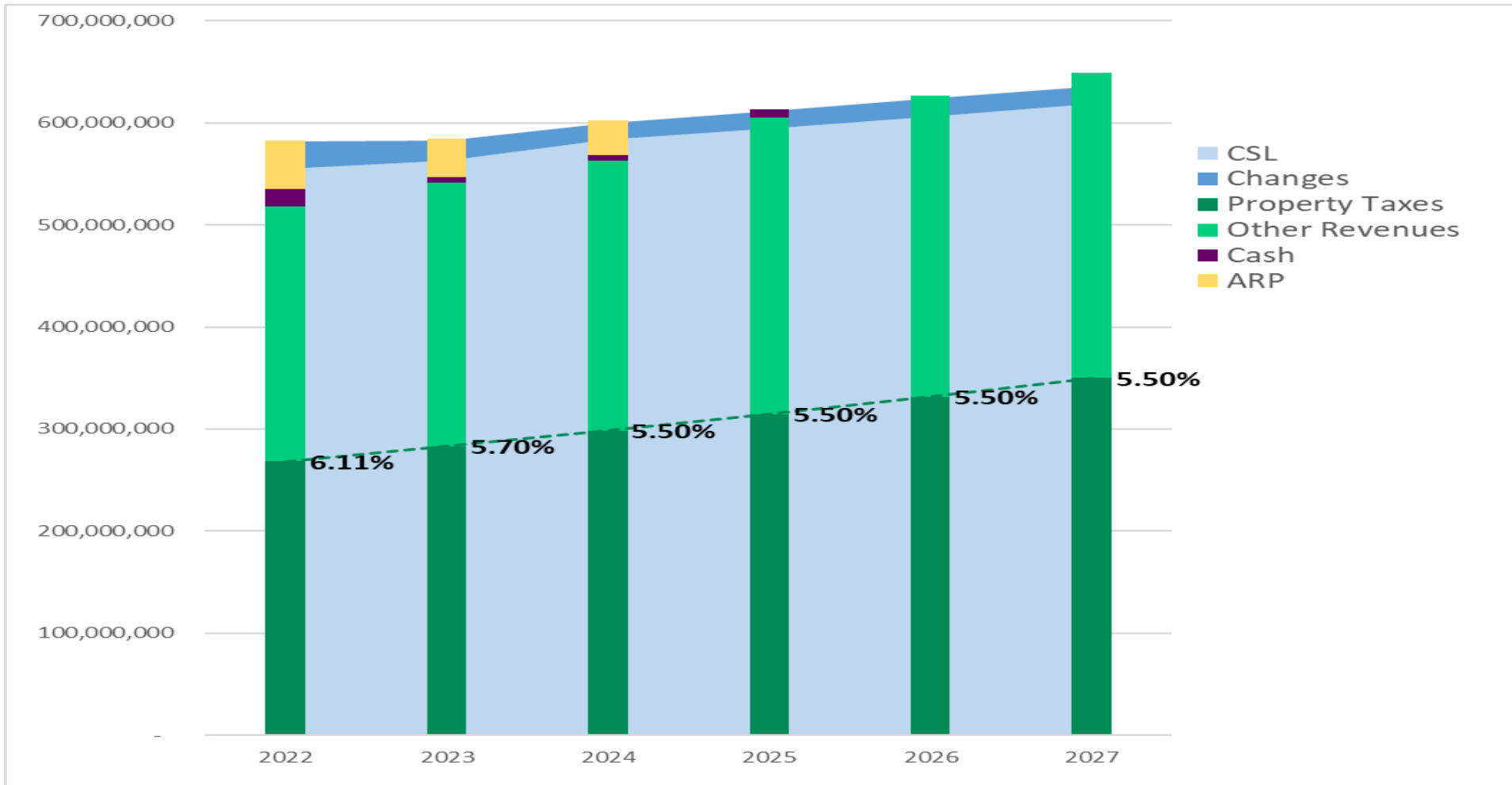
# 2021/22 CHANGE IN EMV OF C&I PROPERTY



# Building Permit History

Description	2016	2017	2018	2019	2020	2021
Permits Issued	12,651	11,455	11,870	9,643	11,474	12,790
Value (\$M)	\$1,758	\$1,495	\$1,811	\$1,657	\$1,737	\$1,622

