NEW ISSUE $121,545,000
NOT BANK-QUALIFIED

RATINGS:
S&P Global Ratings: AAA
Fitch Ratings: AA+
See "RATINGS" herein.

In the opinion of Kennedy & Graven, Chartered, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect) and, assuming compliance with certain covenants set forth in the resolutions approving the issuance of the Bonds, interest to be paid on the Bonds is not includable in gross income for federal income tax purposes and, to the same extent, is not includable in taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, such interest is included in determining the adjusted financial statement income of applicable corporations for purposes of computing the alternative minimum tax imposed on such applicable corporations for tax years beginning after December 31, 2022 and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. No opinion will be expressed by Bond Counsel regarding the other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds. See "TAX EXEMPTION" herein.

CITY OF MINNEAPOLIS, MINNESOTA
$121,545,000
General Obligation Bonds, Series 2022

Dated Date of Bonds: Date of Delivery
Interest Payment Dates: Each June 1 and December 1, commencing December 1, 2022

The General Obligation Bonds, Series 2022 (the "Bonds"), of the City of Minneapolis, Minnesota (the "City") will mature as shown on the inside front cover of this Final Official Statement.

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429, 444, and 475, as amended, including Section 475.521, and Section 9.4 of Article IX of the City Charter to finance the construction of various assessable public projects, utility system improvements, capital projects, and capital improvements.

The City may elect on December 1, 2029, and on any date thereafter, to redeem the Bonds due on or after December 1, 2030, in whole or in part, at a price of par, plus accrued interest to the date of redemption as discussed herein. See "THE BONDS – Redemption Provisions."

The Bonds are being issued only as fully registered bonds, and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds and purchases of beneficial interests in the Bonds initially will be made in book-entry-only form in denominations of $5,000 and any integral multiple thereof. Investors will not receive physical certificates representing their interest in the Bonds purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co. See the caption "THE BONDS – Book-Entry System" in this Final Official Statement and APPENDIX E attached hereto.

The City will act as the paying agent, registrar, and transfer agent for the Bonds.

The Bonds are offered when, as and if issued by the City and accepted by the underwriters, subject to the legal opinion of Kennedy & Graven, Chartered, Minneapolis, Minnesota, as bond counsel. It is expected that delivery will be made on or about September 7, 2022.

The date of this Final Official Statement is August 24, 2022.

CITY OF MINNEAPOLIS, MINNESOTA
$121,545,000
General Obligation Bonds
Series 2022

Maturities, Amounts, Interest Rates, Yields, Prices, and CUSIPs

Maturity (December 1)	Amount*	Interest Rate	Yield	Price	CUSIP* 60375B
2022	$31,465,000	5.000%	2.050%	100.678%	LA2
2023	5,825,000	5.000	2.070	103.546	LB0
2024	5,825,000	5.000	2.100	106.291	LC8
2025	5,820,000	5.000	2.120	108.950	LD6
2026	5,820,000	5.000	2.150	111.470	LE4
2027	4,465,000	5.000	2.180	113.872	LF1
2028	4,460,000	5.000	2.200	116.222	LG9
2029	4,460,000	5.000	2.270	118.113	LH7
2030**	4,460,000	5.000	2.320	117.748	LJ3
2031**	4,460,000	5.000	2.410	117.094	LK0
2032**	4,460,000	5.000	2.450	116.805	LL8
2033**	4,450,000	5.000	2.560	116.014	LM6
2034**	4,450,000	3.375	3.300	100.475	LN4
2035**	4,450,000	4.000	3.150	105.456	LP9
2036**	4,450,000	3.500	3.450	100.313	LQ7
2037**	4,450,000	4.000	3.360	104.075	LR5
2038**	4,450,000	4.000	3.400	103.814	LS3
2039**	4,445,000	4.000	3.440	103.554	LT1
2040**	4,440,000	4.000	3.480	103.295	LU8
2041	4,440,000	3.500	3.750	96.591	LV6

*Copyright 2018, American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a Division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds. Neither the City nor the Underwriters make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**Priced to first optional redemption date of December 1, 2029.

The Bonds maturing on December 1 in the years 2022 through 2040 have been sold with original issue premium. The Bond maturing on December 1, 2041 has been sold with original issue discount.

Citigroup Global Markets Inc. has agreed to purchase the Bonds from the City for an aggregate price of $128,860,694.15, plus accrued interest, if any, to the date of delivery. It is expected that the Bonds will be available for delivery on or about September 7, 2022.

CITY OF MINNEAPOLIS

Mayor and City Council

Mayor
Jacob Frey

Council Members
Elliott Payne (Ward 1)
Robin Wonsley (Ward 2)
Michael Rainville (Ward 3)
LaTrisha Vetaw (Ward 4)
Jeremiah Ellison (Ward 5)
Jamal Osman (Ward 6)
Lisa R. Goodman (Ward 7)
Andrea Jenkins, Council President (Ward 8)
Jason Chavez (Ward 9)
Aisha Chughtai (Ward 10)
Emily Koski (Ward 11)
Andrew Johnson (Ward 12)
Linea Palmisano, Council Vice President (Ward 13)

Board of Estimate and Taxation

Samantha Pree-Stinson, President
Steve Brandt, Vice President
Jacob Frey, Mayor
Andrea Jenkins, Council President
Emily Koski, Chair of the Budget Committee
Billy Menz, Minneapolis Park and Recreation Board Representative

Administration
Heather Johnston, City Coordinator
Dushani Dye, Finance Officer

Municipal Advisor
Ehlers and Associates, Inc.
Roseville, Minnesota

Bond Counsel
Kennedy & Graven, Chartered
Minneapolis, Minnesota

This Final Official Statement, dated August 24, 2022, is a final official statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATE THEREOF.

Any CUSIP numbers for the Bonds included in the Final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Bonds are assigned by an organization unaffiliated with the City. The City is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Bonds or as set forth in the Final Official Statement. No assurance can be given by the City that the CUSIP numbers for the Bonds will remain the same after the delivery of the Final Official Statement or the date of issuance and delivery of the Bonds.

This Final Official Statement contains forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Final Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this Final Official Statement. The City disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the City’s expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Final Official Statement for purposes of, and as that term is defined in, the Rule. Please note these website addresses are provided for the convenience of the reader. No representation is made by the City as to the privacy practices of other websites, nor is the City liable for the content or availability of any listed sites.

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CITY OF MINNEAPOLIS, MINNESOTA
$121,545,000
General Obligation Bonds
Series 2022

INTRODUCTORY STATEMENT

This Final Official Statement presents certain information relating to the City of Minneapolis, Hennepin County, and State of Minnesota (the "City," the "County," and the "State," respectively), in connection with the sale of the City's General Obligation Bonds, Series 2022 (the "Bonds"), in the original aggregate principal amount of $121,545,000.

This Introductory Statement is only a brief description of the Bonds and certain other matters. Such description is qualified by reference to the entire Final Official Statement and the documents summarized or described herein. This Final Official Statement should be reviewed in its entirety.

The Bonds are general obligations of the City, and the City is required to levy general ad valorem taxes on all taxable property within the City without limitation as to rate or amount to pay principal and interest when due. Portions of the debt service on the Bonds are payable primarily from dedicated revenue sources. See "THE BONDS – Purpose of and Security for the Bonds" herein.

The Bonds will be issued pursuant to resolutions adopted by the City Council and the Board of Estimate and Taxation (the "Bond Resolutions").

The Bonds will bear interest at fixed rates based on the competitive sale thereof described herein.

The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as security depository for the Bonds. Individual purchases will be made in book-entry form only, in the denomination of $5,000 and integral multiples thereof. No certificates will be available to purchasers. For a description of the method of transfer and payment, see "APPENDIX E – THE DEPOSITORY TRUST COMPANY" attached hereto.

Information relating to the City, including certain financial and demographic data, is set forth in APPENDIX A attached hereto. Selected portions of the financial statements of the City for the fiscal year ended December 31, 2021, are set forth in APPENDIX D attached hereto. The City's 2021 Annual Comprehensive Financial Report and the City's Financial Status Report for the fiscal quarter ended December 31, 2021 can be viewed at the following websites:

https://www2.minneapolismn.gov/government/departments/finance/financial-reports/annual-comprehensive-financial-report/

https://www2.minneapolismn.gov/government/departments/finance/financial-reports/financial-status-reports/

Upon issuance of the Bonds, Kennedy & Graven, Chartered, Bond Counsel, will provide an unqualified opinion regarding the tax-exempt nature of the interest on the Bonds for federal income tax purposes and State of Minnesota income tax purposes. See "TAX EXEMPTION" herein. The form of the opinion of Bond Counsel is set forth in APPENDIX B attached hereto.

Ehlers and Associates, Inc., Roseville, Minnesota, is serving as municipal advisor to the City in connection with the sale of the Bonds.

This Final Official Statement speaks only as of its date, and the information herein is subject to change. This Final Official Statement contains descriptions of the Bonds and other matters. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Bonds are qualified in their entirety by reference to the Bond Resolutions setting forth the terms thereof. Until the issuance and delivery of the Bonds, copies of the Bond Resolutions and other documents referred to herein may be obtained from the City upon request.

All statements made in this Final Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The City official able to furnish basic documents and answer questions about this Final Official Statement or who can direct inquiries to the appropriate responsible parties is the Finance Officer, Room 325M City Hall, Minneapolis, Minnesota 55415, Telephone (612) 673-3241, Fax (612) 673-2042.

THE BONDS

Description of the Bonds

The Bonds will be dated September 7, 2022, as the date of original issue, and will bear interest payable on June 1 and December 1 of each year, commencing December 1, 2022, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds will mature on December 1 in the years and amounts set forth on the inside front cover of this Final Official Statement.

Purpose of and Security for the Bonds

A portion of the Bonds in the principal amount of $8,365,000 (the "Assessment Bonds") will be used to finance the construction of various assessable public projects within the City. A portion of the Bonds in the principal amount of $51,440,000 (the "Utility Revenue Bonds") will be used to finance the construction of various improvements to the municipal water system, the municipal storm water system, and the municipal sanitary sewer system. A portion of the Bonds in the principal amount of $58,185,000 (the "Various Purpose Bonds") will be used to finance the construction of various capital projects within the City. A portion of the Bonds in the principal amount of $3,555,000 (the "CIP Bonds") will be used to finance the construction of capital improvements.

Assessment Bonds

The Assessment Bonds are issued pursuant to the Constitution and laws of the State, including Minnesota Statutes, Chapters 429 and 475, as amended, and the City Charter, which permit the City to authorize, sell and issue general obligation bonds for improvement projects. The Assessment Bonds are general obligations of the City payable primarily from special assessments levied by the City. Pursuant to the City Charter and the Bond Resolutions approving the issuance and sale of the Assessment Bonds, the full faith and credit of the City will be pledged to the payment of the principal of and interest on the Assessment

Bonds and the City has bound itself to levy ad valorem taxes if there are any deficiencies in the collection of the special assessments.

A listing of the projects to be financed with the proceeds of the Assessment Bonds is provided herein under "SOURCES AND USES OF FUNDS."

Utility Revenue Bonds

The Utility Revenue Bonds are issued pursuant to the Constitution and laws of the State, including Minnesota Statutes, Chapters 444 and 475, as amended, and the City Charter, which permit the City to authorize, sell and issue general obligation bonds for municipal utility system purposes. The Utility Revenue Bonds are general obligations of the City payable from net revenues of the water, sanitary sewer, and storm water systems of the City.

A listing of the municipal utility system projects to be financed with the proceeds of the Utility Revenue Bonds is provided herein under "SOURCES AND USES OF FUNDS."

Various Purpose Bonds

The Various Purpose Bonds are issued pursuant to the Constitution and laws of the State, including Minnesota Statutes, Chapter 475, as amended, and the City Charter, which permit the City to authorize, sell and issue general obligation bonds for various purposes. The Various Purpose Bonds are general obligations of the City payable from ad valorem taxes.

A listing of the capital and enterprise projects to be financed with the proceeds of the Various Purpose Bonds is provided herein under "SOURCES AND USES OF FUNDS."

CIP Bonds

The CIP Bonds are issued pursuant to the Constitution and laws of the State, including Minnesota Statutes, Chapter 475, as amended, including Section 475.521, and the City Charter, which permit the City to authorize, sell, and issue general obligation bonds for capital improvements and projects. Principal of the CIP Bonds will be used to finance capital improvements and projects within the City as authorized under the City's 2018 through 2022 Five-Year Capital Improvement Plan. The CIP Bonds are general obligations of the City payable from ad valorem taxes.

In accordance with Minnesota Statutes, Section 475.521, the amount of principal and interest due in any year on all outstanding capital improvement plan bonds of the City may not be equal to or exceed 0.16% of the estimated market value of property in the City for taxes payable in the year in which the CIP Bonds are issued or sold. The estimated market value of taxable property in the City for taxes payable year 2022 is $59,714,278,793. This results in a maximum annual debt service on all capital improvement plan bonds, including the CIP Bonds, outstanding at any time of $95,542,846.

A listing of the capital improvements and projects to be financed with the proceeds of the CIP Bonds is provided herein under "SOURCES AND USES OF FUNDS."

Tax Levy for Bonds

As required by State law, for all Bonds other than the Utility Revenue Bonds, an initial levy of general ad valorem taxes will be made and filed with the County, prior to the delivery of the Bonds, for each year in amounts which, together with other revenues expected to be available, will be equal to 105% of the amounts

required to pay the principal of and interest on the Bonds in each year. Any revenues obtained from other sources and available for debt service on the Bonds may be used to offset required tax levies.

Redemption Provisions

Redemption Option

The Bonds maturing on or after December 1, 2030 are subject to redemption and prior payment in whole or in part at the option of the City at a redemption price of par plus accrued interest on December 1, 2029, and any date thereafter.

Notice of Redemption

At least 30 days prior to the redemption date of the Bonds, notice of any such redemption shall be delivered to DTC, as the registered owner. In the case of partial redemption, the City will determine the principal amount of Bonds to be redeemed from each maturity of Bonds. DTC will determine by lot the amount of each participant's interest in such maturity of such series to be called for redemption, and each participant will then select by lot the ownership interests in such maturity to be redeemed.

Book-Entry System

The Bonds will be initially issued in the form of a separate single typewritten fully registered Bond for each maturity of the Bonds. Upon initial issuance, the ownership of each Bond will be registered in the name of Cede & Co., as nominee for The Depository Trust Company. See "APPENDIX E – THE DEPOSITORY TRUST COMPANY" attached hereto.

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SOURCES AND USES OF FUNDS

SOURCES	
Principal Amount of Assessment Bonds	$ 8,365,000.00
Principal Amount of Utility Revenue Bonds	51,440,000.00
Principal Amount of Various Purpose Bonds	58,185,000.00
Principal Amount of CIP Bonds	3,555,000.00
Net Original Issue Premium	7,923,419.15
Total Sources	**$129,468,419.15**
USES	
Improvement Projects	
Alley Construction	$ 22,731.94
Alley Renovation	40,666.25
Street Reconstruction	1,962,896.83
Street Rehabilitation	166,738.70
Street Resurfacing	5,782,388.36
Streetscape	36,999.92
Diseased Tree Removal	844,179.62
Subtotal Improvement Projects	**$8,856,601.62**
Utility Projects	
Municipal Water System Improvements	$17,903,062.53
Municipal Storm Water System Improvements	25,931,274.00
Municipal Sanitary Sewer System Improvements	11,700,000.00
Subtotal Utility Projects	**$55,534,336.53**
Various Capital Projects	
Art in Public Places	$ 1,076,893.00
Protected Bikeways Program	675,000.00
Bridge Programs, Repair, and Rehabilitation	924,926.00
Municipal Building Improvements	7,624,500.00
Park Improvements	14,206,435.00
Pedestrian Improvements and Programs	1,697,000.00
Police Precinct (First Precinct)	4,400,000.00
Public Grounds and Facilities	50,000.00
Sidewalk Improvements	460,000.00
Street Improvements, Resurfacing, Paving, and Reconstruction	22,401,002.00
Traffic Management, Signals, Signs, Lights, and Safety Improvements	5,954,000.00
Vision Zero Program	1,100,000.00
Subtotal Various Capital Projects	**$60,569,756.00**
Capital Improvements	
Renovation of City Hall	$3,700,000.00
Subtotal Capital Improvements	**$3,700,000.00**
Total Cost of Projects	**$128,660,694.15**

OTHER USES

Costs of Issuance, including Underwriter's Discount	$ 807,725.00
Total Uses	**$129,468,419.15**

CONTINUING DISCLOSURE

In order to assist the underwriters in complying with SEC Rule 15c2-12 (the "Rule"), pursuant to the Bond Resolutions and Continuing Disclosure Certificate (the "Certificate") to be executed on behalf of the City on the date of issuance of the Bonds, the City has and will covenant for the benefit of holders of the Bonds to annually provide certain financial information and operating data relating to the City to the Municipal Securities Rulemaking Board ("MSRB") in an electronic format prescribed by the MSRB, and to provide notices of the occurrence of certain events enumerated in the Rule to the MSRB. The specific nature of the Certificate, as well as the information to be contained in the annual report or the notices of material events, is set forth in the Certificate in substantially the form attached hereto as APPENDIX C. A failure by the City to comply with the Certificate will not constitute an event of default on the Bonds (although holders will have an enforceable right to specific performance). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. See "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein for additional information.

To the best of its knowledge, the City has fully complied in all material respects with its continuing disclosure undertakings with respect to its governmental obligations, including all general obligation and revenue bonds issued by the City for which the City is an obligor. The City satisfies its continuing disclosure undertakings with the assistance of Digital Assurance Certification, LLC ("DAC").

The City operates a Common Bond Fund Program (the "CBF Program"). The CBF Program was created in 1982 to provide conduit revenue bond financing for industrial, manufacturing, and commercial projects to promote economic development. The CBF Program has provided financing for companies located in Minneapolis and the greater Hennepin County area that are unable to borrow funds in the capital markets without a bond rating. The City has established reserves to secure the private activity bonds issued under the CBF Program and has pledged to levy an ad valorem tax at the rate of up to one-half of one percent of its tax capacity to fund deficiencies in the reserves established under the CBF Program for the limited, tax-supported revenue bonds issued under the CBF Program. The reserves are drawn upon if the City is notified by the trustee for the bonds that a deficiency will occur with respect to principal and interest payments on obligations issued through the CBF Program. The reserves do not need to be funded from the limited tax levy until and to the extent of such a deficiency. No property tax levies have been required in the past and none are anticipated to be required to fund the pledged reserve for bonds issued under the CBF Program. As a result of the funded reserves and the limited tax pledge by the City, the bonds issued under the CBF Program are currently rated "A+" by S&P Global Ratings. As of August 1, 2022, the total principal amount of bonds issued and outstanding under the CBF Program was $24,245,000.

The continuing disclosure agreements entered into by the City and the trustee for the CBF Program require the City to provide: (i) updates to certain information set forth in the CBF Program official statements including schedules showing Tax Rates, Tax Levies and Collections, and Tax Capacity of the City; (ii) annual financial statements of the CBF Program; and (iii) with respect to CBF Program bond issues for which the City is an obligated person in excess of 10 percent of the outstanding principal amount thereof, annual audited financial statements of the City. With respect to clause (i), on occasion the City has been late in filing with EMMA the updated financial information described in clause (i). With respect to clause (ii), the City has always been timely in filing the annual financial statements of the CBF Program. With respect to

clause (iii), to date, the City is required to file its annual audited financial statements for only one series of CBF Program bonds which were issued in 2005. On occasion the City has been late in filing with EMMA the information described in clause (iii). All other information required to be filed annually and all material event notices have been timely filed with EMMA.

Certain final official statements distributed by the City with respect to the bonds issued under the CBF Program did not include references to all instances, in the prior five years, in which there was a failure to comply with previous continuing disclosure undertakings. Nevertheless, the City has concluded, under the circumstances, that the omission of such compliance failures was not "material" because the omitted information was otherwise available to the public in the official statements and in the annual audited financial statements filed each year by the City with EMMA in connection with the general obligation bond issues of the City.

Notwithstanding the City's conclusion as to the materiality of omissions described above, on December 1, 2014, the City self-reported under the Municipalities Continuing Disclosure Cooperation Initiative (the "MCDC") because it is not clear whether the omissions in certain official statements related to the sale of bonds under the CBF Program regarding the failures to file certain continuing disclosure information would be considered material under the MCDC. Given such uncertainty, the City self-reported while asserting that it believes such omissions are not material.

Other than what is disclosed herein, to the best of its knowledge, during the last five years, the City has fully complied in all material respects with its continuing disclosure undertakings with respect to the CBF Program.

TAX EXEMPTION

On the date of issuance of the Bonds, Kennedy & Graven, Chartered, Minneapolis, Minnesota ("Bond Counsel"), will render an opinion that, at the time of the issuance and delivery of the Bonds to the original purchaser, based on present federal and State laws, regulations, rulings and decisions (which exclude any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants set forth in the Bond Resolutions, interest on the Bonds is not includable in gross income for federal income tax purposes and, to the same extent, is not includable in the taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. However, such interest is included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) of applicable corporations for purposes of computing the alternative minimum tax imposed on such applicable corporations for tax years beginning after December 31, 2022 and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. Section 59(k) of the Code defines "applicable corporation" as any corporation (other than an S corporation), a regulated investment company, or a real estate investment trust which meets the average annual adjusted financial statement income test set forth in Section 59(k) of the Code in one or more taxable years. No opinion will be expressed by Bond Counsel regarding other federal or State of Minnesota tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership of the Bonds. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the Bond Resolutions may result in the inclusion of interest on the Bonds in gross income of the owners thereof for federal income tax purposes and in net taxable income of individuals, trusts, and estates for Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds if interest on the Bonds becomes subject to federal or State of Minnesota income taxation.

The City will covenant to comply with the requirements of the Code to establish and maintain the interest on the Bonds as tax exempt under Section 103 of the Code, including, without limitation, requirements related to temporary periods for investments and limitations on amounts invested at a yield greater than the yield on the Bonds.

OTHER FEDERAL AND STATE TAX CONSIDERATIONS

Certain provisions of the Code and related State tax law provisions may affect the tax treatment of interest on the Bonds for certain taxpayers. The status of interest on the Bonds under those provisions is described below:

Property and Casualty Insurance Companies

The Code provides that in the case of an insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as "losses incurred" under Section 832(b)(5) shall be reduced by an amount equal to the applicable percentage of the interest on the Bonds that is received or accrued during the taxable year.

Branch Profits Tax and Foreign Insurance Companies

Interest on the Bonds may be included in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code.

Passive Investment of S Corporations

Under certain circumstances, interest on the Bonds may be subject to the tax on "excess net passive income" of Subchapter S corporations imposed by Section 1375 of the Code.

Not Bank-Qualified Tax-Exempt Obligations

The Bonds are not "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code and, therefore, financial institutions may not utilize the provisions of Section 265(b)(3) or Section 291(e)(1)(B) of the Code to limit the deduction of their interest expenses allocable to the interest received from the Bonds.

Future Law Changes

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

The preceding information is not a comprehensive list of all federal tax consequences which may arise from the receipt of interest on the Bonds. The receipt of interest on the Bonds may otherwise affect the federal or Minnesota income tax liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items or deductions. Bond Counsel expresses no opinion regarding any such tax consequences. Purchasers of the Bonds are encouraged to consult with their personal tax advisors regarding the impact of the foregoing on their individual tax liabilities.

The legal opinion of Kennedy & Graven, Chartered, as Bond Counsel, in substantially the form that is shown in APPENDIX B of this Final Official Statement, will be delivered on the date of issuance and delivery of the Bonds.

ORIGINAL ISSUE PREMIUM AND ORIGINAL ISSUE DISCOUNT

Original Issue Premium

The Bonds maturing on December 1 in the years 2022 through 2040 have been sold to the public at an amount in excess of their stated redemption price at maturity (the "Premium Bonds"). Such excess of the purchase price of a Premium Bond over its stated redemption price at maturity constitutes an original issue premium with respect to such Premium Bonds. An owner of a Premium Bond must amortize the premium over the term of the Premium Bond using constant yield principles, based on the owner's yield to maturity. As original issue premium is amortized, the basis in the Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or other disposition of such Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Holders of any Premium Bonds, whether purchased at the time of initial issuance or subsequent thereto, should consult with their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning Premium Bonds.

Original Issue Discount

The Bond maturing on December 1, 2041 has been sold at a discount from the principal amount payable on such Bonds at maturity (the "Discount Bond"). The difference between the price at which a substantial amount of the Discount Bond is first sold to the public (the "Issue Price") and the principal amount payable at maturity constitutes "original issue discount." The amount of original issue discount that accrues to an owner of the Discount Bond during any accrual period generally equals (i) the issue price of the Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of the Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on the Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period and will increase the owner's tax basis in the Discount Bond. Any gain realized by an owner from a sale, exchange, payment, or redemption of the Discount Bond will be treated as gain from the sale or exchange of the Discount Bond. Holders of the Discount Bond should consult their tax advisors with respect to computation and accrual of original issue discount and with respect to the state and local tax consequences of owning the Discount Bond.

INVESTMENT CONSIDERATIONS

The following is a description of possible risks to holders of the Bonds and is not intended to be an all-inclusive list.

Impacts Due to Coronavirus (COVID-19)

On March 11, 2020, the World Health Organization proclaimed the novel strain of Coronavirus (COVID-19) to be a pandemic. In an effort to lessen the risk of transmission of COVID-19, the United States government, state governments, local governments and private industries took measures to limit social interactions which thereby impacted global, state and local commerce and financial markets. The City continues to monitor COVID-19 risks and apply mitigating solutions across its domain.

Because of the COVID-19 induced economic recession, the City's 2020 and 2021 revenues from local sales taxes, parking fees and economic development (fees, licenses, permits, etc.) underperformed pre-pandemic levels. As shown below by the excess fund balances of the General Fund, the City successfully deployed a number of cost containment measures to mitigate the effects of the reduced revenue:

	Fiscal Year ($000)	
Fund Balance for General Fund	**2020**	**2021**
Beginning Balance	$ 128,100	$ 167,700
Change	39,600	(24,826)
Ending Balance	$ 167,700	$ 142,874
Less: Target Balance*	82,375	90,200
=Excess Fund Balance	$ 85,325	$ 52,674
Excess as Percent of Target	103.6%	58.4%
Operating Budget	$ 478,106	$ 479,459
# of Days of Budget Covered by Ending Balance	128	109

**17% of next year's budget, net of transfers*

The decline of Ending Balance from 2020 to 2021 reflects a planned/budgeted usage of the balance.

The American Rescue Plan Act (ARPA) allocation for the City was $271.2 million, which the City received in portions during 2021 and 2022. These funds were deposited into a dedicated special revenue fund and the Mayor and City Council worked to receive, evaluate, and approve spending proposals from departments across the City. During 2021, approximately $98.2 million of the ARPA funds were approved for City projects; the remainder have now been approved. This influx of federal funding raised the cash and fund balance of the special revenue funds in total; both measures increased by over $135.0 million during 2021.

As the federal, state, and local governments, including the City, continue efforts to contain and limit the spread of COVID-19, tax and other revenue collections continue to deviate from historical or anticipated collections. The 2021 Adopted Budget and the 2022 Adopted Budget were prepared with the reduced revenue collections and planning for sustained service delivery including funding for debt obligations.

Liabilities Related to Civil Unrest

The City is facing higher than usual potential liabilities from lawsuits and workers' compensation claims. The City Attorney's Office is quantifying the cost of potential liability claims on a regular basis. The City's Finance and Property Services department is also quantifying workers' compensation claims' cost estimates. The estimates inform the City's third-party actuarial projections performed each year. The actuarial study is used, along with other data, to determine the upcoming years' charges to departments. Most of the workers' compensation claims have been settled and are factored into future financial projections to determine revenue requirements of the City's workers' compensation fund; the unsettled claims are factored into the actuarial study. The largest liability claims have been settled and funded from the City's liability self-insurance fund; however, there are outstanding claims yet to be settled. Based upon actuarial calculations, the City is increasing annual department budget allocations for the City's workers' compensation and liability self-insurance fund and making transfers of $12,000,000 to both the workers' compensation fund and the liability self-insurance fund in 2022. Additionally, the City will continue to monitor claims exposure and will adjust budget allocations and the six-year financial direction/financial plan based on current claims data at least annually.

Reorganization of City's Police Department

In 2020, the City Council forwarded a ballot proposal to the City's Charter Commission that would create a department of community safety with a division of the new department to continue the existing core services involving licensed peace officers as required under state law. The City referred three questions to voters last November. The proposed Charter amendment, which would have replaced the Police Department with a Department of Public Safety, failed. The Charter amendments to change the current government structure to an Executive Mayor form of government and to authorize the development of an ordinance limiting rent increases were passed by the voters. Currently, the City's Police Chief and the Minneapolis Police Department (MPD) report to the Mayor. Under the new Executive Mayor Government structure, the Mayor has proposed a reorganization that results in the creation of an Office of Community Safety. In this structure, the MPD would be one of many departments that would be organized under Community Safety. On August 4, 2022 the City Council approved the appointment of the first Commissioner of Public Safety.

In the 2021 Budget, many departments held open vacant positions to achieve savings and eliminate the need for layoffs. The MPD experienced higher than typical attrition in 2020 and 2021. This made it possible to achieve savings without the need for layoffs in the MPD and fund the department at the level of officers remaining on staff in 2021. In 2022, the MPD continues to function as it has historically but with fewer officers.

Continuity of City Operations

The Mayor of Minneapolis, with the endorsement of the City Council, declared a local public health emergency on March 16, 2020. The local public health emergency gives the Mayor certain powers including suspending certain City rules and imposing restrictions on public gatherings and business practices.

The City adapted quickly to working remotely for many of its government functions in March and April of 2020. The City Council consolidated its committee structure at that time to reduce the number of regular public meetings.

Basic operations of the City such as public safety services, building inspections, water, and trash services, have been provided continuously since March 2020. Public and private construction projects have continued throughout the pandemic as well.

The primary impacts of the pandemic on municipal operations have been related to the City's convention center and parking operations. With an increase in events at the convention center, employees who were on budgetary leave have returned to work.

The Convention Center was also used as a site for COVID testing, vaccinations, and elections during 2021. Since then, the Convention Center has hosted many events including the NCAA Women's Final Four that drew large crowds to the City.

City employees who worked remotely during the pandemic began returning to the office in February as vaccination rates increased in the City.

Cybersecurity

The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized actors and entities. As a result, the electronic systems and networks may be a target of cyberattacks. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact. To reduce the risk of cyberattacks, the City employs four people, led by the Chief Information Security Officer, who have implemented programs and controls to help prevent breaches such as those that have occurred in other cities.

Security controls are in place to safeguard the network, digital systems and data. In addition to new employee onboarding security training, the City also performs internal email phishing campaigns to identify risks and educate employees. Vulnerability management controls include procedures to detect and remediate system and network vulnerabilities, as well as advanced end-point protection to detect and prevent malware and ransomware. Identity and access management controls include complex passwords and two factor authentication for external access to City resources such as email and network. In addition to several controls, intrusion detection systems are deployed internally and externally to detect and prevent known attacks.

Redundancy is built into City systems in the event of an attach or breach. Network security controls include network segmentation, controlled third party and vendor access to restrict access to required resources only, and network access controls to prevent unauthorized devices from connecting to the network. In addition to in-house forensics tools and capabilities for investigating incidents, the City leverages security event and incident management for log correlation, analysis, and investigations. Additionally, the City's security staff has been trained and certified in information security and the department has developed and cultivated relationships with public and private sector security resources to stay abreast of threats and countermeasures.

Additional security controls were put in place after the unrest of 2020 to further protect the City's systems, including distributed denial-of-service protections and next generation firewalls were added for better monitoring. There have been no ongoing disruptions to date. City data is in some cases shared with other entities. The City is not aware of any City data being compromised or breached. The City information security team continues to assess and implement controls as needed to reduce information security risk and enable business processes in a safe and secure way. One implementation measure employed is a Security Education and Awareness Training (SETA) Program. SETA includes measurable training, building situational awareness, developing new skills and habits for users, enhancing organization security and improving end-user policies and procedures.

Climate Change and Resiliency

Minnesota is a cold weather state that has been experiencing a rapid change in the number and severity of localized weather events because of increasing global temperatures. In 2021, Minneapolis experienced twice as many days above 90 degrees as it does on average. Future changes to the climate in Minnesota will produce ecological, environmental, and economic impacts on the State and the City.

To address climate change, the City has adopted a Climate Action Plan which documents the City's strategies to reduce resource use and greenhouse gas emissions and includes strategies to achieve a just energy transition and reduce the impacts of pollution on frontline communities of color. These strategies include a policy to achieve 100% renewable electricity for all city operations by 2023 and a blueprint for achieving 100% community-wide renewable electricity by 2030. New city facilities will be on a glide path to net zero buildings by 2030, showing the way for all commercial buildings to be net zero by 2036. These changes are tracked and monitored to measure progress toward achieving the City's environmental goals. Over the last several years, the City implemented a full suite of energy transparency requirements for commercial and residential properties such as the Building Benchmarking Program and Truth in Sale of Housing energy reports that drive energy efficiency improvements and demonstrate progress toward the City's Climate Action Plan goals.

As of 2021, Minneapolis greenhouse gas (GHG) emissions from citywide activities have decreased 32% compared to the 2006 baseline of achieving a 30% reduction by 2025. A significant impact on 2020 emissions was the change in behavior due to the pandemic. Traffic volume was down 20% and electricity use was down 5% since 2019. Without these two factors, the overall emissions reduction would have been 27% instead of 32%. In either case total GHG emissions from citywide and enterprise activities are on track to meet the City's 2025 goals. The City is currently updating its Climate Action Plan with a focus on reducing carbon emissions.

To learn more about the City's plans for climate change resiliency, please see the following website: https://www.minneapolismn.gov/government/mayor/issues-and-priorities/environment-and-sustainability/

Dependence on Property Tax Payments

The Bonds are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions

Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Economy

A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

Maintenance of Ratings

In the future, the City's credit ratings may be reduced or withdrawn, which may result in a reduction in the value of the Bonds for resale prior to maturity.

Secondary Market

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriter is not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy

The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

Future Changes in Law

Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Continuing Disclosure

A failure by the City to comply with the Certificate setting forth the City's continuing disclosure obligations (see "CONTINUING DISCLOSURE" in this Final Official Statement) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

FUTURE FINANCING

The City does not anticipate issuing bonds within the next six months.

LITIGATION

There are no legal or governmental proceedings pending or, to the best of the City's knowledge, threatened, to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting the authority for or the validity of the Bonds.

Various cases and claims are pending against the City involving claims for money damages. Due to the recent civil unrest, the City has a larger than normal number of pending cases and claims that may result in larger than normal claims for money damages. Based on the City's past experience, resolution of these cases and claims should not have a material adverse effect on the financial position of the City or its ability to make Bond payments.

LEGAL MATTERS

Legal matters incident to the issuance, sale, and validity of the Bonds are subject to the approving opinion of Kennedy & Graven, Chartered, of Minneapolis, Minnesota, Bond Counsel. The form of the Bond Counsel opinion is set forth in APPENDIX B attached hereto. The opinion will state that the Bonds are valid and binding general obligations of the City and that the City is required to levy ad valorem taxes on all taxable property within the City without limitation as to rate or amount, if necessary, to pay the principal of and interest on the Bonds when due.

MUNICIPAL ADVISOR

The City has retained Ehlers and Associates, Inc., Roseville, Minnesota, as municipal advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. The Municipal Advisor is registered as a municipal advisor with both the Securities and Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB"). The Municipal Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in this Final Official Statement in accordance with accounting standards.

UNDERWRITING

Citigroup Global Markets Inc. (the "Underwriter") has agreed, subject to certain conditions, to purchase all, but not less than all, of the Bonds from the City for a purchase price of $128,860,694.15 (par amount of $121,545,000.00, plus original issue premium of $8,074,778.75, less original issue discount of $151,359.60, less an underwriter's discount of $607,725.00). The Underwriter for the Bonds will be obligated to purchase all the Bonds if any are purchased. The initial public offering prices of the Bonds may be changed from time to time by the underwriter for the Bonds.

RATINGS

S&P Global Ratings has assigned the Bonds a rating of AAA. Fitch Ratings has assigned the Bonds a rating of AA+. Such ratings reflect only the views of such rating agencies, and an explanation of the significance of such ratings may be obtained only from the respective rating agencies. Generally, rating agencies base their ratings on the information and materials furnished to them and on investigation, studies and assumptions by the rating agencies. A securities rating is not a recommendation to buy, sell, or hold securities. The ratings of the Bonds represent judgments as to the likelihood of timely payment of the Bonds according to their terms, but do not address the likelihood of redemption or acceleration prior to maturity. There is no assurance that such ratings will remain in effect for any given period or that they may not be lowered, suspended or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Any such downward change in or suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the Bonds.

OFFICIAL STATEMENT CERTIFICATION

The City has authorized the distribution of this Final Official Statement for use in connection with the initial sale of the Bonds. As of the date of the delivery of the Bonds, the City will deliver to the underwriter a certificate signed by the authorized representative of the City stating that the information contained in this Final Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

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APPENDIX A

GENERAL INFORMATION CONCERNING THE CITY

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This APPENDIX A refers to various website addresses for further information. Please note these website addresses are provided for the convenience of the reader. No representation is made by the City as to the privacy practices of other websites, nor is the City liable for the content, risk of security vulnerabilities, or availability of any listed sites.

THE CITY

The City of Minneapolis (the "City") is a political subdivision of the State incorporated in 1867, organized and existing under the Constitution and laws of the State and the City Charter, as amended. The corporate limits of the City encompass approximately 58.7 square miles and U.S. Census figures indicated the 2020 population of the City to be 429,954. The Metropolitan Council's estimate of the City's 2021 population is 435,105.

City Structure

The City is a municipal corporation governed by an Executive Mayor-Legislative Council form of government. The Mayor and 13 City Council Members from individual geographic-based wards are typically elected for terms of four years, without limit to the number of terms which may be served. Due to the timing of State and local redistricting, Council Members elected in the 2021 Municipal Election will serve a two-year term. The 2023 City Council election will reflect the redistricted wards and boundaries, which will also be for a two-year term. No other municipal offices will be on the ballot in 2023. City Council terms will return to a normal four-year cycle with the 2025 municipal election. The Mayor and City Council are jointly responsible for the adoption of an annual budget and a six-year capital improvement program. As required by the City Charter, the Mayor is responsible for preparing an annual operating and capital budget recommendation to the City Council for its consideration. The term of the Mayor expires on January 1, 2026, and the terms of all City Council Members expire on January 1, 2024.

The question of whether a change to the City's Charter should be made to change the City's form of government to an Executive Mayor-Legislative Council structure was considered by voters on November 2, 2021 (the "Charter Amendment"). The ballot measure was approved by a majority of voters, and the Charter Amendment took effect on December 3, 2021. The change shifted certain powers to the Mayor and consolidated administrative authority over all operating departments under the Mayor. According to the Charter, the Mayor is required to submit an organizational plan to the City Council, which will determine the design of the City's administration by ordinance. A proposed organizational structure was initially presented to the City Council on March 18, 2022. The current proposal features four direct reports to the Mayor: the City Operations Officer, City Attorney, Community Safety Commissioner, and Chief of Staff. These reports would oversee four distinct offices: the Office of Public Services, Office of City Attorney, Office of Community Safety, and Mayor's Office, respectively. An update to this plan was presented to the Committee of the Whole Government Structure Subcommittee on June 28, 2022. On June 30, 2022, City Council approved the Mayor's recommended organization structure. First appointment under the new structure included the swearing in of the new Community Safety Commissioner on August 8, 2022.

The City Council operates through standing, special and independent committees which typically meet during the two weeks preceding the City Council's meeting. Committees include the Audit Committee; the Budget Committee; the Business, Inspections, Housing & Zoning Committee; the Committee of the Whole; the Executive Committee; the Policy & Government Oversight Committee; the Public Health & Safety Committee; and the Public Works and Infrastructure Committee.

City Departments

Under the City Charter, the operating departments of the City include City Coordinator, City Clerk, City Assessor, Finance & Property Services, City Attorney, Civil Rights, Community Planning and Economic Development, Fire, Health, Police, Public Works, Regulatory Services, Communications, Human Resources, Information & Technology, Intergovernmental Relations, Neighborhood and Community Relations, and Emergency Management. The City Coordinator is the principal administrative officer for

the City and is responsible for providing support in the areas of finance, technology, human resources, communications, intergovernmental relations and neighborhood and community relations. The City Coordinator also oversees the operating activities of the Minneapolis Convention Center, as well as the City's 311 service, 911 service, and Emergency Management activities. Once the organizational plan described above under "City Structure" is finalized, the City Departments will be reorganized.