# BUDGET--GENERAL FUND: Bridging Recovery of Other Revenues



# GENERAL FUND--BUDGETED REVENUES

Description	Actual		Council Adopted	
	2019	2020	2021	2022
Property Taxes	\$205,538,763	\$232,242,095	\$250,901,000	\$268,110,275
Other Taxes	19,817	15,215		
Franchise Fees	32,369,911	31,181,085	33,929,000	33,875,300
Business Licenses and Permits	13,153,606	9,682,591	12,624,775	11,475,000
Non-Business Licenses and Permits	42,486,011	36,112,270	30,851,832	31,280,348
Federal Government Grants		32,283,222		
State Grants & Aids	87,409,494	90,321,698	82,694,623	86,008,234
Local Grants & Aids	1,016,295	968,104	773,565	1,014,384
Charges for Services	58,479,282	53,160,382	55,462,185	55,464,199
Charges for Sales	91,300	17,553	75,350	12,350
Fines and Forfeits	7,245,779	4,489,659	5,161,201	5,026,550
Special Assessments	3,416,921	3,182,777	4,731,620	4,730,980
Non-Operating	14,077,398	12,060,459	3,850,000	4,100,000
Rents	517,681	1,024,997	720,000	767,000
Contributions	8,002	360		
Miscellaneous	2,847,632	3,260,332	1,775,000	1,585,000
Use Of Fund Balance				17,010,001
<b>Total</b>	<b>\$468,677,892</b>	<b>\$510,002,799</b>	<b>\$483,550,151</b>	<b>\$520,459,621</b>



# GENERAL FUND--BUDGETED EXPENDITURES

	Actual		Council Adopted	
	2019	2020	2021	2022
<b>Operating</b>				
311	4,189,331	3,988,270	3,998,177	5,040,264
911	9,917,500	9,286,286	9,576,197	9,751,782
Assessor	5,602,100	5,599,802	5,492,731	8,127,843
City Attorney	9,837,466	9,112,900	9,379,733	18,751,183
City Clerk	3,862,560	4,211,371	4,182,502	5,055,436
City Coordinator	7,263,976	7,495,103	9,753,733	12,125,344
City Council	4,907,117	4,929,140	5,125,986	5,182,701
Civil Rights	4,601,085	4,567,551	4,836,828	5,580,449
Communications	2,258,411	2,308,420	2,461,437	2,709,863
CPED	36,091,145	34,958,123	39,820,945	32,031,959
Elections	2,326,341	4,713,827	3,245,589	7,408,940
Emergency Management	1,039,771	2,360,708	1,110,456	992,037
Finance & Property Service	22,799,210	23,013,708	35,115,686	26,156,101
Fire Department	69,150,880	69,384,576	70,128,438	72,066,346
Health Department	13,988,099	18,623,022	18,068,127	18,811,396
Human Resources	7,171,116	6,916,245	8,517,717	8,671,604
Intergovernmental Relati	1,442,794	1,451,686	1,203,000	1,379,501
Internal Audit	699,814	724,587	964,866	875,957
Mayor	2,438,761	2,282,997	2,305,487	2,366,997
Neighborhood & Communit	692,544	829,734	835,000	4,477,021
Police Department	176,189,786	178,692,775	160,591,310	186,979,596
PW - Admin	3,797,984	3,955,962	3,286,786	3,030,540
PW - Transportation Planni	2,790,540	2,687,401	2,662,249	2,886,492
PW - Transportation Maint	41,631,530	35,668,786	34,389,680	33,349,236
PW - Transportation Opera	20,305,984	20,128,760	17,839,265	18,300,370
Regulatory Services	20,778,551	20,214,376	24,567,161	24,812,866
<b>Non-Operating</b>	0		0	
General Revenues	0	0	0	8,028,608
Other/Non-Departmental	0	2,400,000	0	0
<b>Other/Non-Departmental</b>	0	0	5,100,000	5,800,000
<b>Total</b>	<b>475,774,398</b>	<b>480,506,116</b>	<b>484,559,085</b>	<b>530,750,433</b>