Related Boards

The Minneapolis Park and Recreation Board (the "Park Board") is a nine-member board elected by the voters of the City and is responsible for developing and maintaining parklands, park facilities and parkways. The Board of Estimate and Taxation (the "Board") is comprised of six members, two of whom are elected directly by the voters of the City. The Mayor, the President of the City Council, and the Chair of the City Council committee whose charge includes the budget are ex-officio members of the Board, and the Park Board selects one member from its board to serve on the Board. The Board authorizes certain City indebtedness and establishes the maximum property tax levies each year.

The Municipal Building Commission (the "MBC") is comprised of the Chair of the Hennepin County Board of Commissioners, the Mayor of the City, one appointee of the Hennepin County Board of Commissioners and an appointee of the City Council. The MBC operates and maintains the Minneapolis City Hall/Hennepin County Court House building.

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CITY PROPERTY VALUES AND TAXES

VALUATIONS OF TAXABLE PROPERTY LOCATED IN THE CITY

Valuation Year	Collection Year	Economic Market Value[1]	Assessor's Estimated Market Value	Taxable Net Tax Capacity Total	Value Capture and Tax Increment[2]	Fiscal Disparity Contribution	Fiscal Disparity Distribution	Adjusted Net Tax Capacity
2021	2022	$65,938,297,885	$60,615,132,200	$755,875,599	($25,850,025)	($95,292,826)	$69,995,026	$704,727,774
2020	2021	62,526,634,624	59,353,035,536	749,489,246	(27,994,628)	(88,352,397)	63,956,743	697,098,964
2019	2020	58,139,145,870	56,339,969,336	707,901,886	(59,366,690)	(83,291,299)	59,918,256	625,162,153
2018	2019	55,385,305,984	52,725,405,700	662,230,493	(56,428,149)	(76,704,603)	57,332,401	586,430,142
2017	2018	52,332,573,256	47,947,932,200	601,211,854	(52,450,899)	(70,076,963)	54,851,682	533,535,674

(1) The economic market values are from the Minnesota Department of Revenue.
(2) Value capture district captures 1% of market value for streetcar district. Tax increment value declines are related to expiration of certain tax increment districts.

VALUE CAPTURE AND TAX INCREMENT

Year of Value	Year of Tax Collection	Tax Increment	Value Capture	Value Capture & Tax Increment	Value Change	Percentage Change
2021	2022	$20,394,810	$5,455,215	$25,850,025	($2,144,603)	-7.66%
2020	2021	21,942,238	6,052,390	27,994,628	(31,372,062)	-52.84
2019	2020	53,494,443	5,872,247	59,366,690	2,938,541	0.05
2018	2019	50,540,375	5,887,774	56,428,149	3,977,250	7.58
2017	2018	46,870,228	5,580,671	52,450,899	5,734,101	12.27

TAXABLE MARKET VALUES

Collection Year	Personal Property	Real Estate	Total	Value Change	Percentage Change
2022	$328,179,528	$59,714,278,793	$60,042,458,321	$1,650,667,937	2.83%
2021	555,939,206	57,835,851,178	58,391,790,384	3,042,822,538	5.50
2020	552,053,486	54,796,914,360	55,348,967,846	3,684,941,952	7.13
2019	530,279,546	51,133,746,348	51,664,025,894	4,889,795,854	10.45
2018	520,854,555	46,253,375,485	46,774,230,040	3,961,641,997	9.25

TOTAL TAX CAPACITY OF REAL AND PERSONAL PROPERTY
(in Thousands)

Valuation Year	**2021**	**2020**	**2019**	**2018**	**2017**
Collection Year	**2022**	**2021**	**2020**	**2019**	**2018**
Commercial & Industrial	$217,402	$229,622	$213,547	$206,139	$194,215
Residential	362,839	346,968	337,197	317,646	285,311
Apartment	145,658	137,506	122,896	108,593	96,174
Other	370	382	357	340	312
Total Real Property	726,269	714,478	673,997	632,718	576,012
Personal Property	4,309	10,615	10,531	10,494	9,975
Total Real and Personal Property	730,578	725,094	684,528	643,212	585,987
Less Tax Increment	(20,395)	(21,942)	(53,494)	(50,540)	(46,870)
Less Value Capture	(5,455)	(6,052)	(5,872)	(5,888)	(5,581)
Adjusted Net Tax Capacity	$704,727	$697,099	$625,162	$586,430	$533,536

TAX RATES FOR TAX CAPACITY

	Tax Collection Year					
Governmental Unit	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
City	59.351%	54.880%	57.920%	57.312%	59.556%	61.129%
Special School District 1	20.036	18.692	21.102	22.190	22.291	20.410
County	38.114	38.081	40.913	41.690	42.654	43.925
Other	5.389	5.347	5.726	5.978	6.240	6.416
Totals	122.890%	117.000	125.66%	127.17%	130.74%	131.88%

TAX RATES FOR MARKET VALUE LEVIES

	Tax Collection Year					
Governmental Unit	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
City	0.00000%	0.01535%	0.01844%	0.01970%	0.02165%	0.02127%
Special School District 1	0.13466	0.13811	0.15857	0.18496	0.15531	0.18045
Totals	0.13466%	0.15346%	0.17701%	0.20466%	0.17696%	0.20172%

TAX LEVIES AND COLLECTIONS
(in Thousands)

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	98.581%
2020	374,309	368,655	98.489	2,970	371,625	99.283
2019	349,971	345,887	98.833	1,635	347,522	99.300
2018	331,208	327,272	98.812	1,474	328,746	99.257
2017	313,941	310,480	98.898	641	311,121	99.102

LARGEST TAXPAYERS WITHIN THE CITY
Based on Net Tax Capacity (Assessed in 2021 for Taxes Payable in 2022)

Rank	Taxpayer	Assessor's Estimated Market Value	Net Tax Capacity	Percentage of Total Net Tax Capacity
1	Bri 1855 IDS Center LLC	$290,260,000	$5,804,450	0.77%
2	WFM Office Owner LLC	266,000,000	5,319,250	0.70
3	SRI Eleven Minneapolis 225 L	254,570,000	5,090,650	0.67
4	33 City Center 33 South Property LLC	241,470,000	4,828,650	0.64
5	Target Corporation	208,600,000	4,171,250	0.55
6	Wells REIT-800 Nicolet	207,900,000	4,157,250	0.55
7	US Bank Corp RE Tax Department	200,350,000	4,006,250	0.53
8	South Sixth Office LLC	160,000,000	3,199,250	0.42
9	BAM 701 LLC	158,280,000	3,164,850	0.42
10	KBS Capital Advisors LLC	114,831,000	2,295,870	0.30
	Subtotal Top Ten Taxpayers:	$2,102,261,000	$42,037,720	5.55%
	Taxable Net Tax Capacity		$755,875,599	

Source: City Assessor

INDEBTEDNESS OF THE CITY

Debt Management Policies

The objective of the debt management policies is to maintain the City's ability to incur present and future debt at minimal interest rates without putting essential City services at risk.

General Obligation Bonds, Property Tax Supported. The City utilizes general obligation, property tax supported bonding to finance only those capital improvements and long-term assets that have been determined to be essential to the maintenance or development of the City.

Tax Increment Bonds. The City uses tax increment bonds only where projects can be shown to be self-liquidating from tax increments arising in sufficient amounts, or where secured guarantees are provided for potential shortfalls, and with appropriate timing to avoid, to the maximum extent possible, the use of City-wide property tax revenues and where maximum allowable guarantees are obtained.

Special Obligation Revenue Bonds. Special obligation revenue bonds, those bonds for which the City incurs no financial or moral obligation, are issued only if the associated development projects can be shown to be financially feasible and contributing substantially to the welfare and/or economic development of the City and its inhabitants.

Variable Rate Debt. The City may elect to issue bonds as variable rate instruments to provide flexibility and/or attempt to achieve interest savings.

Debt Management. The debt management policies are designed to maintain a balanced relationship between debt service requirements and current operating costs, encourage growth of the tax base, actively seek alternative funding sources, minimize interest costs and maximize investment returns.

Bond Term. The City shall issue bonds with terms no longer than the economic useful life of the project. For self-supporting bonds, maturities and associated debt service shall not exceed projected revenue streams related to the bonded project.

General Obligation Indebtedness

The following tables set forth the general obligation indebtedness of the City estimated to be outstanding as of the dates noted, including the amount of such bonds considered to be self-supporting from revenue sources other than general property taxes. Self-supporting debt does not require any general property tax support under current and anticipated operating conditions. The City has chosen to issue general obligation bonds for its enterprise funds to obtain a lower interest rate on the bonds. Historically, these bonds have not required general property tax support and currently are projected to not require it in the future.

To indicate the City's intent as to future debt service payments on water works and parking facility bonds, the City Council adopted a resolution on April 6, 1979 which states that (1) the City intends to raise water rates as necessary to provide sufficient revenue to meet all water works debt service requirements and operating expenses; and (2) the City intends to raise parking meter and ramp rates as necessary to meet all parking facilities debt service requirements and operating requirements. The City has consistently complied with this resolution.

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CITY OF MINNEAPOLIS
Historical Outstanding Debt for Years Ending December 31, by Business Line & Source of Repayment

Classification/Business Line	Source of Repayment*	2021	2020	2019	2018	2017
General Obligation (GO) Debt:						
		(Dollar Amounts Expressed in Thousands)				
Enterprise Fund GO Debt						
Stormwater Sewer	User Fees	$13,035	$5,340	$4,515	$--	$--
Sanitary Sewer Fund	User Fees	51,610	43,235	34,070	23,330	27,810
Water Fund Bonds	User Fees	65,155	54,260	40,820	25,960	32,775
Water Fund Notes – MN/Public Facilities Authority	User Fees	75,508	81,877	86,195	83,945	64,990
Parking Fund	User Fees	64,990	58,050	58,605	69,795	87,435
Solid Waste Fund	User Fees	6,100	--	--	--	--
Total Enterprise Fund GO Debt		$276,398	$242,762	$224,205	$203,030	$213,010
Self-Supporting GO Debt						
Convention Center	Local Sales Tax	$26,000	$26,000	$26,000	$51,000	$73,250
Target Center Renovation Bonds	Local Sales Tax	60,400	63,710	66,875	69,900	39,915
Target Center Renovation Notes	Tax Increment	--	--	--	--	29,000
Tax Increment Supported	Tax Increment	--	1,495	1,710	52,380	60,515
Development Supported	Ryan Co/Stadium Authority	59,240	60,155	60,940	61,515	61,825
Assessment Bonds	Special Assessment	52,825	53,955	49,940	51,440	54,485
Housing Improvement Area Bonds	Fees	21,280	5,675	5,925	2,170	1,070
Park Board	User Fees	7,600	8,500	8,875	8,180	10,120
Total Self-Supporting GO Debt		$227,345	$219,490	$220,265	$296,585	$330,180
Internal Service Fund GO Debt						
Equipment Fund	Internal User Fees	$--	$--	$--	$--	$8,990
Property Services Fund	Internal Use Fees	--	--	--	--	820
Total Internal Service Fund GO Debt		$--	$--	$--	$--	$9,810
Property Tax GO Debt						
General Infrastructure Bonds and Notes	Property Tax	$97,660	$68,400	$69,455	$48,600	$55,120
Information Technology Systems	Property Tax	--	--	--	--	1,375
Capital Improvement Bonds	Property Tax/User Fees	200,165	204,025	207,860	96,220	--
Library System Referendum Bonds	Property Tax/State of MN	--	8,435	26,430	35,275	54,425
Total Property Tax Supported GO Debt		$297,825	$280,860	$303,745	$180,095	$110,920
Total GO Debt		$801,568	$743,112	$748,215	$679,710	$663,920

*Source of repayment pledged in debt documents.

CITY OF MINNEAPOLIS
Historical Outstanding Debt for Years Ending December 31, by Business Line & Source of Repayment
(continued)

Classification/Business Line	Source of Repayment*	2021	2020	2019	2018	2017
Non-GO Debt		**(Dollar Amounts Expressed in Thousands)**				
Economic Development Revenue Bonds	Tax Increment	$14,500	$16,040	$17,520	$18,940	$20,305
Economic Development Revenue Notes	Tax Increment	1,785	2,310	2,805	3,270	3,705
Community Dev General Agency Reserve Fund	Business Leases	24,640	40,550	58,835	61,565	64,300
Total Non-GO Debt		$40,925	$58,900	$79,160	$83,775	$88,310
Grand Total GO and Non-GO Debt		$842,493	$802,012	$827,375	$763,485	$752,230

* Source of repayment pledged in debt documents.

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HISTORY OF DEBT

Total General Obligation Debt

As of December 31	Fixed Rate	Variable Rate	Total	Variable Rate as % of Total
2021	$774,643,400	$26,915,000	$801,568,400	3.52%
2020	714,907,000	28,205,000	743,112,000	3.80
2019	718,715,000	29,500,000	748,215,000	3.94
2018	648,915,000	30,795,000	679,710,000	4.53
2017	585,375,000	78,545,000	663,920,000	11.83

Property Tax Supported General Obligation Debt

As of December 31	Fixed Rate	Variable Rate	Total	Variable Rate as of % of Total
2021	$297,825,000	$--	$297,825,000	0.00%
2020	280,860,000	--	280,860,000	0.00
2019	303,745,000	--	303,745,000	0.00
2018	180,095,000	--	180,095,000	0.00
2017	110,920,000	--	110,920,000	0.00

Non-Property Tax Supported General Obligation Debt

As of December 31	Fixed Rate	Variable Rate	Total	Variable Rate as of % of Total
2021	$476,828,400	$26,915,000	$503,743,400	5.34%
2020	434,047,000	28,205,000	462,252,000	6.10
2019	414,970,000	29,500,000	444,470,000	6.64
2018	468,820,000	30,795,000	499,615,000	6.16
2017	474,455,000	78,545,000	553,000,000	14.20

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General Obligation Minnesota Public Facilities Authority (PFA) Notes (Fixed Rate)

The City has issued eight general obligation notes (the "PFA Notes") purchased by the Minnesota Public Facilities Authority (the "PFA") to finance the City's drinking water ultra-filtration project and new filter presses project. The PFA Notes are part of a federally sponsored financing program related to the Drinking Water Act; the City receives below-market interest rates by participating in the program. Through December 31, 2021, the balance owed is $75,508,573, and the City has the ability to draw down an additional $5,476,427 under the PFA Note dated December 14, 2018. The amortization of the PFA Notes associated with this program provided under "GENERAL OBLIGATION DEBT – Water Fund Supported" in this Appendix reflects the full utilization and estimated payment obligations of the PFA Note dated December 14, 2018.

Amount Issued	Issue Date	Final Maturity	December 31, 2021 Outstanding	Interest Rate
$27,400,000	17-Dec-02	20-Aug-22	$3,000,000	2.819%
25,000,000	21-Feb-04	20-Aug-23	9,100,000	2.800
13,500,000	23-Aug-06	20-Aug-26	2,500,000	2.600
19,557,660	09-Dec-09	20-Aug-27	17,875,000	2.688
28,900,000	14-May-18	20-Aug-33	25,350,000	1.008
27,300,000	14-Dec-18	20-Aug-35	16,683,573	1.470
$147,887,215			$75,508,573	

General Obligation Bank Term Note (Variable Rate)

On January 3, 2012, the City issued a General Obligation Term Loan Note, Series 2011B (the "Series 2011B Note"), in the original aggregate principal amount of $27,980,000, which was purchased by U.S. Bank National Association. The proceeds of the Series 2011B Note were used to refund and redeem all remaining principal of a general obligation variable rate bond issue of the City. Currently the Series 2011B Note accrues interest at a variable rate of interest equal to the weekly SIFMA rate, plus a spread based on the current rating of the City's long-term general obligation debt. The Series 2011B Note is payable from revenues derived from the operation of the City's parking system.

Summary of Series 2011B Note

Authorized Amount*	December 31, 2021 Amount Outstanding	Mandatory Prepayment Date	Maturity Date
$27,980,000	$26,915,000	14-Jun-2024	1-Dec-2033

* The Series 2011B Note is fully drawn down.

Adopted Series 2011B Note Amortization Schedule

Year (December 1)	Principal Amount	Year (December 1)	Principal Amount
2022	$290,000	2028	$3,785,000
2023	290,000	2029	2,180,000
2024	290,000	2030	2,370,000
2025	2,825,000	2031	2,565,000
2026	3,115,000	2032	2,760,000
2027	3,445,000	2033	3,000,000

Sales and Use Taxes Contribution to Football Stadium

In 2014, the State issued its State General Fund Appropriation Bonds, Tax-Exempt Series 2014A, in the principal amount of $391,785,000, and its State General Fund Appropriation Bonds, Taxable Series 2014B, in the principal amount of $70,280,000 (together, the "State Bonds"), to finance a portion of the cost of a National Football League football stadium in the City, and the Metropolitan Sports Facility Authority ("MSFA") commenced construction of the stadium. The Minnesota Vikings home games and other events are held at the stadium. Minn. Stat. Section 473J.11 requires the State to pay debt service on the State Bonds in an amount up to $348,000,000 and the City to pay debt service on the State Bonds in an amount up to $150,000,000. Minn. Stat. Section 297A.994 requires the City to also contribute to capital improvement reserves, operating expenses, and state advances for capital improvements and operating expenses. The City's contributions for these costs are payable solely from the State withholding a portion of the proceeds of the City's sales and uses taxes authorized by the Laws of Minnesota 1986, Chapter 396, Sections 4 and 5, as amended by Laws of Minnesota 2001, First Special Session, Chapter 5, Article 12, Section 87.

In 2013 the City received approximately $56,000,000 in City's sales and use taxes from the State (excluding City entertainment taxes). Beginning in 2014 the State began retaining a portion of the City's sales and use taxes for the benefit of the MSFA. From 2014 through 2021 the State retained approximately $1,000,000 to $2,360,000 each year for this purpose. From 2022 through 2046, the State will also retain a portion of the City's sales and use taxes for four additional purposes. These purposes include State bond debt service, deposits to the MSFA capital improvement reserve, MSFA operating expenses, and reimbursement of various related costs that the State incurred from 2016 through 2021. For 2022, it is projected that the State will retain approximately $24,700,000 for these purposes. The portion of the sales and use taxes to be retained by the State will vary each year depending principally on the annual rates of inflation. The City projects that in 2022 the State will collect approximately $73,000,000 in the City's sales and use taxes, retain approximately $25,000,000 for the five purposes noted above, and distribute the remaining $48,000,000 to the City.

The sales and use taxes are currently pledged to the City's (i) Taxable General Sales Tax Refunding Bonds, Series 2017, which are currently outstanding in the principal amount of $33,205,000 and mature on December 1, 2035; (ii) Taxable General Obligation Bonds, Series 2018, which, with respect to the portion of the bonds payable from sales and use taxes, are currently outstanding in the principal amount of $27,195,000 and mature on December 1, 2030; and (iii) Taxable General Obligation Convention Center Refunding Bonds, Series 2020, which are currently outstanding in the principal amount of $26,000,000 and mature on December 1, 2025.

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Interfund Loans

The City may borrow and lend funds internally to redeem issued debt or otherwise finance capital costs. Internal loans are repaid from resources that are typically defined at the time of the loan. The City has five such interfund loans outstanding.

On May 1, 2019, the City established an interfund loan in the amount of $19,010,000, the proceeds of which were used to redeem all or a portion of four series of the City's general obligation bonds. The proceeds of the interfund loan were used to: (i) redeem the City's General Obligation Tax Increment Refunding Bonds (Milwaukee Depot), Series 2009A (the "Series 2009A Milwaukee Depot Bonds"), in the amount of $3,225,000; (ii) redeem the City's General Obligation Tax Increment Refunding Bonds, Series 2010 (the "Series 2010 Humboldt Greenway Bonds"), in the amount of $3,010,000; (iii) redeem the City's Taxable General Obligation Tax Increment Refunding Bonds (West Side Milling), Series 2010 (the "Series 2010 West Side Milling Bonds"), in the amount of $5,975,000; and (iv) redeem the City's General Obligation Refunding Bonds, Series 2010 (the "Series 2010 Refunding Bonds"), in the amount of $6,800,000. This interfund loan will accrue interest at a rate of 3.50% per annum and is expected to be repaid with revenues derived from certain tax increment financing districts within the City and originally pledged to the payment of the Series 2009A Milwaukee Depot Bonds, the Series 2010 Humboldt Greenway Bonds, the Series 2010 West Side Milling Bonds, and the Series 2010 Refunding Bonds and from parking facilities revenues and other revenues originally pledged to the Series 2010 Refunding Bonds. Principal and interest payments are made March 1 and September 1, commencing on September 1, 2019, and this interfund loan matures on March 1, 2030. The remaining amortization of this interfund loan is set forth below:

Date	Principal	Interest	Principal and Interest
09/01/22	$--	$188,475.00	$188,475.00
03/01/23	1,590,000.00	188,475.00	1,778,475.00
09/01/23	--	132,212.50	132,212.50
03/01/24	1,610,000.00	132,212.50	1,742,212.50
09/01/24	--	104,037.50	104,037.50
03/01/25	1,640,000.00	104,037.50	1,744,037.50
09/01/25	--	75,337.50	75,337.50
03/01/26	1,680,000.00	75,337.50	1,755,337.50
09/01/26	--	45,937.50	45,937.50
03/01/27	1,215,000.00	45,937.50	1,260,937.50
09/01/27	--	24,675.00	24,675.00
03/01/28	740,000.00	24,675.00	764,675.00
09/01/28	--	11,725.00	11,725.00
03/01/29	325,000.00	11,725.00	336,725.00
09/01/29	--	6,037.50	6,037.50
03/01/30	345,000.00	6,037.50	351,037.50
Total:	$9,145,000.00	$1,176,875.00	$10,321,875.00

The debt tables in this APPENDIX A reflect the City's debt service requirements as of the anticipated dated date of the Bonds and do not include the interfund loans.

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SUMMARY OF GENERAL OBLIGATION DEBT OUTSTANDING

Pledged Revenues	See Page	Current GO Bonds	Current GO Notes	Debt Before Sale of the Bonds	This Sale of Bonds	Debt After Sale of the Bonds
Park Board Revenues	A-14	$7,600,000	$--	$7,600,000	$--	$7,600,000
Developer Revenues	A-15	58,215,000	--	58,215,000	--	58,215,000
Sales Tax Revenues	A-15	86,400,000	--	86,400,000	--	86,400,000
Housing Improvement Area Fees	A-16	21,280,000	--	21,280,000	--	21,280,000
Special Assessments	A-17	52,455,000	--	52,455,000	8,365,000	60,820,000
Property Tax Revenues	A-18	280,275,000	--	280,275,000	61,740,000	342,015,000
Parking Fund Revenues	A-19	38,075,000	26,915,000	64,990,000	--	64,990,000
Sanitary Sewer Fund Revenues	A-20	51,610,000	--	51,610,000	10,840,000	62,450,000
Storm Water Fund Revenues	A-21	13,035,000	--	13,035,000	24,020,000	37,055,000
Water Fund Revenues	A-22	65,155,000	70,690,000	135,845,000	16,580,000	152,425,000
Solid Waste Fund Revenues	A-24	23,650,000	--	23,650,000	--	23,650,000
Total General Obligation Debt:	A-25	$697,750,000	$97,605,000	$795,355,000	$121,545,000	$916,900,000

This Sale (the "Bonds")	Sale Amount
General Obligation Bonds, Series 2022	$121,545,000

The debt tables set forth on the following pages of this APPENDIX A reflect the City's debt service requirements as of August 20, 2022.

GENERAL OBLIGATION DEBT

Park Board Supported

	Principal	Interest	Debt Service
2022	$925,000	$111,269	$1,036,269
2023	950,000	194,325	1,144,325
2024	975,000	163,450	1,138,450
2025	1,025,000	130,300	1,155,300
2026	1,050,000	93,400	1,143,400
2027	665,000	53,500	718,500
2028	670,000	40,200	710,200
2029	670,000	26,800	696,800
2030	670,000	13,400	683,400
	$7,600,000	$826,644	$8,426,644

GENERAL OBLIGATION DEBT

	Development Supported				Sales Tax Supported		
	Principal	**Interest**	**Debt Service**		**Principal**	**Interest**	**Debt Service**
2022	$--	$--	$--	2022	$3,460,000	$1,195,549	$4,655,549
2023	1,065,000	2,561,857	3,626,857	2023	3,620,000	2,232,048	5,852,048
2024	1,175,000	2,525,990	3,700,990	2024	3,790,000	2,065,598	5,855,598
2025	1,290,000	2,484,256	3,774,256	2025	29,945,000	1,891,248	31,836,248
2026	1,395,000	2,435,740	3,830,740	2026	4,075,000	1,574,835	5,649,835
2027	1,425,000	2,382,716	3,807,716	2027	4,210,000	1,439,548	5,649,548
2028	1,550,000	2,324,461	3,874,461	2028	4,350,000	1,298,793	5,648,793
2029	1,690,000	2,258,590	3,948,590	2029	4,500,000	1,152,343	5,652,343
2030	1,830,000	2,183,758	4,013,758	2030	14,780,000	999,778	15,779,778
2031	1,990,000	2,100,120	4,090,120	2031	2,555,000	476,360	3,031,360
2032	2,155,000	2,009,365	4,164,365	2032	2,635,000	392,045	3,027,045
2033	2,325,000	1,911,275	4,236,275	2033	2,730,000	301,138	3,031,138
2034	2,510,000	1,805,413	4,315,413	2034	2,825,000	205,588	3,030,588
2035	2,700,000	1,687,965	4,387,965	2035	2,925,000	105,300	3,030,300
2036	2,910,000	1,558,121	4,468,121	2036	--	--	--
2037	3,130,000	1,418,326	4,548,326	2037	--	--	--
2038	3,360,000	1,268,115	4,628,115	2038	--	--	--
2039	3,600,000	1,107,025	4,707,025	2039	--	--	--
2040	3,855,000	934,479	4,789,479	2040	--	--	--
2041	4,125,000	749,782	4,874,782	2041	--	--	--
2042	4,410,000	552,240	4,962,240	2042	--	--	--
2043	4,705,000	341,273	5,046,273	2043	--	--	--
2044	5,020,000	116,188	5,136,188	2044	--	--	--
	$58,215,000	$36,717,055	$94,932,055		$86,400,000	$15,330,171	$101,730,171

GENERAL OBLIGATION DEBT

HIA Fee Supported

	Principal	Interest	Debt Service
2022	$935,000	$244,661	$1,179,661
2023	965,000	473,173	1,438,173
2024	975,000	456,423	1,431,423
2025	1,000,000	439,473	1,439,473
2026	1,010,000	421,118	1,431,118
2027	1,030,000	402,018	1,432,018
2028	1,055,000	381,330	1,436,330
2029	1,075,000	358,900	1,433,900
2030	1,635,000	334,965	1,969,965
2031	1,060,000	290,365	1,350,365
2032	1,170,000	266,380	1,436,380
2033	1,025,000	237,088	1,262,088
2034	1,045,000	213,713	1,258,713
2035	1,070,000	188,945	1,258,945
2036	1,100,000	162,590	1,262,590
2037	1,400,000	134,915	1,534,915
2038	890,000	96,980	986,980
2039	915,000	73,840	988,840
2040	1,925,000	50,050	1,975,050
	$21,280,000	$5,226,927	$26,506,927

GENERAL OBLIGATION DEBT

	Assessment Supported			Assessment Supported			Assessment Supported		
	Current Principal	Current Interest	Current Debt Service	This Sale Principal	This Sale Interest	This Sale Debt Service	After This Sale Principal	After This Sale Interest	After This Sale Total Debt Service
2022	$7,500,000	$789,681	$8,289,681	$1,470,000	$95,907	$1,565,907	$8,970,000	$885,589	$9,855,589
2023	6,920,000	1,311,888	8,231,888	1,435,000	337,531	1,772,531	8,355,000	1,649,419	10,004,419
2024	5,010,000	1,062,087	6,072,087	1,435,000	265,781	1,700,781	6,445,000	1,327,869	7,772,869
2025	4,040,000	896,338	4,936,338	1,435,000	194,031	1,629,031	5,475,000	1,090,369	6,565,369
2026	4,195,000	767,888	4,962,888	1,435,000	122,281	1,557,281	5,630,000	890,169	6,520,169
2027	13,135,000	664,038	13,799,038	80,000	50,531	130,531	13,215,000	714,569	13,929,569
2028	1,045,000	276,888	1,321,888	80,000	46,531	126,531	1,125,000	323,419	1,448,419
2029	5,685,000	252,388	5,937,388	80,000	42,531	122,531	5,765,000	294,919	6,059,919
2030	685,000	134,775	819,775	80,000	38,531	118,531	765,000	173,906	938,906
2031	460,000	118,250	578,250	80,000	34,531	114,531	540,000	152,781	692,781
2032	465,000	104,338	569,338	80,000	30,531	110,531	545,000	134,869	679,869
2033	1,760,000	90,238	1,850,238	75,000	26,531	101,531	1,835,000	116,769	1,951,769
2034	230,000	37,288	267,288	75,000	22,781	97,781	305,000	60,069	365,069
2035	205,000	30,238	235,238	75,000	20,250	95,250	280,000	50,488	330,488
2036	215,000	24,088	239,088	75,000	17,250	92,250	290,000	41,338	331,338
2037	220,000	19,519	239,519	75,000	14,625	89,625	295,000	34,144	329,144
2038	225,000	14,844	239,844	75,000	11,625	86,625	300,000	26,469	326,469
2039	230,000	10,063	240,063	75,000	8,625	83,625	305,000	18,688	323,688
2040	230,000	5,175	235,175	75,000	5,625	80,625	305,000	10,800	315,800
2041	--	--	--	75,000	2,625	77,625	75,000	2,625	77,625
	$52,455,000	$6,610,606	$59,065,606	$8,365,000	$1,388,654	$9,753,654	$60,820,000	$7,999,268	$68,819,268

GENERAL OBLIGATION DEBT

	Property Tax Supported			Property Tax Supported			Property Tax Supported		
	Current Principal	Current Interest	Current Debt Service	This Sale Principal	This Sale Interest	This Sale Debt Service	After This Sale Principal	After This Sale Interest	After This Sale Total Debt Service
2022	$28,375,000	$4,802,253	$33,195,253	$29,995,000	$682,824	$30,677,824	$58,370,000	$5,503,077	$63,873,077
2023	22,010,000	8,609,513	30,619,467	1,675,000	1,426,638	3,101,638	23,684,954	10,036,150	33,721,104
2024	15,895,000	7,794,664	23,689,664	1,675,000	1,342,888	3,017,888	17,570,000	9,137,552	26,707,552
2025	16,230,000	7,179,614	23,409,660	1,675,000	1,259,138	2,934,138	17,905,046	8,438,752	26,343,798
2026	14,565,000	6,594,813	21,159,813	1,675,000	1,175,388	2,850,388	16,240,000	7,770,200	24,010,200
2027	10,210,000	6,081,613	16,291,613	1,675,000	1,091,638	2,766,638	11,885,000	7,173,250	19,058,250
2028	10,110,000	5,718,863	15,828,863	1,670,000	1,007,888	2,677,888	11,780,000	6,726,750	18,506,750
2029	9,555,000	5,354,013	14,909,013	1,670,000	924,388	2,594,388	11,225,000	6,278,400	17,503,400
2030	9,500,000	5,056,913	14,386,913	1,670,000	840,888	2,510,888	11,000,000	5,897,800	16,897,800
2031	9,500,000	4,793,313	14,293,313	1,670,000	757,388	2,427,388	11,170,000	5,550,700	16,720,700
2032	7,735,000	4,484,313	12,219,313	1,670,000	673,888	2,343,888	9,405,000	5,158,200	14,563,200
2033	7,960,000	4,227,263	12,187,263	1,670,000	590,388	2,260,388	9,630,000	4,817,651	14,447,651
2034	8,190,000	3,962,463	12,152,463	1,670,000	506,888	2,176,888	9,860,000	4,469,350	14,329,350
2035	8,430,000	3,689,763	12,119,763	1,670,000	450,525	2,120,525	10,100,000	4,140,288	14,240,288
2036	8,680,000	3,408,763	12,088,763	1,670,000	383,725	2,053,725	10,350,000	3,792,488	14,142,488
2037	8,355,000	3,128,788	11,483,788	1,670,000	325,275	1,995,275	10,025,000	3,454,063	13,479,063
2038	8,620,000	2,863,188	11,483,188	1,670,000	258,475	1,928,475	10,290,000	3,121,663	13,411,663
2039	8,895,000	2,577,494	11,472,494	1,670,000	191,675	1,861,675	10,565,000	2,769,169	13,334,169
2040	9,170,000	2,295,038	11,465,038	1,665,000	124,875	1,789,875	10,835,000	2,419,913	13,254,913
2041	8,945,000	1,989,600	10,934,600	1,665,000	58,275	1,723,275	10,610,000	2,047,875	12,657,875
2042	9,250,000	1,685,700	10,935,700	--	--	--	9,250,000	1,685,700	10,935,700
2043	9,565,000	1,371,250	10,936,250	--	--	--	9,565,000	1,371,250	10,936,250
2044	9,890,000	1,045,850	10,935,850	--	--	--	9,890,000	1,045,850	10,935,850
2045	10,225,000	709,150	10,934,150	--	--	--	10,225,000	709,150	10,934,150
2046	10,585,000	360,800	10,945,800	--	--	--	10,585,000	360,800	10,945,800
	$280,275,000	$99,802,989	$380,077,990	$61,740,000	$14,073,055	$75,813,055	$342,015,000	$113,876,044	$455,891,044

GENERAL OBLIGATION DEBT

	Parking Fund Supported			Parking Fund Supported			Parking Fund Supported		
	Current Bonds Principal	Current Bonds Interest	Current Bonds Debt Service	Current Notes Principal	Current Notes Interest	Current Notes Debt Service	Current Total Principal	Current Total Interest	Current Total Debt Service
2022	$5,045,000	$494,688	$5,539,688	$290,000	$807,450	$1,097,450	$5,335,000	$1,302,138	$6,637,138
2023	7,125,000	849,200	7,974,200	290,000	798,750	1,088,750	7,415,000	1,647,950	9,062,950
2024	7,760,000	656,775	8,416,775	290,000	790,050	1,080,050	8,050,000	1,446,825	9,496,825
2025	5,355,000	447,475	8,802,475	2,825,000	781,350	3,606,350	8,180,000	1,228,825	9,408,825
2026	5,295,000	294,300	5,589,300	3,115,000	696,600	3,811,600	8,410,000	990,900	9,400,900
2027	3,295,000	144,425	3,439,425	3,445,000	603,150	4,048,150	6,740,000	747,575	7,487,575
2028	3,105,000	67,800	3,172,800	3,785,000	499,800	4,284,800	6,890,000	567,600	7,457,600
2029	1,095,000	16,425	1,111,425	2,180,000	386,250	2,566,250	3,275,000	402,675	3,677,675
2030	--	--	--	2,370,000	320,850	2,690,850	2,370,000	320,850	2,690,850
2031	--	--	--	2,565,000	249,750	2,814,750	2,565,000	249,750	2,814,750
2032	--	--	--	2,760,000	172,800	2,932,800	2,760,000	172,800	2,932,800
2033	--	--	--	3,000,000	90,000	3,090,000	3,000,000	90,000	3,090,000
	$38,075,000	$2,971,088	$41,046,088	$26,915,000	$6,196,800	$33,111,800	$64,990,000	$9,167,888	$74,157,888

GENERAL OBLIGATION DEBT

	Sanitary Sewer Fund Supported			Sanitary Sewer Fund Supported			Sanitary Sewer Fund Supported		
	Current Principal	Current Interest	Current Debt Service	This Sale Principal	This Sale Interest	This Sale Debt Service	After This Sale Principal	After This Sale Interest	After This Sale Total Debt Service
2022	$9,505,000	$774,875	$10,279,875	$--	$113,665	$113,665	$9,505,000	$888,540	$10,393,540
2023	8,940,000	1,245,900	10,185,900	575,000	487,138	1,062,138	9,515,000	1,733,038	11,248,038
2024	5,240,000	982,900	6,222,900	575,000	458,388	1,033,388	5,815,000	1,441,288	7,256,288
2025	5,240,000	791,900	6,031,900	570,000	429,638	999,638	5,810,000	1,221,538	7,031,538
2026	5,340,000	600,900	5,940,900	570,000	401,138	971,138	5,910,000	1,002,038	6,912,038
2027	5,340,000	464,600	5,804,600	570,000	372,638	942,638	5,910,000	837,238	6,747,238
2028	5,435,000	328,300	5,763,300	570,000	344,138	914,138	6,005,000	672,438	6,677,438
2029	3,630,000	190,200	3,820,200	570,000	315,638	885,638	4,200,000	505,838	4,705,838
2030	1,470,000	88,200	1,558,200	570,000	287,138	857,138	2,040,000	375,338	2,415,338
2031	1,470,000	88,200	1,558,200	570,000	258,638	828,638	2,040,000	302,738	2,342,738
2032	--	--	--	570,000	230,138	800,138	570,000	230,138	800,138
2033	--	--	--	570,000	201,638	771,638	570,000	201,638	771,638
2034	--	--	--	570,000	173,138	743,138	570,000	173,138	743,138
2035	--	--	--	570,000	153,900	723,900	570,000	153,900	723,900
2036	--	--	--	570,000	131,100	701,100	570,000	131,100	701,100
2037	--	--	--	570,000	111,150	681,150	570,000	111,150	681,150
2038	--	--	--	570,000	88,350	658,350	570,000	88,350	658,350
2039	--	--	--	570,000	65,550	635,550	570,000	65,550	635,550
2040	--	--	--	570,000	42,750	612,750	570,000	42,750	612,750
2041	--	--	--	570,000	19,950	589,950	570,000	19,950	589,950
	$51,610,000	$5,511,875	$57,121,875	$10,840,000	$4,685,821	$15,525,821	$62,450,000	$10,197,696	$72,647,696

GENERAL OBLIGATION DEBT

	Storm Water Fund Supported			Storm Water Fund Supported			Storm Water Fund Supported		
	Current Principal	Current Interest	Current Debt Service	This Sale Principal	This Sale Interest	This Sale Debt Service	After This Sale Principal	After This Sale Interest	After This Sale Total Debt Service
2022	$3,670,000	$266,700	$3,926,700	$--	$251,864	$251,864	$3,670,000	$508,564	$4,178,564
2023	3,715,000	370,600	4,085,600	1,265,000	1,079,419	2,344,419	4,980,000	1,450,019	6,430,019
2024	1,885,000	226,000	2,111,000	1,265,000	1,016,169	2,281,169	3,150,000	1,242,169	4,392,169
2025	1,885,000	150,600	2,035,600	1,265,000	952,919	2,217,919	3,150,000	1,103,519	4,253,519
2026	1,880,000	75,200	1,955,200	1,265,000	889,669	2,154,669	3,145,000	964,869	4,109,869
2027	--	--	--	1,265,000	826,419	2,091,419	1,265,000	826,419	2,091,419
2028	--	--	--	1,265,000	763,169	2,028,169	1,265,000	763,169	2,028,169
2029	--	--	--	1,265,000	699,919	1,964,919	1,265,000	699,919	1,964,919
2030	--	--	--	1,265,000	636,669	1,901,669	1,265,000	636,669	1,901,669
2031	--	--	--	1,265,000	573,419	1,838,419	1,265,000	573,419	1,838,419
2032	--	--	--	1,265,000	510,169	1,775,169	1,265,000	510,169	1,775,169
2033	--	--	--	1,265,000	446,919	1,711,919	1,265,000	446,919	1,711,919
2034	--	--	--	1,265,000	383,669	1,648,669	1,265,000	383,669	1,648,669
2035	--	--	--	1,265,000	340,975	1,605,975	1,265,000	340,975	1,605,975
2036	--	--	--	1,265,000	290,375	1,555,375	1,265,000	290,375	1,555,375
2037	--	--	--	1,265,000	246,100	1,511,100	1,265,000	246,100	1,511,100
2038	--	--	--	1,265,000	195,500	1,460,500	1,265,000	195,500	1,460,500
2039	--	--	--	1,260,000	144,900	1,404,900	1,260,000	144,900	1,404,900
2040	--	--	--	1,260,000	94,500	1,354,500	1,260,000	94,500	1,354,500
2041	--	--	--	1,260,000	44,100	1,304,100	1,260,000	44,100	1,304,100
	$13,035,000	$1,079,100	$14,114,100	$24,020,000	$10,386,842	$34,406,842	$37,055,000	$11,465,940	$48,520,940

GENERAL OBLIGATION DEBT

	Water Fund Supported Bonds			Water Fund Supported – State PFA Notes			Water Fund Supported		
	Current Bonds Principal	Current Bonds Interest	Current Bonds Debt Service	Current State PFA Notes Principal*	Current Notes Interest	Current Notes Debt Service	Current Total Principal	Current Total Interest	Current Total Debt Service
2022	$7,020,000	$914,413	$7,934,413	$--	$--	$--	$7,020,000	$914,413	$7,934,413
2023	5,835,000	1,604,075	7,439,075	10,450,000	1,251,506	11,701,506	16,285,000	2,855,581	19,140,581
2024	7,775,000	1,440,775	9,215,775	6,890,000	1,018,608	7,908,608	14,665,000	2,459,383	15,124,383
2025	6,780,000	1,185,975	7,965,975	8,610,000	888,630	9,498,630	15,390,000	2,074,605	17,464,605
2026	6,730,000	945,475	7,675,475	8,770,000	737,723	9,507,723	15,500,000	1,683,198	17,183,198
2027	6,730,000	789,575	7,519,575	8,980,000	524,861	9,504,861	15,710,000	1,314,436	17,024,436
2028	5,880,000	633,675	6,513,675	4,130,000	336,323	4,466,323	10,010,000	969,998	10,979,998
2029	5,710,000	494,775	6,204,775	4,190,000	287,393	4,477,393	9,900,000	782,168	10,682,168
2030	2,705,000	359,275	3,064,275	4,240,000	237,767	4,477,767	6,945,000	597,042	7,542,042
2031	2,705,000	290,425	2,995,425	4,300,000	187,543	4,487,543	7,005,000	477,968	7,482,968
2032	2,705,000	209,275	2,914,275	4,350,000	136,576	4,486,576	7,005,000	345,851	7,400,851
2033	1,400,000	128,125	1,528,125	1,900,000	84,966	1,984,966	3,300,000	213,091	3,513,091
2034	1,060,000	86,125	1,146,125	1,930,000	57,036	1,987,036	2,990,000	143,161	3,133,161
2035	1,060,000	54,325	1,114,325	1,950,000	28,665	1,978,665	3,010,000	82,990	3,092,990
2036	1,060,000	22,525	1,082,525	--	--	--	1,060,000	22,525	1,082,525
	$65,155,000	$9,158,813	$74,313,813	$70,690,000	$5,777,597	$76,467,597	$135,845,000	$14,936,410	$150,781,410

* State PFA Note principal reflects the full amortization of all PFA Notes as of the dated date of the Bonds. See page A-10 for PFA Note balances drawn and the remaining amount of principal that may be drawn down on the PFA Notes in 2022.