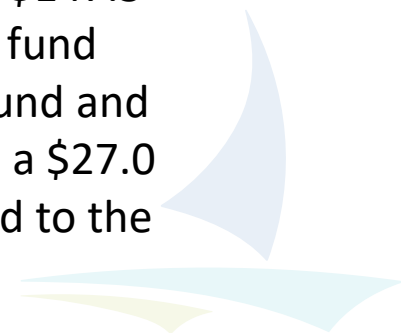
# GENERAL FUND--FUND BALANCE

<b>Fund Balance for General Fund</b>	<b>Fiscal Year (\$000)</b>	
	<b>2020</b>	<b>2021*</b>
Beginning Balance	\$ 128,100	\$ 167,700
Change	39,600	(20,200)
Ending Balance	\$ 167,700	\$ 147,500
Less: Target Balance**	82,375	90,200
=Excess Fund Balance	\$ 85,325	\$ 57,300
Excess as Percent of Target	103.6%	63.5%
Operating Budget	\$ 478,106	\$ 479,459
# of Days of Budget Covered by Ending Balance	128	112

*\*Unaudited*

*\*\*17% of Next Year's Budget, Net of Transfers*

Fund and Cash Balances: The December 31, 2021 fund and cash balances were \$147.5 million and \$164.5 million respectively and were decreases of \$20.2 million for fund balance and \$20.0 million for cash balance from 2020. The 2021 decreases in fund and cash balances were primarily related to planned uses of fund balance including a \$27.0 million transfer to the Self-Insurance fund to cover the settlements costs related to the civil case for George Floyd's murder.





# CUMULATIVE PROPERTY TAX COLLECTIONS

Collection Year	Certified Tax Levy	Current Year \$\$ Collections	Current Year Collections % of Levy	Delinquent Collections	Total Collections	Total Collections % of Levy
2022	----- In Process -----					
2021	\$395,827	\$390,211	98.581%	\$0	\$390,211	<b>98.581%</b>
2020	374,309	368,655	98.489	2,970	371,625	<b>99.283</b>
2019	349,971	345,887	98.833	1,635	347,522	<b>99.300</b>
2018	331,208	327,272	98.812	1,474	328,746	<b>99.257</b>
2017	313,941	310,480	98.898	641	311,121	<b>99.102</b>



# LOCAL SALES TAX (\$M)

Sales Tax Descriptions	2015	2016	2017	2018	2019	2020	2021
General Sales	34.5	36.1	36.2	37.9	38.9	32.1	36.2
Liquor (Downtown Only)	5.1	5.3	5.7	6.1	6.5	2.5	2.5
Lodging	8.1	8.1	8.3	7.8	8.6	2.8	3.5
Restaurant (Downtown Only)	12.4	12.7	13.2	14.0	14.4	5.3	5.7
Totals w/o Entertainment Tax	60.1	62.1	63.4	65.8	68.4	42.7	47.9
Entertainment Tax	18.2	18.7	19.9	24.0	23.7	8.2	10.6
Grand Total Sales Tax *	78.3	80.9	83.3	89.8	92.1	50.9	58.5
YOY Total Growth %	2.6%	3.3%	3.0%	7.8%	2.6%	-44.7%	14.9%

\*Certain City money due to the state is subtracted from gross collections with the net collection then coming to the City. For 2021, the due amount was \$25.3 million, the majority of which included the City's share of debt service on the Vikings Stadium.