GENERAL OBLIGATION DEBT

	Water Fund Supported			Water Fund Supported		
	This Sale Principal	This Sale Interest	This Sale Debt Service	After This Sale Principal	After This Sale Interest	After This Sale Total Debt Service
2022	$--	$173,895	$173,895	$7,020,000	$1,088,307	$8,108,307
2023	875,000	745,263	1,620,263	17,160,000	3,600,844	20,760,844
2024	875,000	701,513	1,576,513	15,540,000	3,160,896	18,700,896
2025	875,000	657,763	1,532,763	16,265,000	2,732,368	18,997,368
2026	875,000	614,013	1,489,013	16,375,000	2,297,211	18,672,211
2027	875,000	570,263	1,445,263	16,585,000	1,884,699	18,469,699
2028	875,000	526,513	1,401,513	10,885,000	1,496,511	12,381,511
2029	875,000	482,763	1,357,763	10,775,000	1,264,931	12,039,931
2030	875,000	439,013	1,314,013	7,820,000	1,036,055	8,856,055
2031	875,000	395,263	1,270,263	7,880,000	873,231	8,753,231
2032	875,000	351,513	1,226,513	7,930,000	697,364	8,627,364
2033	870,000	307,763	1,177,763	4,170,000	520,854	4,690,854
2034	870,000	264,263	1,134,263	3,860,000	407,424	4,267,424
2035	870,000	234,900	1,104,900	3,880,000	317,890	4,197,890
2036	870,000	200,100	1,070,100	1,930,000	222,625	2,152,625
2037	870,000	169,650	1,039,650	870,000	169,650	1,039,650
2038	870,000	134,850	1,004,850	870,000	134,850	1,004,850
2039	870,000	100,050	970,050	870,000	100,050	970,050
2040	870,000	65,250	935,250	870,000	65,250	935,250
2041	870,000	30,450	900,450	870,000	30,450	900,450
	$16,580,000	$7,165,051	$23,745,051	$152,425,000	$22,101,461	$174,526,461

GENERAL OBLIGATION DEBT

Solid Waste Fund Supported

	Principal	Interest	Debt Service
2022	$4,310,000	$494,578	$4,804,578
2023	570,000	777,756	1,347,756
2024	595,000	753,360	1,348,360
2025	685,000	727,706	1,412,706
2026	1,355,000	697,556	2,052,556
2027	1,400,000	633,906	2,033,906
2028	1,450,000	567,956	2,017,956
2029	1,500,000	499,506	1,999,506
2030	1,545,000	439,506	1,984,506
2031	1,590,000	381,756	1,971,756
2032	1,640,000	322,206	1,962,206
2033	1,685,000	260,656	1,945,656
2034	1,740,000	197,306	1,937,306
2035	1,790,000	131,756	1,921,756
2036	1,795,000	64,206	1,859,206
	$23,650,000	$6,949,716	$30,599,716

GENERAL OBLIGATION DEBT

	Total General Obligation Debt			Total General Obligation Debt			Total General Obligation Debt		
	Current Bonds Principal	Current Bonds Interest	Current Bonds Debt Service	Current Notes Principal	Current Notes Interest	Current Notes Debt Service	Total Current Principal	Total Current Interest	Total Current Debt Service
2022	$70,745,000	$10,096,666	$80,841,666	$290,000	$807,450	$1,097,450	$71,035,000	$10,904,116	$81,939,116
2023	61,715,000	20,230,333	81,945,333	10,740,000	2,050,256	12,790,256	72,455,000	22,280,589	94,735,589
2024	51,075,000	18,128,018	69,203,018	7,180,000	1,808,658	8,988,658	58,255,000	19,936,676	78,191,676
2025	73,475,000	16,349,799	89,824,845	11,435,000	1,669,980	13,104,980	84,910,000	18,019,779	102,929,779
2026	46,890,000	14,501,223	61,391,223	11,885,000	1,434,323	13,319,323	58,775,000	15,935,546	74,710,546
2027	47,440,000	13,055,937	60,495,937	12,425,000	1,128,011	13,553,011	59,865,000	14,183,948	74,048,948
2028	34,650,000	11,638,265	46,288,265	7,915,000	836,123	8,751,123	42,565,000	12,474,388	55,039,388
2029	35,110,000	10,603,938	45,713,938	6,370,000	673,643	7,043,643	41,480,000	11,277,581	52,757,581
2030	34,650,000	9,611,170	44,261,170	6,610,000	558,617	7,168,617	41,260,000	10,169,787	51,429,787
2031	21,330,000	8,494,689	29,824,689	6,865,000	437,293	7,302,293	28,195,000	8,931,787	37,126,982
2032	18,805,000	7,787,921	26,292,921	7,110,000	309,376	7,419,376	25,615,000	8,097,297	33,712,297
2033	18,885,000	7,155,782	26,040,782	4,900,000	174,966	5,074,966	23,785,000	7,330,748	31,115,748
2034	17,600,000	6,507,894	24,107,894	1,930,000	57,036	1,987,036	19,530,000	6,564,930	26,094,930
2035	18,180,000	5,869,616	24,049,616	1,950,000	28,665	1,978,665	20,130,000	5,898,281	26,028,281
2036	14,700,000	5,232,110	19,932,110	--	--	--	14,700,000	5,232,110	19,932,110
2037	14,165,000	4,724,072	18,902,017	--	--	--	14,165,000	4,724,072	18,889,072
2038	13,095,000	4,243,126	17,338,126	--	--	--	13,095,000	4,243,126	17,338,126
2039	13,640,000	3,768,422	17,408,422	--	--	--	13,640,000	3,768,422	17,408,422
2040	15,180,000	3,284,742	18,464,742	--	--	--	15,180,000	3,284,742	18,464,742
2041	13,070,000	2,739,382	15,809,382	--	--	--	13,070,000	2,739,382	15,809,382
2042	13,660,000	2,237,940	15,897,940	--	--	--	13,660,000	2,237,940	15,897,940
2043	14,270,000	1,712,523	15,982,523	--	--	--	14,270,000	1,712,523	15,982,523
2044	14,910,000	1,162,038	16,072,038	--	--	--	14,910,000	1,162,038	16,072,038
2045	10,225,000	709,150	10,934,150	--	--	--	10,225,000	709,150	10,934,150
2046	10,585,000	360,800	10,945,800	--	--	--	10,585,000	360,800	10,945,800
	$697,750,000	$190,180,643	$887,930,643	$97,605,000	$11,974,397	$109,579,397	$795,355,000	$202,155,040	$997,510,040

GENERAL OBLIGATION DEBT

	Total General Obligation Debt			Total General Obligation Debt		
	This Sale Principal	This Sale Interest	This Sale Debt Service	Total After This Sale Principal	Total After This Sale Interest	Total After This Sale Debt Service
2022	$31,465,000	$1,318,155	$32,783,155	$102,500,000	$12,222,272	$114,722,272
2023	5,825,000	4,075,988	9,900,988	78,280,000	26,356,577	104,636,577
2024	5,825,000	3,784,738	9,609,738	64,080,000	23,721,413	87,801,413
2025	5,820,000	3,493,488	9,313,488	90,730,000	21,488,352	112,218,352
2026	5,820,000	3,202,488	9,022,488	64,595,000	19,138,034	83,733,034
2027	4,465,000	2,911,488	7,376,488	64,330,000	17,095,436	81,425,436
2028	4,460,000	2,688,238	7,148,238	47,025,000	15,162,626	62,187,626
2029	4,460,000	2,465,238	6,925,238	45,940,000	13,742,819	59,682,819
2030	4,460,000	2,242,238	6,702,238	45,720,000	12,412,025	58,132,025
2031	4,460,000	2,019,238	6,479,238	32,655,000	10,951,219	43,606,219
2032	4,460,000	1,796,238	6,256,238	30,075,000	9,893,535	39,968,535
2033	4,450,000	1,573,238	6,023,238	28,235,000	8,903,986	37,138,986
2034	4,450,000	1,350,738	5,800,738	23,980,000	7,915,668	31,895,668
2035	4,450,000	1,200,550	5,650,550	24,580,000	7,098,831	31,678,831
2036	4,450,000	1,022,550	5,472,550	19,150,000	6,254,660	25,404,660
2037	4,450,000	866,800	5,316,800	18,615,000	5,590,872	24,205,872
2038	4,450,000	688,800	5,138,800	17,545,000	4,931,926	22,476,926
2039	4,445,000	510,800	4,955,800	18,085,000	4,279,222	22,364,222
2040	4,440,000	333,000	4,773,000	19,620,000	3,617,742	23,237,742
2041	4,440,000	155,400	4,595,400	17,510,000	2,894,782	20,404,782
2042	--	--	--	13,660,000	2,237,940	15,897,940
2043	--	--	--	14,270,000	1,712,523	15,982,523
2044	--	--	--	14,910,000	1,162,038	16,072,038
2045	--	--	--	10,225,000	709,150	10,934,150
2046	--	--	--	10,585,000	360,800	10,945,800
	$121,545,000	$37,699,411	$159,244,411	$916,900,000	$239,854,448	$1,156,754,448

Principal and Interest Due in next 5 years (through 12/31/26)	$400,185,000	$102,926,648
Percentage of Debt Due	43.65%	42.91%
Principal and Interest Due in next 10 years (through 12/31/31)	$635,855,000	$172,290,773
Percentage of Debt Due	69.35%	71.83%

CERTAIN OTHER INDEBTEDNESS

Common Bond Fund (CBF) Obligations

The City has pledged to levy an ad valorem tax at the rate of up to 0.5% of the tax capacity of the City as a reserve for limited tax supported revenue bonds issued through its Common Bond Fund program. The reserve is drawn on if the City is notified by the trustee for the bonds that a deficiency will occur with respect to principal and interest payments on obligations issued through the Common Bond Fund program. The reserve does not need to be funded until and to the extent of such a deficiency. As of July 31, 2022, the Common Bond Fund program had $24,245,000 of bonds outstanding. No property tax levies have been required in the past to fund the pledged reserve for Common Bond Fund obligations.

The Common Bond Fund was created in 1982 to provide revenue bond financing for industrial, manufacturing, and commercial projects in the City to promote economic development. In 2004 the program was expanded to all of the County. The Common Bond Fund has typically provided financing for companies with businesses located in the City and the greater County area that are unable to borrow funds in the capital markets without a bond rating.

The City and the County have executed a joint powers agreement for Common Bond Fund projects that occur outside the borders of the City and within the borders of the County. The joint powers agreement authorizes a process for a County reimbursement to the Common Bond Fund reserves for shortfalls related to those financings that occur outside of the City. The County is subject to an annual appropriation consideration by the County Board.

The following table shows the Common Bond Fund bond issues outstanding as of August 1, 2022:

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued (in Thousands)	Retired (in Thousands)	Outstanding (in Thousands)
Hennepin Theatre Trust	5.23-6.30%	12/20/05	12/01/35	$21,055	$6,780	$14,275
Life Source Project	3.00-4.00%	10/17/13	06/01/39	12,595	2,625	9,970
Total:				$33,650	$9,405	$24,245

Conduit Debt

As of December 31, 2021, the City had $1,847,381,746 outstanding of conduit revenue bonds for commercial, industrial, housing, education and health care purposes, all of which are payable solely from payments required to be made by the respective borrowers and the bonds do not constitute a charge against the City's general credit or taxing power. All such indebtedness has been excluded from the descriptions of indebtedness herein.

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LEGAL DEBT CONSIDERATIONS

Statutory Debt Limit

The City has the power to incur indebtedness for purposes specified by statute and the City Charter so long as the net debt of the City does not exceed 3-2/3% of the market value of taxable property located therein. The "net debt" of the City is defined by state law to mean the gross debt less the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and less the aggregate of the principal of certain obligations, including (1) obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including general obligations of the City, if the City is entitled to reimbursement in whole or in part from the proceeds of the special assessments; (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from the income from revenue producing conveniences; (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) obligations issued for the acquisition and betterment of public water works systems and public lighting, heating or power systems and any combination thereof or for any other public convenience from which a revenue is or may be derived; (6) certain debt service loans and capital loans made to a school district; (7) obligations issued to pay pension fund obligations; (8) obligations to pay judgments against the City; (9) the amount of all money and the face value of all securities held as a sinking fund for the extinguishment of obligations other than those listed in this paragraph; and (10) all other obligations which, under the provisions of law authorizing their issuance, are not to be included in computing the "net debt" of the City.

Shown below is the calculation of the City's debt capacity and unused debt margin.

Total Market Value of Taxable Property Located within the City	**December 31, 2021 Actual**
Applicable to Debt Limit Computation	$ 59,168,621,000
Legal Debt Percentage Allowed	3.66%
Legal Debt Limit	$ 2,169,516,000
General Obligation Bonds Outstanding Subject to Debt Limit (Net Debt)*	(288,610,000)
Unused Margin of Indebtedness	$ 1,880,906,000
Percentage of Legal Debt Incurred	13.30%

* From the aggregate principal amount of general obligation bonds subject to the debt limit outstanding as of December 31, 2021, there has been subtracted the estimated moneys in the sinking fund for such bonds.

Future Issuances

The City does not anticipate issuing bonds in the next six months.

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Overlapping Indebtedness of the City

Set forth in the table that follows is information relating to the outstanding overlapping general obligation indebtedness of the City as of December 31, 2021.

	Net General Obligation Bonded Debt	Applicable Percent of Debt*	Direct Overlapping Share of Debt
Special School District 1	$ 541,479,000	100.00%	$541,479,000
Hennepin County [(1)]	1,037,034,000	29.67	307,687,988
Hennepin County Regional Railroad Authority	89,333,000	29.67	26,505,101
Met Council	73,050,000	14.48	10,577,640
Total	$1,740,896,000		$886,249,729

(1) Excludes Hennepin County Suburban Library Bonds for which the taxpayers in the City are not obligated.

* Source Hennepin County

Set forth below is the outstanding overlapping general obligation indebtedness of the City on December 31, 2018 through 2021.

	2021	2020	2019	2018
Special School District 1	$541,479,000	$528,127,000	$495,460,000	$467,720,000
Hennepin County	307,687,988	303,931,797	286,219,126	331,652,332
Hennepin County Regional Railroad Authority	26,505,101	28,561,294	26,664,469	7,719,599
Metropolitan Council	10,577,640	15,948,263	21,088,174	11,317,091
Total	$886,249,729	$876,568,354	$829,431,769	$818,409,022

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STATISTICAL SUMMARY RELATING TO GENERAL OBLIGATION INDEBTEDNESS OF THE CITY

	Actual 2021	Actual 2020	Actual 2019	Actual 2018
Assessor's Estimated Market Value of Taxable Property in the City[(1)]	$58,493,205,502	$55,348,967,846	$51,664,025,894	$46,774,230,040
Direct Indebtedness[(2)]	738,253,504	706,466,345	713,377,844	651,691,949
Adjusted Direct Indebtedness[(3)]	250,983,055	255,452,279	252,699,318	132,426,872
Direct Indebtedness and Direct Overlapping Indebtedness Chargeable to the City	1,624,503,233	1,535,898,114	1,542,808,844	1,470,100,971
Adjusted Direct Indebtedness and Adjusted Overlapping Indebtedness Chargeable to the City	1,137,232,784	1,084,884,048	1,082,130,318	950,835,894
Direct Indebtedness as a Percentage of Estimated Full Market Value of Taxable Property	1.26%	1.28%	1.38%	1.39%
Adjusted Direct Indebtedness as a Percentage of Estimated Market Value of Taxable Property[(3)]	0.43%	0.46%	0.49%	0.28%
Direct Indebtedness and Direct Overlapping Indebtedness as a Percentage of Estimated Full Market Value	2.78%	2.77%	2.99%	3.14%
Adjusted Direct Indebtedness and Direct Overlapping Indebtedness as a Percentage of Estimated Full Market Value	1.94%	1.96%	2.09%	2.03%
Estimated Population of the City	434,346	429,954	435,885	428,483
Direct Indebtedness Per Capita	$1,717.04	$1,643.11	$1,636.62	$1,520.93
Adjusted Direct Indebtedness Per Capita	$583.74	$594.14	$579.74	$309.06
Direct Indebtedness and Overlapping per Capita	$3,778.30	$3,572.22	$3,539.49	$3,430.94
Adjusted Direct Indebtedness and Overlapping	$2,645.00	$2,523.24	$2,482.61	$2,219.07

(1) Net tax capacity values do not include (i) valuation increases allocated to tax increment project financing, or (ii) net contributions to or distributions from an area tax base pursuant to the Metropolitan Fiscal Disparities Act (see "APPENDIX F – GENERAL INFORMATION REGARDING MINNESOTA PROPERTY TAX SYSTEM – SUMMARY OF TAX LEVIES, PAYMENT PROVISIONS, AND MINNESOTA REAL PROPERTY VALUATION – Metropolitan Fiscal Disparities Act").

(2) Direct indebtedness is total general obligation debt less related sinking funds; includes the Bonds and all expected principal payments and redemptions.

(3) The Adjusted Direct Indebtedness represents the total general obligation indebtedness of the City less that indebtedness supported by revenues other than general property taxes less revenue present in the sinking fund as of December 31 of each year, respectively.

INVESTMENT POLICY

The Investment Policy of the City defines the parameters within which funds are invested. The policy establishes the framework for the City's investment program to ensure effective and judicious investment of the City's funds. The policy is intended to be broad enough to allow investment officer(s) to function properly within the parameters of responsibility and authority, flexible enough to address changing market conditions, and specific enough to safeguard investment assets. The receipt of a market rate of return will be secondary to the requirements for safety and liquidity. The earnings from investments will be used in a manner that best serves the interests of the City and its various specialized funds. The Finance Officer is charged with oversight of the investment function and establishment of internal controls and procedures for effective cash management. The internal controls and procedures are to be reviewed by the internal auditor and state auditor for their ability to prevent potential losses from fraud, error, misrepresentation by third parties, or imprudent actions. The City's current Investment Policy was last amended by the Mayor and City Council in April of 2019.

It is the policy of the City to diversify its investment portfolio. The portfolio shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in any specific maturity, specific issuer, or specific market sector. Diversification strategies shall be determined and revised periodically in accordance with varying market conditions.

Derivative securities shall only be used after careful evaluation by knowledgeable, professional investment advisors regarding the benefits of the instruments as well as understanding all the associated risks including counterparty credit risk, market risk, settlement risk and operating risk.

The City pools the cash balances from its various funds into the investment portfolio. A summary of the portfolio's holdings (unaudited) by sector as of June 30, 2022 follows:

Market Value	June 30, 2022 (in Millions)*	% of Portfolio
Cash and Equivalents	$ 58.02	5.04%
Commercial Paper	0.00	0.00%
Federal Agency	172.29	14.96%
Mortgage Backed	127.13	11.04%
Asset Backed	0.92	0.01%
Municipals	72.44	6.29%
US Treasuries	720.76	62.59%
Total	$1,151.56	100.00%

* Total cash and investments include $24.0 million of debt service reserves held by a trustee for the General Agency Reserve Fund (debt associated with the Common Bond Fund) and $1.1 million in other development debt service reserves.

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FINANCIAL INFORMATION

Accounting Information

In accordance with the City Charter, the various accounts of the City are maintained on a fund basis representing a series of independent fiscal and accounting entities with self-balancing sets of accounts into which funds are appropriated, revenues collected, or taxes levied and collected from which related expenditures are made.

The City maintains its financial records on a calendar year basis. Copies of the City's complete financial statements for the year ended December 31, 2021 are available upon request from the office of the Finance Officer, 325M City Hall, Minneapolis, Minnesota. The report can be requested by phone at 612-673-2079 or email at finance@minneapolismn.gov.

The complete report is available for viewing at the following website:

https://www2.minneapolismn.gov/government/departments/finance/financial-reports/annual-comprehensive-financial-report/

APPENDIX D contains certain information from the Annual Comprehensive Financial Report for the fiscal year ended December 31, 2021.

Schedule of Cash, Cash Equivalents and Fund Investments (Amounts in Thousands)

A comparison of combined cash and cash equivalents as of December 31 for the years 2018 through 2021 follows:

Fund Type	2021	2020	2019	2018
Government Funds				
General	$159,400	$184,462	$146,255	$121,327
Community Planning and Economic Development Special Revenue Fund	209,656	212,832	199,942	210,413
Permanent Improvement Capital Projects	74,200	101,162	207,607	103,082
Special Assessment Debt Service	16,359	11,285	9,030	8,380
Non-Major Governmental	148,180	120,848	118,026	127,000
Proprietary Funds				
Enterprise Funds	119,730	105,269	166,959	183,284
Internal Service Funds	166,787	154,966	155,243	165,339
Fiduciary Funds	1,958	1,708	1,407	1,767
Discrete Component Units				
Minneapolis Park and Recreation Board	74,632	74,632	62,849	49,122
Municipal Building Commission	2,759	603	3,018	1,787
Meet Minneapolis	5,397	5,135	3,438	2,458
Minneapolis Telecommunications Network	--	--	--	--
Total	$979,058	$972,902	$1,073,774	$973,959

PENSION OBLIGATIONS

Overview

The City of Minneapolis annually contributes to the following three pension plans:

- Minnesota Teachers Retirement Association (TRA).
- Minneapolis Community Development Agency plan at The Union Life Insurance Company.
- Public Employee Retirement Association (PERA).

Minnesota state statutes govern each fund's contribution rates, benefit levels and auxiliary benefits. Each pension plan has a board that governs the day-to-day operations of the fund and are subject to fiduciary standards established in state law. Local government representatives, together with representatives of active and retired employees, are appointed or elected to each of the boards of these funds. TRA and PERA are audited annually by the Office of the Legislative Auditor. A joint legislative pension commission oversees each public pension fund.

Below are the City's contributions to pension funds, some of which are non-employer contributions. The City's closed pension funds have been fully merged with PERA.

	2021 Actual	2020 Actual	2019 Actual
Minneapolis Employees Retirement Fund (MERF) Supplemental Contribution	$14,265,300	$14,265,300	$14,265,300
Minneapolis Firefighters Relief Association (MFRA)	3,188,734	3,188,735	3,188,735
Minneapolis Police Relief Association (MPRA)	4,489,837	4,489,837	4,489,837
Total Closed Funds	$21,943,871	$21,943,872	$21,943,872

The City's contributions to PERA for the closed pension funds listed in the table above are set in State statute to end in 2031. The annual amount of the City's contributions listed above are fixed unless the State of Minnesota changes State pension aids or if the statutory discount rate is altered by the Legislature.

The City's open pension funds are administered by PERA. The contributions made to the open pension funds are based on payroll.

	2021 Actual	2020 Actual	2019 Actual
General Employees Retirement Fund Coordinated (GERF)	$15,288,232	$16,304,692	$15,618,438
Public Employees Police and Fire Fund (PEPFF)	21,033,978	21,481,479	21,481,479
Total Open Funds	$36,322,210	$37,786,171	$37,099,917

Beginning in 2017, the City began using an alternative methodology to calculate the Net Pension Liability as permitted by GASB 68. This alternative calculation more accurately reflects the City's Net Pension Liability because it employs a methodology (encouraged by GASB) of measuring the net present value of the City's additional (non-payroll related) contributions and combining that amount with the remaining proportional share of the City's payroll related contributions.

City's Net Pension Liability as of December 31 of the following years:

	2021	2020	2019	2018
General Employees Retirement Fund Coordinated (GERF)	$216,387,375	$283,265,679	$261,477,685	$313,578,451
Public Employees Police & Fire Fund (PEPFF)	$144,333,304	$218,459,926	$187,191,792	$240,167,434
Minnesota Teachers Retirement Association	$29,137,837	$27,248,395	$26,316,372	$26,573,369

Minnesota Teachers Retirement Association – The City has no employees or retirees in the Minnesota Teachers Retirement Association (TRA) pension plan. Minneapolis annually levies a property tax to provide its annual contributions to the TRA as a result of the 2006 State legislation which consolidated the Minneapolis Teachers Retirement Fund Association (MTRFA) with TRA. As part of the 2006 consolidation all MTRFA State aid was redirected to TRA as was the City's annual fixed $2,250,000 contribution until the TRA plan is fully funded. Further information on TRA can be found at its website: http://www.minnesotatra.org.

Minneapolis Community Development Agency Plan at Union Life Insurance Company – Qualified employees of the MCDA belonged to a defined contribution pension plan administered by Union Central Life Insurance Company. Benefits and contribution requirements were established and amended by the MCDA's board of commissioners. All provisions are within limitations established by Minnesota Statutes. This is a closed plan and the City contributes 5.3% and the employee participants contribute 5.1% 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% per year for the employer's share of the contribution and are 100% vested immediately as to their individual contributions.

The City has contributed the following amounts for the MCDA pension plan years ending September 30 of:

2021	$ 80,434
2020	86,419
2019	107,636
2018	111,683
2017	112,358

General Information Regarding State Pension Plans

The State has three major state-wide retirement systems that cover most of the public employees of the State and its counties, municipalities and school districts. These systems are the Minnesota State Retirement System ("MSRS"), the Public Employees Retirement Association ("PERA") and the State Teachers' Retirement Association ("TRA," and collectively, the "Retirement Systems"). The Retirement Systems were established by the Legislature in 1929 through 1931 to collect the contributions of employees and employers and to pay benefits to retired public employees and their beneficiaries.

MSRS, PERA and TRA each prepare and publish their own Annual Comprehensive financial report, consisting of financial statements and required supplementary information and containing detailed financial and actuarial information. These Annual Comprehensive financial reports for the Fiscal Year ended June 30, 2021 are available from the following public websites:

MSRS: http://www.msrs.state.mn.us/annual-reports
PERA: https://mnpera.org/financial
TRA: http://www.minnesotatra.org/financial/annual-reports

For more information regarding the pension plans the City contributes to, the plan descriptions, the benefits provided, the City's contributions, actuarial assumptions, and the City's defined contribution plan, please see Note 11 and Note 12 of the City's Annual Comprehensive Financial Report (ACFR) set forth in APPENDIX D or at the website below.

https://www2.minneapolismn.gov/government/departments/finance/financial-reports/annual-comprehensive-financial-report/

2019 Pension Legislation Modification

During the 2019 legislative session, the statute that provides for the City's payments to the Public Employees Police and Fire Retirement Plan (PEPFF) was modified to provide for decreased payments by the City each year commencing July 15, 2019 through July 15, 2031. These changes were made after a review of the calculations used to determine the City's liability and a determination that the earnings in the fund were higher than originally expected. The City's annual contribution of $3,188,735 is attributable to the former Minneapolis Firefighters Relief Association. The City's annual contribution of $4,489,837 is attributable to the former Minneapolis Police Relief Association.

During the 2019 legislative session, the statutes that provide for the City's employer contributions to the Minneapolis Employees' Retirement Fund (MERF) was modified to provide for decreased payments by the City each year commencing July 1, 2019 through December 31, 2031. The City's contribution was decreased to $21,000,000 from $31,000,000 and the State's contribution to MERF was increased by $10,000,000.

OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB) AND HEALTHCARE PLAN

The City, the Park Board, and MBC provide a single employer defined benefit healthcare plan to eligible retirees and their spouses. The plan offers medical and dental coverage. Information regarding this plan and the contributions required and made by the City, the Park Board, and MBC in the fiscal year ending December 31, 2021 can be found in Note 13 of the City's Annual Comprehensive Financial Report ("ACFR"). A link to the ACFR is set forth below.

https://www2.minneapolismn.gov/government/departments/finance/financial-reports/annual-comprehensive-financial-report/

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ANNUAL BUDGET PROCESS

Capital Improvement Budget Development (April-July)

The City has a six-year capital improvement plan. Annually, departments prepare and modify capital improvement proposals. Capital Long Range Improvement Committee (CLIC) is the citizen advisory committee to the Mayor and City Council on capital programming. CLIC may have up to 33 members who are appointed by the Mayor and City Council.

Mayor's Budget Recommendation (May-August)

The Mayor interacts with the departments to develop the recommended budget and review additional policy changes, alternative funding choices and other requests. In addition to reviewing operating budgets, the Mayor meets with representatives from CLIC in preparation for finalizing the capital budget recommendations. Following the departmental budget interaction and meetings with CLIC, the Mayor prepares a final budget recommendation with the assistance of the Finance Department. The Mayor presents a final budget recommendation to the City Council in August.

Maximum Proposed Property Tax Levy (September)

As required by State law, the maximum proposed property tax levies must be certified to the County on or before September 30. The maximum property tax levies are set by the Board of Estimate and Taxation for the City, Municipal Building Commission, Public Housing Authority and Minneapolis Park and Recreation Board.

City Council Budget Review and Development (September-November)

The City Council holds public hearings on the budget. Departments present their budgets to the Budget Committee. Following departmental budget hearings, the Budget Committee approves and recommends a final budget to the City Council. The recommended budget includes any and all changes that are made to the Mayor's Recommended Budget.

Truth in Taxation (November)

Truth in Taxation (or "TNT") property tax statements are mailed by the County to property owners indicating the maximum amount of property taxes that the property owner will be required to pay from all taxing jurisdictions. These statements also indicate the dates when truth in taxation public hearings will be held. The City's TNT public hearings are held in December before adoption of the budget.

City Council Budget Adoption (December)

The City Council adopts a final budget that reflects any changes made to the Mayor's Recommended Budget. Two public hearings are held in late November/early December for the formal adoption of the budget and tax levies. Once the final budget resolutions are adopted, all requests from City departments for additional funds made throughout the year are brought before the Ways and Means/Budget Committee and City Council for approval as amendments to the original budget resolutions.

The independent boards and commissions adopt their own operating budgets and property tax levies. The property tax levies may not be higher than the maximum set by the Board of Estimate and Taxation.

City Sources of Revenue

For 2022, the City forecasts $1.8 billion in revenue from a variety of sources. Many of the City's revenue sources are restricted, meaning they are required to be spent in defined areas or on specific programs or projects. These restrictions limit the City's ability to raise additional funds and to apply the revenue to other departments or programs.

Grants and allocations from the Federal Government and other units of government are usually designated for specific needs and purposes. If the City does not spend these resources for their designated purpose, the City will not receive the grants. Bond proceeds must go to purposes for which the debt was incurred.

Below is a summary of the 2022 Council Adopted Budget revenues by major category with a comparison to the 2021 Adopted Budget.

Revenue by Category
(in Millions)

	2021 Adopted vs 2022 Adopted			
Revenue Category	**2021 Adopted**	**2022 Adopted**	**$ Change**	**% Change**
Charges for Services/Sales	$657.8	$763.1	$105.3	16.0%
Federal Government	29.9	37.6	7.7	25.8
Fines and Forfeits	5.8	5.8	-0.1	-0.0
Franchise Fees	33.9	33.9	-0.0	-0.0
License and Permits	44.8	44.0	-0.8	-1.8
Local Government	12.3	13.3	1.0	8.1
Long Term Liabilities Proceeds	107.8	139.1	31.4	29.1
Other Miscellaneous Revenues	27.6	73.2	45.6	165.2
Property Taxes/General	360.6	460.7	100.1	27.7
Property Taxes/Other	82.6	56.9	-25.7	-31.1
Sales and Other User Taxes	17.4	42.4	25.0	143.7
Special Assessments	34.6	35.6	1.0	2.9
Local Government Aid	77.5	78.3	0.8	1.0
Other State Government	46.1	46.2	0.1	0.2
Total Revenue	$1,538.7	$1,830.2	$291.5	18.9%

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City Spending

For 2022, the budget includes expenditure appropriations corresponding to priorities outlined in the 2022 Council Adopted Budget as well as ongoing projects and current City-provided services.

Below is a summary of the 2022 Council Adopted Budget by departmental activity, excluding transfers, with a comparison to the 2021 Adopted Budget.

Expenditures by Service
(in Millions)

	2021 Adopted vs 2022 Adopted			
Expense Category	**2021 Adopted**	**2022 Adopted**	**$ Change**	**% Change**
Attorney	$17.3	$19.1	$1.8	10.3%
Coordinator*	237.8	245.1	7.3	3.1
CPED	103.4	96.8	-6.6	-6.4
Convention Center	41.7	52.6	10.9	26.2
Fire	70.1	72.1	2.0	2.8
Health	28.3	37.3	9.0	32.0
Police	164.3	193.1	28.8	17.5
Regulatory Services	24.8	25.2	0.4	1.6
Public Works	387.6	390.1	2.5	.6
Other City Services**	40.8	54.9	14.1	34.6
Debt Service	118.9	125.0	6.1	5.2
Capital Improvement	172.9	233.7	60.8	35.2
Other***	213.2	209.1	-4.1	-1.9
Total Spending	$1,621.1	$1,754.1	$133.0	8.2%

* Includes 311, 911, Communications, Emergency Preparedness, Finance and Property Services, Human Resources, IT, Intergovernmental Relations, and Neighborhood and Community Relations.

** Includes Assessor, Benefits, City Clerk/Elections/Council, Civil Rights, Contingency, Internal Audit, Mayor, Pensions and Workers Compensation.

*** Includes Non-Departmental, Health and Welfare, Liability, Contingency, Pensions, and Independent Boards.

Note: See "City Council Operating Departments" and section in the budget document for further explanation of changes between years.

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Expense and Revenue by Fund Type (in Millions)

	2021 Adopted vs 2022 Adopted			
Expense	**2021 Adopted**	**2022 Adopted**	**$ Change**	**% Change**
General	$484.6	$530.8	$46.2	9.5%
Special Revenue	169.9	191.3	21.4	12.6
Capital Project	119.2	122.9	3.7	3.1
Debt Service	82.4	77.6	-4.6	-5.7
Internal Service	223.4	254.4	31.0	13.9
Component Units	172.1	152.1	-20.0	-11.6
Enterprise	369.6	425.0	55.4	15.0
Total	$1,621.2	$1,754.1	$132.9	8.2%
Revenues				
General	$483.6	$520.5	$37.0	7.7%
Special Revenue	136.1	308.4	172.2	126.4
Capital Project	99.1	101.2	2.1	2.1
Debt Service	71.9	65.3	-6.6	-9.2
Internal Service	222.9	234.8	11.9	5.3
Component Units	160.7	153.6	-7.1	-4.4
Enterprise	395.4	446.4	51.0	12.9
Total	$1,569.7	$1,830.2	$260.5	16.6%

The largest portion of the City's budget is spent on personnel, which comprises $600.0 million or 34.2% of the total 2022 budget of $1,754.1 million.

Expense by Category (in Millions)

	2021 Adopted vs 2022 Adopted			
Expense	**2021 Adopted**	**2022 Adopted**	**$ Change**	**% Change**
Salaries and Wages	$387.8	$421.2	$33.4	7.9%
Fringe Benefits	161.3	178.7	17.4	9.8
Contractual Services	502.0	526.3	24.3	4.6
Operating Costs	184.8	194.9	910.1	5.2
Capital*	385.3	433.0	47.7	11.0
Total Expense	$1,621.2	$1,754.1	$122.8	8.5%

* The capital category includes capital improvements in the City's Capital Program as well as capital expenditures within operating departments.

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CITY EMPLOYEES AND LABOR RELATIONS

Twenty-three bargaining units represent approximately 90% of the employees in the City. Listed below is the current contract status of the largest bargaining units as of June 30, 2022.

Employee Group	Approximate Number of Employees	Contract Expiration Date*
Construction Equip. Operators & Mechanics	108	12/31/2023
Fire Fighters (Non-Supervisory)	391	12/31/2021
Clerical & Technical	637	12/31/2019
Police Officers	598	12/31/2022
Convention Center Teamsters	69	12/31/2021
Laborers	426	12/31/2023
Professional Employees	570	12/31/2022
City Supervisors	126	12/31/2024

* The City is negotiating settlements of the contracts that expired December 31, 2019 and 2021.

STATISTICAL INFORMATION RELATING TO THE CITY

Population Overview

The Minneapolis-St. Paul seven-county metropolitan area consists of Hennepin, Anoka, Carver, Dakota, Ramsey, Scott and Washington Counties.

The population and household size of the City and the Minneapolis-St. Paul seven-county area since 2017 is set forth below.

Population

Year	City	Seven-County Metropolitan Area
2021 (Metropolitan Council)	434,346	3,185,449
2020 (U.S. Census Bureau)	429,954	3,163,104
2019 (Metropolitan Council)	435,885	3,152,317
2018 (Metropolitan Council)	428,483	3,113,338
2017 (Metropolitan Council)	423,990	3,075,563

Household Size

Year	City	Seven-County Metropolitan Area
2020 (State Demographic Center)	2.29	2.55
2019 (State Demographic Center)	2.25	2.52
2018 (State Demographic Center)	2.25	2.52
2017 (State Demographic Center)	2.35	2.56
2016 (State Demographic Center)	2.34	2.55

Labor Force

The Minneapolis labor force totaled 247,274 in April 2022, showing an increase of 6,120 (2.5%) from the April 2021 total of 241,154. The labor force is made up of City residents who are working or seeking employment.

The April 2022 labor force was composed of 243,643 employed residents and based on a 1.5% unemployment rate, approximately 3,631 unemployed persons.

Minneapolis Resident Labor Force and Population April 2018-2022

Year	Population	Labor Force	Number Employed	Percent Employed
2022	434,346	247,274	243,643	98.5%
2021	434,346	241,154	229,699	95.2
2020	429,954	244,522	218,679	90.0
2019	435,885	241,434	235,063	97.4
2018	428,483	240,526	234,536	97.5

Source: Minnesota Department of Employment and Economic Development

A summary of the average number and percent of City residents who are members of the civilian labor force who were unemployed for the years 2018 through 2021 is set forth below.