# LIQUIDITY--CASH & INVESTMENTS PORTFOLIO

<u>Investment Category</u>	<u>4Q20 \$</u>	<u>4Q21 \$</u>	<u>4Q21 Alloc.</u>	<u>1Q22</u>	<u>1Q22 Alloc.</u>	<u>Alloc Change</u>
Cash and Equivalents	\$ 476.5	\$ 651.4	59.3%	\$ 282.6	27.3%	-32.0%
Commercial Paper	-	-	0.0%	14.0	1.4%	1.4%
Federal Agency	119.7	64.1	5.8%	64.6	6.2%	0.4%
Mortgage Backed	195.8	162.5	14.8%	144.8	14.0%	-0.8%
Municipals	107.5	96.5	8.8%	85.3	8.2%	-0.5%
US Treasuries	<u>97.3</u>	<u>124.8</u>	<u>11.4%</u>	<u>444.7</u>	<u>42.9%</u>	<u>31.6%</u>
Total	\$ 996.8	\$1,099.3	100.0%	\$1,036.0	100.0%	0.0%

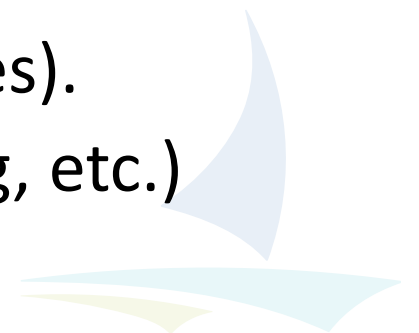
# GENERAL OBLIGATION DEBT

## LEVIED

- A. Various Purpose Bonds., e.g., fire station, park facilities, bridges, etc.
- B. Capital Improvement Bonds, aka, CIP bonds. Funds public lands, buildings or other improvements for the purpose of a city hall, town hall, library, public safety facility and public works facility.
- C. Charter Bonds. Issued for one or more projects.

## ASSESSMENT and REVENUE SUPPORTED

- A. Improvement (funded by assessments against properties).
- B. Enterprise (funded by revenues such as utilities, parking, etc.)



# DEBT CAPACITY at 12-31-2021

\$59.2B	Market Value of Taxable Property Applicable to Debt Limit
x <u>3.66%</u>	Legal Debt Percentage Allowed
= \$2.2B	Legal Debt Limit
- <u>\$0.3B</u>	City Debt Subject to Limit (\$288.6M)
= \$1.9B	Unused Margin of Indebtedness
13.3%	Percentage of Legal Debt Incurred ( <u>86.7% Available</u> )