Monthly Averages	2021	2020	2019	2018
Total Labor Force	240,272	244,872	244,223	241,477
Total Employment	230,527	227,579	237,209	235,351
Unemployment	9,745	17,293	7,014	6,126
Percent of Civilian Labor Force Unemployed	4.10%	7.10%	2.90%	2.50%

Source: Minnesota Department of Employment and Economic Development

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Unemployment

Information released by the Minnesota Department of Employment and Economic Development:

		Minneapolis				Comparative Unemployment Rates	
Year	Month	Labor Force	Employment	Unemployment Number	Unemployment Rate	MN	US
2022	4	247,274	243,643	3,631	1.5%	1.6%	3.3%
2022	3	245,558	239,636	5,922	2.4%	2.8%	3.8%
2022	2	244,991	239,517	5,474	2.2%	2.6%	4.1%
2022	1	244,457	237,218	7,239	3.0%	3.4%	4.4%
2021	**Ann Avg**	**240,272**	**230,527**	**9,745**	**4.10%**	**3.4%**	**5.3%**
2020	**Ann Avg**	**244,872**	**227,579**	**17,293**	**7.1%**	**6.2%**	**8.1%**
2019	**Ann Avg**	**244,223**	**237,209**	**7,014**	**2.9%**	**3.2%**	**3.7%**
2018	**Ann Avg**	**241,477**	**235,351**	**6,126**	**2.5%**	**2.9%**	**3.9%**
2017	**Ann Avg**	**237,367**	**229,692**	**7,675**	**3.2%**	**3.5%**	**4.4%**

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Average Number of Jobs by Industry in Minneapolis

All Jobs Without Regards to Residence (as of the fourth quarter of each year)

	2021	2020	2019	2018	2017
Total, all industries	322,351	309,070	339,598	336,269	331,493
Construction	7,718	7,502	7,762	7,597	7,323
Manufacturing	12,453	12,263	13,406	13,737	13,274
Utilities	2,904	2,857	2,881	2,842	2,783
Wholesale Trade	7,403	6,964	7,784	8,163	8,518
Retail Trade	14,222	13,508	15,132	15,626	15,172
Transportation and Warehousing	8,559	8,807	10,006	8,334	8,106
Information	10,597	10,503	10,818	10,636	10,819
Finance and Insurance	35,514	36,223	34,918	33,410	32,338
Real Estate and Rental Leasing	5,513	5,380	5,640	5,314	4,824
Professional and Technical Services	37,013	35,578	37,906	38,806	38,372
Management of Companies & Enterprises	19,262	20,526	18,047	17,697	17,084
Administrative and Waste Services	12,824	12,660	14,986	15,076	14,915
Educational Services	33,899	33,533	35,835	36,015	36,658
Health Care and Social Assistance	63,691	61,636	63,013	62,107	61,547
Leisure and Hospitality	21,804	17,585	35,703	35,218	34,219
Other Services	8,677	8,641	10,371	10,242	10,138
Public Administration	14,319	14,734	15,216	15,302	15,248

Note: Natural resources and agriculture, fishing and forestry employment are not counted. Some industry numbers may not be disclosed because of privacy issues.

Source: Minnesota Department of Employment and Economic Development

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Occupational Employment Statistics Wage Data

Minneapolis-St. Paul-Bloomington, MN-WI Metro (as of March 2022)

	Median Hourly Wage			Employment		
	MSA	**MN**	**US**	**MSA**	**MN**	**US**
All Occupations	$24.33	$23.81	$22.89	1,800,140	2,695,450	140,886,310
Management	59.15	50.51	50.72	130,120	181,090	8,909,910
Business & Financial Operations	38.75	38.08	37.91	152,020	192,700	9,053,790
Computer & Mathematical	49.72	48.34	48.59	84,970	101,560	4,654,750
Architecture and Engineering	39.82	39.39	39.77	38,980	51,970	2,436,520
Life, Physical & Social Science	39.13	37.30	36.23	18,450	26,140	1,273,640
Community & Social Services	24.72	24.68	24.12	33,650	53,670	2,239,680
Legal	40.80	40.08	41.06	16,360	19,860	1,178,140
Education, Training & Library	25.69	24.48	28.50	95,340	149,990	8,191,930
Arts, Design, Entertainment, Sports, & Media	30.62	26.08	25.50	26,340	36,710	1,815,290
Healthcare Practitioners & Technical Operations	39.20	38.73	37.38	112,760	190,180	8,787,730
Healthcare Support	15.51	15.37	15.32	106,810	162,530	6,603,680
Protective Services	25.06	25.07	23.88	26,410	40,580	3,385,030
Food Preparation & Serving	14.99	14.65	14.55	128,220	198,800	11,201,480
Building & Grounds Cleaning & Maintenance	18.62	17.98	15.50	48,100	75,850	4,108,810
Personal Care and Service	15.40	15.24	15.10	39,550	56,580	2,566,440
Sales & Related	18.41	17.25	15.32	161,220	245,390	13,256,290
Office & Administrative Support	23.50	23.12	19.04	224,750	334,550	18,299,380
Farming, Fishing and Forestry	19.50	18.55	14.82	1,610	4,350	452,490
Construction & Extraction	31.25	30.09	23.92	66,830	107,180	5,848,950
Installation, Maintenance & Repair	29.01	25.34	23.82	56,860	96,660	5,574,410
Production	21.32	19.59	18.86	118,810	198,940	8,408,030
Transportation & Material Moving	19.52	19.30	18.61	134,740	209,780	12,639,920

Source: Minnesota Department of Employment and Economic Development

Largest Companies

Listed are the largest companies headquartered in the Minneapolis-St. Paul metropolitan area. The listing combines the industrial and non-industrial companies. The industry grouping and rank within is also shown. Revenues are shown in billions.

Company	Revenues	Rank	Industry Grouping
United Health Group	$287.6	5	Health Care Insurance and Managed Care
Target	106.0	32	General Merchandisers
Best Buy	51.8	68	Specialty Retailers
CHS	38.4	95	Food Production
3M	35.4	102	Chemicals
U.S. Bancorp	23.7	150	Commercial Banks
C.H. Robinson Worldwide	23.1	154	Transportation and Logistics
General Mills	18.1	201	Food and Consumer Products
Land O'Lakes	15.9	232	Chemicals
Ameriprise Financial	13.4	277	Diversified Financials
Xcel Energy	13.4	278	Gas and Electric
Ecolab	12.7	293	Food and Consumer Products
Thrivent Financial	10.3	351	Insurance Life and Health (Mutual)
Polaris Industries	8.3	419	Transportation Equipment
Securian Financial Group	7.3	464	Insurance Life and Health (Stock)

Source: Fortune June 1, 2022

Educational Institutions

The largest four-year Colleges and Universities located within the Minneapolis-St. Paul metropolitan area, based on 2021-2022 enrollment (as reported by each institution) are as follows:

Colleges/Universities	Enrollment	Colleges/Universities	Enrollment
1. University of Minnesota – Twin Cities	52,017	7. St. Catherine University	4,277
2. Walden University*	49,695	8. Bethel University	4,005
3. Capella University*	38,930	9. University of Northwestern	3,525
4. Metropolitan State University	10,197	10. Augsburg University	3,152
5. University of St. Thomas	9,347	11. Hamline University	2,909
6. Concordia University	5,585	12. Macalester College	2,049

* Online universities.

Major Development Projects Permitted in Minneapolis as of March 31, 2022 ($5.0 million+)

Quarter Permitted	Estimated Construction Cost*	Project Description	Neighborhood/Area
Q1	$78,280,621	New Construction	Downtown East
Q1	38,145,751	New Construction	West Maka Ska
Q1	35,327,085	New Construction	Hawthorne
Q1	34,376,259	Renovation/Addition	Elliot Park
Q1	33,000,000	New Construction	Whittier
Q1	25,447,772	New Construction	Downtown East
Q1	18,808,323	New Construction	Prospect Park - East River Road
Q1	14,746,535	Renovation/Addition	Downtown West
Q1	11,791,044	Renovation/Addition	Mid - City Industrial
Q1	9,902,960	New Construction	Columbia Park
Q1	9,440,528	New Construction	Hiawatha
Q1	7,570,000	Renovation/Addition	Midtown Phillips
Q1	6,893,577	Renovation/Addition	North Loop
Q1	5,742,000	Renovation/Addition	Bryn - Mawr
Q1	5,600,000	Renovation/Addition	Elliot Park
Q1	5,135,000	New Construction	Lowry Hill

* The listed amount only reflects projected construction cost and does not include land acquisition or soft costs.
Source: City of Minneapolis CPED staff.

Major Development Projects Permitted in Minneapolis in 2021 ($5.0 million+)

Quarter Permitted	Estimated Construction Cost*	Project Description	Neighborhood/Area
Q4	$72,440,811	New Construction	Marcy Holmes
Q4	67,899,870	New Construction	Marcy Holmes
Q4	65,000,000	New Construction	Midtown Phillips
Q3	59,075,160	New Construction	Elliot Park
Q2	52,991,000	New Construction	Midtown Phillips
Q1	43,214,831	Renovation/Addition	Downtown West
Q4	40,279,069	Renovation/Addition	Marshall Terrace
Q4	39,172,502	Renovation/Addition	Willard - Hay
Q4	28,663,951	New Construction	Nicollet Island - East Bank
Q3	25,885,526	Renovation/Addition	Downtown West
Q3	25,467,366	New Construction	Lowry Hill East
Q1	22,722,942	New Construction	Lyndale
Q4	22,042,924	New Construction	Near North
Q4	20,571,312	New Construction	West Maka Ska
Q2	19,518,000	Renovation/Addition	Cedar Riverside
Q4	19,000,000	Renovation/Addition	Downtown West
Q3	17,309,000	New Construction	Hiawatha
Q2	17,128,250	New Construction	Loring Park
Q4	16,982,280	New Construction	Marcy Holmes
Q2	16,885,334	New Construction	Jordan
Q3	16,162,978	New Construction	Mid - City Industrial
Q4	16,145,315	New Construction	Hiawatha
Q2	15,662,404	New Construction	West Maka Ska
Q3	15,208,000	Renovation/Addition	Downtown West
Q1	15,078,000	New Construction	Prospect Park - East River Road
Q4	13,608,436	New Construction	Stevens Square - Loring Heights
Q3	13,598,378	New Construction	Kingfield

Q2	13,175,000	New Construction	Howe
Q3	12,325,600	New Construction	Harrison
Q4	11,300,000	New Construction	Lyndale
Q4	11,234,000	Renovation/Addition	Ventura Village
Q4	10,157,692	Renovation/Addition	Sheridan
Q3	10,048,540	New Construction	Powderhorn Park
Q4	9,072,000	New Construction	North Loop
Q2	8,711,000	Renovation/Addition	Lyndale
Q2	8,505,291	Renovation/Addition	Cedar Riverside
Q1	8,135,467	New Construction	South Uptown
Q4	8,100,000	New Construction	West Maka Ska
Q2	8,023,114	New Construction	Stevens Square - Loring Heights
Q2	7,800,000	New Construction	Lowry Hill East
Q4	7,400,000	Renovation/Addition	Whittier
Q3	7,300,000	New Construction	Marcy Holmes
Q3	7,287,400	Renovation/Addition	North Loop
Q2	6,854,889	Renovation/Addition	Longfellow
Q3	6,618,000	New Construction	Kingfield
Q1	6,506,063	Renovation/Addition	Downtown West
Q3	6,000,491	Renovation/Addition	North Loop
Q2	5,995,723	Renovation/Addition	Near North
Q1	5,357,000	Renovation/Addition	Loring Park
Q3	5,224,560	Renovation/Addition	Marcy Holmes
Q1	5,190,000	New Construction	Hiawatha
Q1	5,073,000	New Construction	Stevens Square - Loring Heights
Q2	5,026,000	New Construction	East Phillips
Q2	5,000,000	New Construction	Elliot Park

* The listed amount only reflects projected construction cost and does not include land acquisition or soft costs.
Source: City of Minneapolis CPED staff.

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APPENDIX B

FORM OF BOND COUNSEL OPINION

$121,545,000
City of Minneapolis, Minnesota
General Obligation Bonds
Series 2022

We have acted as bond counsel in conjunction with the issuance by the City of Minneapolis, Minnesota (the "City"), of its fully registered General Obligation Bonds, Series 2022 (the "Bonds"), issued by the City in the aggregate principal amount of $121,545,000, dated September 7, 2022.

The Bonds mature on December 1 in the years 2022 through 2041 and bear interest at fixed rates payable on each June 1 and December 1, commencing December 1, 2022. The Bonds maturing on and after December 1, 2030, are subject to optional redemption by the City, in whole or in part, on December 1, 2029, and any date thereafter for which proper notice can be given at the redemption price of par plus accrued interest to the date of redemption.

The Bonds are issued pursuant to resolutions of the Board of Estimate and Taxation of the City adopted on June 29, 2022, a resolution of the City Council of the City adopted on March 23, 2018, and various resolutions of the City Council of the City (collectively, the "Resolutions"), for the purposes set forth in the Resolutions.

We have examined such certified proceedings, documents, and certificates of public officials as we deemed necessary to render this opinion, including the form of the Bonds. As to questions of fact material to our opinion we have relied upon such certified proceedings, documents, and certificates furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds are valid and binding general obligations of the City issued under authority of the City Charter, Minnesota Statutes, Chapters 429, 444, and 475, as amended, including Section 475.521.

2. The Bonds are payable in part from special assessments pledged to the Bonds, net revenues of the water, sanitary sewer, and storm water systems of the City, and ad valorem taxes imposed on all taxable property in the City, but the City is required to levy additional general ad valorem taxes on all taxable property within the City without limitation as to rate or amount, if necessary, to pay the principal of and interest on the Bonds when due.

3. Based on present federal and Minnesota laws, regulations, rulings, and decisions (which exclude any pending legislation which may have a retroactive effect), interest on the Bonds (including any original issue discount allocable to an owner thereof) is not includable in gross income of the recipient for federal income tax purposes and, to the same extent, is not includable in taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the federal alternative minimum tax, or the computation of the Minnesota alternative minimum tax imposed on individuals, trusts and estates. However, such interest is included in determining the annual adjusted financial statement income (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) of applicable corporations (as defined in Section 59(k) of the Code for

purposes of computing the alternative minimum tax imposed on such applicable corporations for tax years beginning after December 31, 2022 and is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. The opinion set forth in this paragraph is subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes and taxable net income for Minnesota income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

It is to be understood that the rights of the registered owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of law.

We have not been asked and have not undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Bonds, and accordingly we express no opinion with respect thereto.

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Dated at Minneapolis, Minnesota, on September 7, 2022.

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$121,545,000
City of Minneapolis, Minnesota
General Obligation Bonds
Series 2022

CONTINUING DISCLOSURE CERTIFICATE

September 7, 2022

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Minneapolis, Minnesota (the "City"), in connection with the issuance of its General Obligation Bonds, Series 2022 (the "Bonds"), in the original aggregate principal amount of $121,545,000. The Bonds are being issued pursuant to resolutions adopted by the City Council and the Board of Estimate and Taxation of the City (the "Resolutions"). The Bonds are being delivered to Citigroup Global Markets Inc. (the "Purchaser") on the date hereof.

Pursuant to the Resolutions, the City has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders of the Bonds in order to assist the Participating Underwriters in complying with the Rule. This Disclosure Certificate, together with the Resolutions, constitutes the written agreement or contract for the benefit of the Holders of the Bonds that is required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means the City's annual financial statements, prepared in accordance with GAAP as prescribed by GASB.

"Bondholder" or "Holder" means the person in whose name a security is registered or a beneficial owner of such a security.

"City" means the City of Minneapolis, Minnesota, which is the obligated person with respect to the Bonds.

"Disclosure Covenants" means the continuing disclosure obligations of the City under this Disclosure Certificate.

"Disclosure Information" means the financial information and operating data referred to in Section 3(a) of this Disclosure Certificate.

"EMMA" means the Electronic Municipal Market Access system operated by the MSRB as the primary portal for complying with the continuing disclosure requirements of the Rule.

"Final Official Statement" means the deemed Final Official Statement, dated August 24, 2022, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the City.

"GAAP" means generally accepted accounting principles for governmental units as prescribed by GASB.

"GASB" means the Governmental Accounting Standards Board.

"Material Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

"Participating Underwriter" means any of the original underwriters of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

"Repository" means EMMA.

"Rule" means SEC Regulation, 17 C.F.R. Section 240.15c2-12, promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

"SEC" means Securities and Exchange Commission.

Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) On or before 270 days after the end of each Fiscal Year of the City, commencing with the Fiscal Year ending December 31, 2022, the City shall provide to the Repository the following financial information and operating data (the "Disclosure Information"):

(i) The Audited Financial Statement of the City for such Fiscal Year, which financial statements shall contain balance sheets as of the end of such Fiscal Year and a statement of operations, changes in fund balances and cash flows for the Fiscal Year then ended, showing in comparative form such figures for the preceding Fiscal Year of the City, prepared in accordance with GAAP or as otherwise provided under Minnesota law, as in effect from time to time, or, if to the extent such financial statements have not been prepared in accordance with such GAAP for reasons beyond the reasonable control of the

City, noting the discrepancies therefrom and the effect thereof and certified as to accuracy and completeness in all material respects by the Finance Officer of the City; and

(ii) To the extent not included in the financial statements referred to in clause (i) above, information of the type set forth below, which information may be unaudited, but is to be certified as to accuracy and completeness in all material respects by the Finance Officer to the best of the Finance Officer's knowledge, which certification may be based on the reliability of information obtained from governmental or other third party sources.

The Annual Report and Disclosure Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the City may be submitted separately from the balance of the Annual Report.

Any or all of the Disclosure Information may be incorporated, if it is updated as required by the Disclosure Covenants, by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

(b) If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other City operations in respect of which data are not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be material, then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or the Disclosure Covenants are amended as permitted by this Disclosure Certificate, then the City is to include in the next Disclosure Information to be delivered under the Disclosure Covenants, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

(c) If the City is unable or fails to provide to the Repository an Annual Report and Disclosure Information by the date required in subsection (a), the City shall send a notice of that fact in a timely manner to the Repository.

(d) The City shall determine each year prior to the date for providing the Annual Report and Disclosure Information the name and address of the Repository.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following sections of the Final Official Statement:

1. City Property Values and Taxes
2. Indebtedness of the City
3. Financial Information

In addition to the items listed above, the Annual Report shall include Audited Financial Statements submitted in accordance with Section 3 of this Disclosure Certificate.

Any or all of the items listed above may be incorporated, if it is updated as required by the Disclosure Covenants, by reference from other documents, including official statements of debt issues of

the City or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events ("Material Events") with respect to the Bonds:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bondholders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the obligated person;

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The City shall file a notice of such occurrence with the Repository or with the MSRB within ten (10) business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the City shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the City's information.

Section 6. EMMA. The SEC has designated the Electronic Municipal Market Access ("EMMA") system operated by the MSRB as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the City shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 7. Termination of Reporting Obligation. The City's obligations under the Resolutions and this Disclosure Certificate shall terminate upon the redemption or payment in full, of all the Bonds. The City shall file a notice with EMMA in the event of the termination of the obligations of the City under the Disclosure Covenants pursuant to this Disclosure Certificate.

Section 8. Agent. The City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolutions and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 9. Amendments; Interpretation. The Disclosure Covenants (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to or the consent of the Holders of the Bonds, by a resolution of the governing body of the City accompanied by an opinion of nationally recognized bond counsel, who may rely on certificates of the City and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature, or status of the City or the type of operations conducted by the City, or (b) is required by, or better complies with, the provisions of the Rule; (ii) the Disclosure Covenants as so amended or supplemented would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Holders under the Rule. If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder. The Disclosure Covenants are to be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure

Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 11. Default. In the event of a failure of the City to comply with any Disclosure Covenants of this Disclosure Certificate, any person aggrieved thereby including the Holders of the Bonds may take whatever action at law or in equity as may appear necessary or appropriate to enforce performance and observance of any such Disclosure Covenant, including seeking mandamus or specific performance by court order. Direct, indirect, consequential and punitive damages shall not be recoverable, however, for any default under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds or under any other provisions of the Resolutions.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Participating Underwriters, and the Holders from time to time of the Bonds, and, except as expressly set forth herein, shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the undersigned officer has executed this Disclosure Certificate as of the date and year first written above.

CITY OF MINNEAPOLIS, MINNESOTA

_____

Finance Officer

APPENDIX D

EXCERPTS OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021*

*Copies of the City's complete audited financial statements for the fiscal year ended December 31, 2021 are available upon request from the office of the Finance Officer, 325M City Hall, Minneapolis, Minnesota. The report can be requested by phone 612-673-2079 or email finance@minneapolismn.gov.