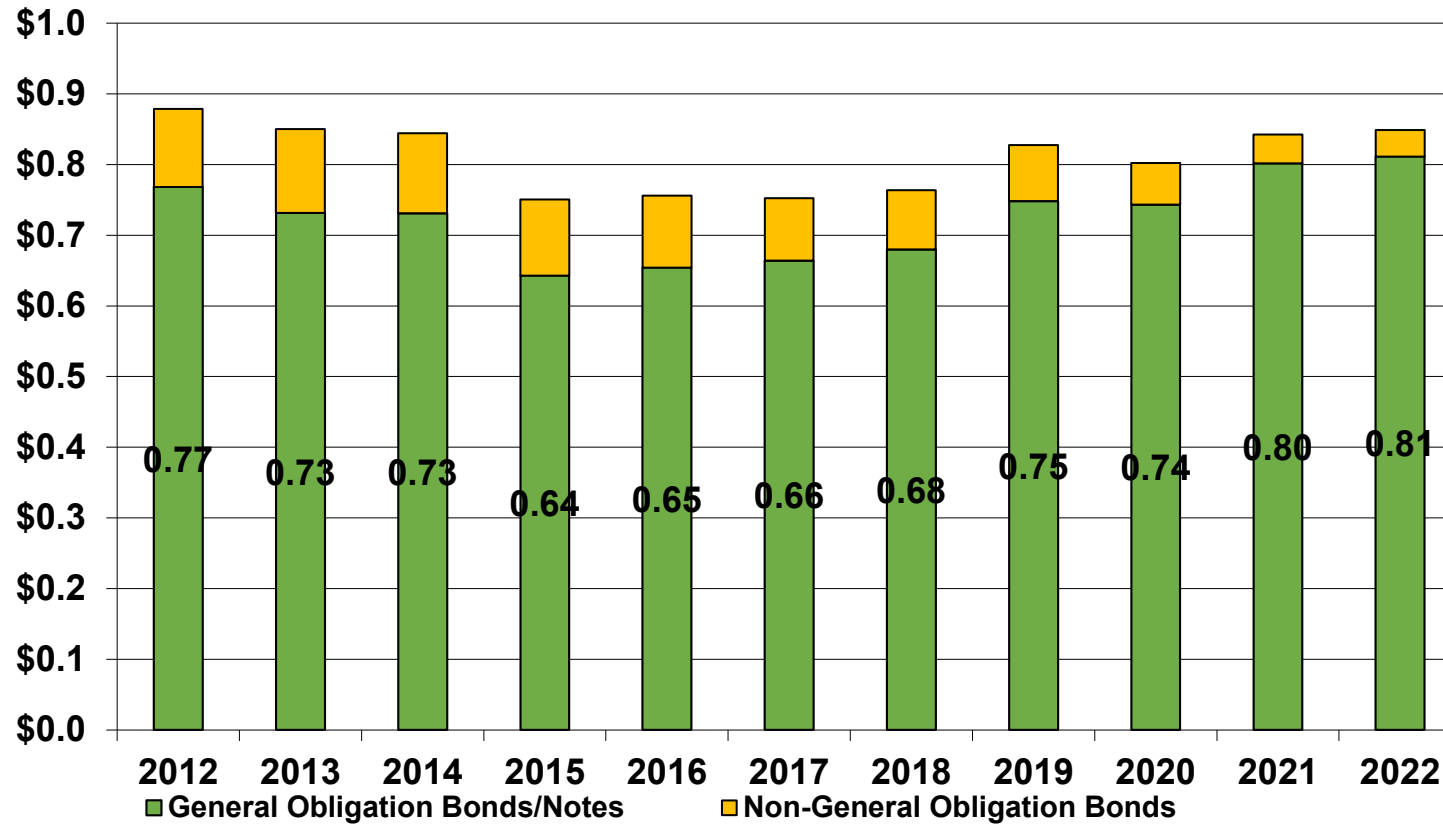
# 2021 Year-End Debt Balances (\$M)

<u>Debt Type</u>	<u>12/31/21*</u>
Enterprise Funds	\$294
Convention Center	\$26
Solely Tax Supported Debt (Various Purpose, CIP & Charter)	\$285
Target Center paid with Sales Tax	\$60
Special Assessment & HIA Prog.	\$58
Park Board & Downtown East Dev	<u>\$66</u>
Totals (rounded up)	\$792

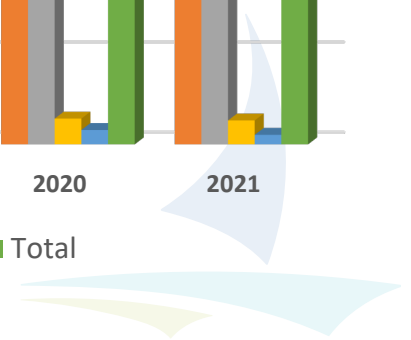
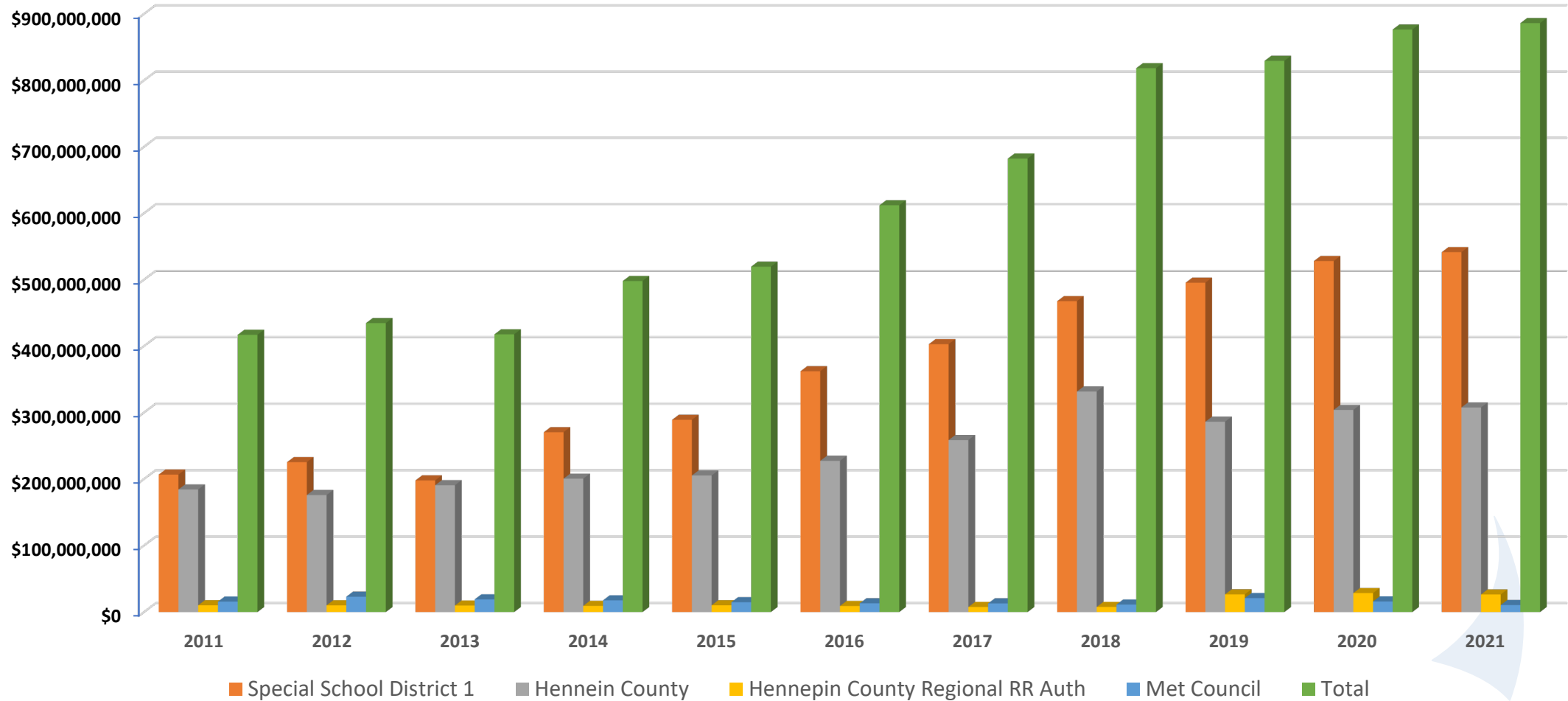


# CITY OUTSTANDING DEBT (\$B)

(as of December 31<sup>st</sup>)



# OVERLAPPING DEBT





# CLOSING COMMENTS

1. City is in a strong and stable financial condition
2. Continued new development and sales tax growth
3. Revenues are varied and growing
4. Expenditures are manageable
5. Cash balances are healthy
6. Debt well managed
7. Governance
8. Link to 4Q21 quarterly report: [Microsoft Word - 1.0 2021 4Q Cover \(minneapolismn.gov\)](#)
9. 2022 Budget: [FY 2022 Table of Contents - Copy \(opengov.com\)](#)
10. Credit Ratings on City web page: [Credit Ratings - City of Minneapolis \(minneapolismn.gov\)](#)



**Questions?**  
**Contact Allen Hoppe**  
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**Desk: 612-673-3496**  
**Cell: 651-402-8668**