The report is also available for viewing on the following website:

https://www2.minneapolismn.gov/government/departments/finance/financial-reports/annual-comprehensive-financial-report/

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF
MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2021

FINANCE AND PROPERTY SERVICES DEPARTMENT

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Minneapolis
City of Lakes

Finance and Property Services
350 S. Fifth St. - Room 325M
Minneapolis, MN 55415
TEL 612.673.3000
www.minneapolismn.gov

July 19, 2022

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

TRANSMITTAL

We are pleased to present the Annual Comprehensive Financial Report (the report) for the City of Minneapolis (the City) for the year ended December 31, 2021. This report presents the financial position of the City and the results of its operations for the year 2021. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA) and other rule-making bodies, and audited in accordance with generally accepted auditing standards by the Office of the State Auditor (OSA).

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

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

INDEPENDENT AUDIT

Minnesota law requires that the Office of the State Auditor perform the City's annual audit. The OSA's report on the City's financial statements is based on its audit in accordance with generally accepted auditing standards. The State Auditor issued an unmodified or "clean" opinion on the City's financial statements for the year ended December 31, 2021. The State Auditor's opinion is included as page one through three in the financial section of this report.

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

STEWARDSHIP

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

INTERNAL CONTROLS

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

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

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

THE REPORTING ENTITY

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

THE CITY AND ITS SERVICES

City Profile

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

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

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

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

Minneapolis' population continues to grow. As of the 2020 census, Minneapolis is home to an estimated 429,954 people. From 2010 to 2020, the population within the City grew at a rate of 12.4 percent. Children, youth under 18, and seniors aged 65 and above make up 6.4 percent and 19.8 percent, and 9.9 percent of the population respectively. African Americans comprise 18.9 percent of the population, and Hispanic Americans make up 9.6 percent of the population. People of American Indian and Alaska Native descent comprise 1.4 percent of the population, and Asian Americans make up 5.9 percent of the population. People of two or more races make up 6.0 percent of the total population

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

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

Form of Government and Organization

In the November 2021 election, the citizens of Minneapolis passed an amendment to the City's Charter changing the government structure from Mayor-Council to Executive Mayor-Legislative Council. This shift in responsibilities took effect officially on December 3rd, 2021 and the specific details of the new government structure are still under consideration as of June 2022. The Mayor is now the chief executive officer over departments and the City Council is the legislative body that adopts local laws, makes policy, and oversees programs.

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

City Council

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

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

Mayor

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

Departments

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

FINANCIAL POLICES

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

Separate from the unassigned General Fund reserve balance, the City also has a policy to budget an operating budget contingency in the General Fund of not less than 1% of all budgeted General Fund expenditures in each of the applicable years planned for in the City's Five-Year Financial Direction. The contingency reserve was $5.1 million in both 2020 and 2021.

ECONOMIC CONDITION AND OUTLOOK

Prior to the emergence of the COVID-19 pandemic in early 2020, the City's financial projection was on a continued upward trend. In response to the pandemic, the City engaged in two rounds of budgetary reductions, temporary spending and hiring freezes, and employee furloughs. During 2021, the City continuously monitored and adjusted our activity to ensure an appropriate response to the ongoing pandemic. The City was awarded $271.2 million in funding through the Coronavirus State and Local Fiscal Recovery Funds as part of the American Rescue Plan Act. A detailed discussion and analysis of the City's overall financial condition during the fiscal year ended 2020 is included as part of the MD&A.

LONG-TERM FINANCIAL PLANNING

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

DEBT MANAGEMENT

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

Fitch – AA+
S&P Global Ratings – AAA

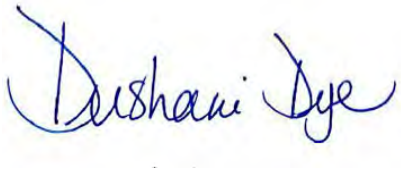
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2020. A Certificate of Achievement is valid for a period of one year only. The City has received this prestigious award for 47 years.

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

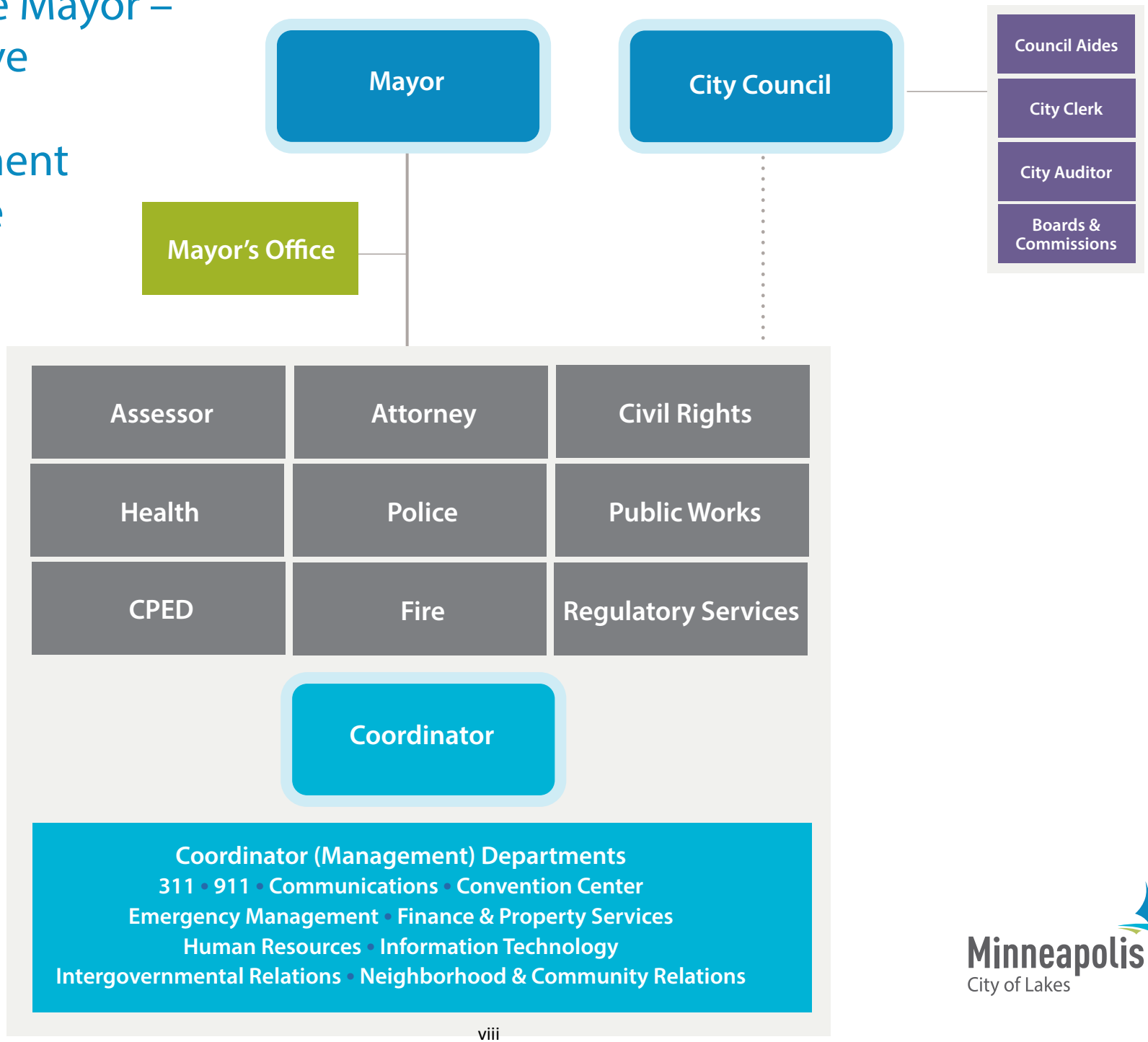
The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the City's Finance & Property Services Department. In addition, we would like to thank the Office of the State Auditor for its thoroughness and professionalism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

Respectfully submitted,



Dushani Dye	Lori Johnson	Lyle Hodges
Chief Financial Officer	Deputy Chief Financial Officer	Controller

Executive Mayor – Legislative Council Government Structure



Minneapolis
City of Lakes

MAYOR AND COUNCIL

CITY OF MINNEAPOLIS, MINNESOTA

2021

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

In 2022, the following changes were made:

Ward 1	ELLIOTT PAYNE	
Ward 2	ROBIN WONSLEY WORLOBAH	
Ward 3	MICHAEL RAINVILLE	
Ward 4	LATRISHA VETAW	
Ward 8	ANDREA JENKINS	President
Ward 9	JASON CHAVEZ	
Ward 10	AISHA CHUGHTAI	
Ward 11	EMILY KOSKI	
Ward 13	LINEA PALMISANO	Vice President

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

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City of Minneapolis
Minnesota

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Executive Director/CEO

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

This section of the Annual Comprehensive Financial Report (ACFR) for the City of Minneapolis presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the City's basic financial statements following this section. **All dollar amounts are expressed in thousands unless otherwise indicated.**

FINANCIAL HIGHLIGHTS

- At the close of the 2021 calendar year, assets plus deferred outflows exceeded liabilities plus deferred inflows by $2,588,998 (net position). Of this amount, $2,372,622 is the City's net investment in capital assets and $357,377 is restricted for specific purposes (restricted net position) leaving a deficit of $(141,001) in unrestricted net position. The deficit balance is not an indication that the City lacks the resources to satisfy its financial obligations in the near future. Rather, the deficit is the result of long-term, actuarially determined liabilities associated with pensions which are managed by the respective retirement systems and the State Legislature, as well as legal obligations arising from lawsuits and workers' compensation claims.

- The City's total net position increased by $97,729 in 2021. Governmental activities increased the City's net position by $69,889 and business-type activities increased the net position by $27,840.

- As of December 31, 2021, total fund balance in the General Fund was $142,828, all of which was unassigned.

- The City's total long-term bond and note liability increased by $40,481 from the prior year. Total bonds and notes issued in 2021 was $133,476. Total debt retirement was $92,995. The primary debt issuance in 2021 included bonds of $112,480 for a variety of special assessment improvements, general infrastructure, sanitary and storm sewer, water, and parking and solid waste projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

The government-wide financial statements can be found on pages 31-32 of this report.

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

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

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

The City of Minneapolis maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Community Planning and Economic Development Special Revenue Fund, the Grants Federal Special Revenue Fund, the Permanent Improvement Capital Projects Fund, and the Special Assessment Debt Service Fund, all of which are considered to be major funds. Data from the other 14 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the Other Supplemental Information section of this report beginning on page 124.

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

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

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

The proprietary funds' financial statements can be found on pages 37-40 of this report.

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

The custodial fund financial statements can be found on page 41-42 of this report.

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

The notes to the financial statements can be found on pages 45-104 of this report.

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

The required supplemental information can be found on pages 105-119 of this report.

The combining statements referred to earlier, in connection with non-major governmental funds and internal service funds, are presented immediately following the required supplemental information beginning on page 124.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Statement of Net Position
December 31, 2021, and 2020

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

The largest portion of the City's net position reflects its $2,372,622 investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. As a result, these assets are not available for future spending. Although the City's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position increased $13,327 to $357,377 in 2021 in part due to the $25,114 increase in debt service restrictions in governmental funds as additional bonds were outstanding in those funds. This was offset by decreases in community and economic development and capital project restrictions as net positions fell in those areas. Net position is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation (City ordinances).

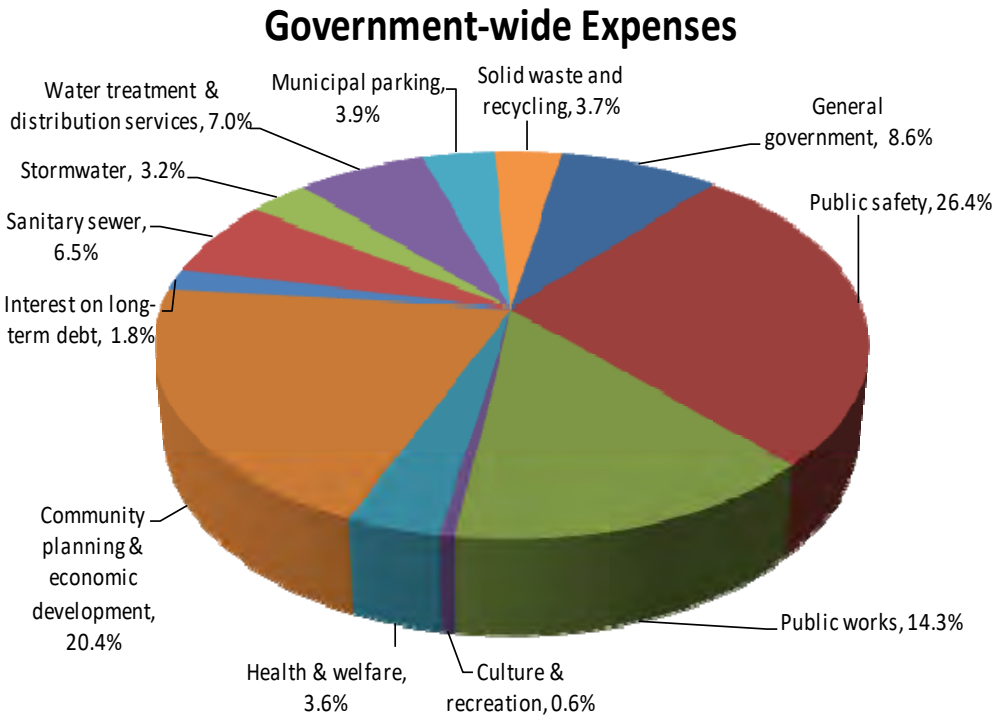
The remaining deficit of $(141,001) represents the unrestricted portion of the City's net position. This is an increase of $60,656 from the 2020 unrestricted net position. The increase in unrestricted net position is the result of a multitude of factors, including additional restrictions to net position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

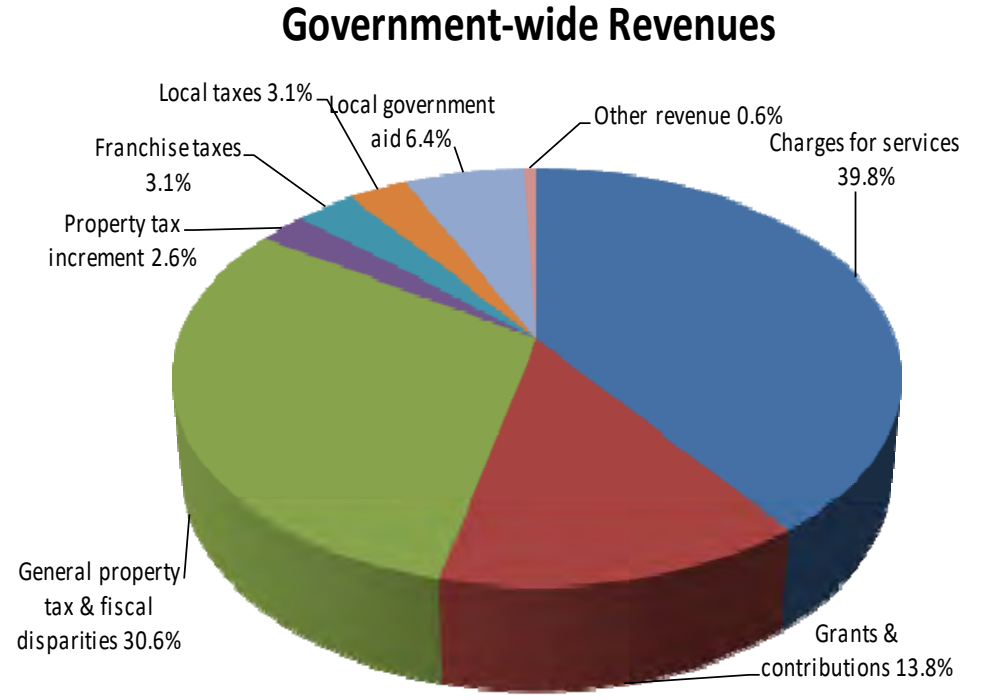
***Statement of Activities*—**The following table presents the changes in net position for governmental and business-type activities. The governmental activities net position increased by $69,889 while the business-type activities net position increased by $27,840.

Statement of Activities
For the Years Ended December 31, 2021, and 2020

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

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





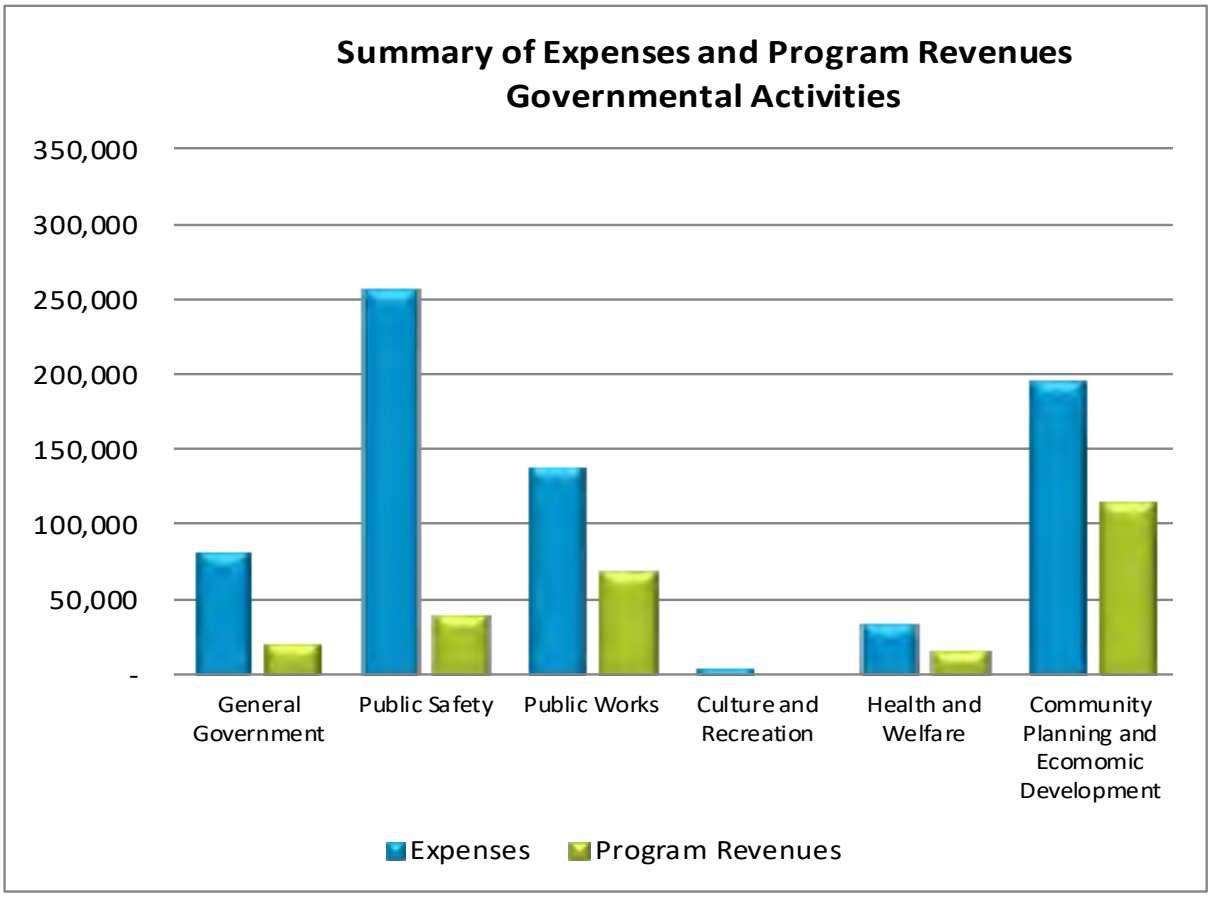
Governmental Activities—Governmental activities increased the City's net position by $69,889 compared to an increase of $57,379 in 2020. Total governmental revenue decreased by 8.9% between 2020 to 2021 from $841,226 to $765,955. Total expenses decreased by 10.9% over that same period from $826,996 in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

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

Program revenue increased in two of the three categories, led by an increase in operating grants and contributions. The city continues to respond to the COVID-19 pandemic leading to variability in revenues from various sources. Charges for services increased by $6,443 or 1.4% during 2021 after falling by 17.0% in 2020. Operating grants increased $15,328 or 12.3% as the city received additional stimulus funding related to several American Rescue Plan Act funding sources. General revenues cover any net expense after program specific revenues are applied. General revenues decreased $59,202 in total. Increased property tax revenues were offset by reductions in local tax collections and investment earnings. Local taxes are down due to a larger portion going to the State of Minnesota related to the agreed upon funding structure for the construction of US Bank Stadium completed in 2016.

Summary of expenses and program revenues - Governmental Activities
For the Year ended December 31, 2021

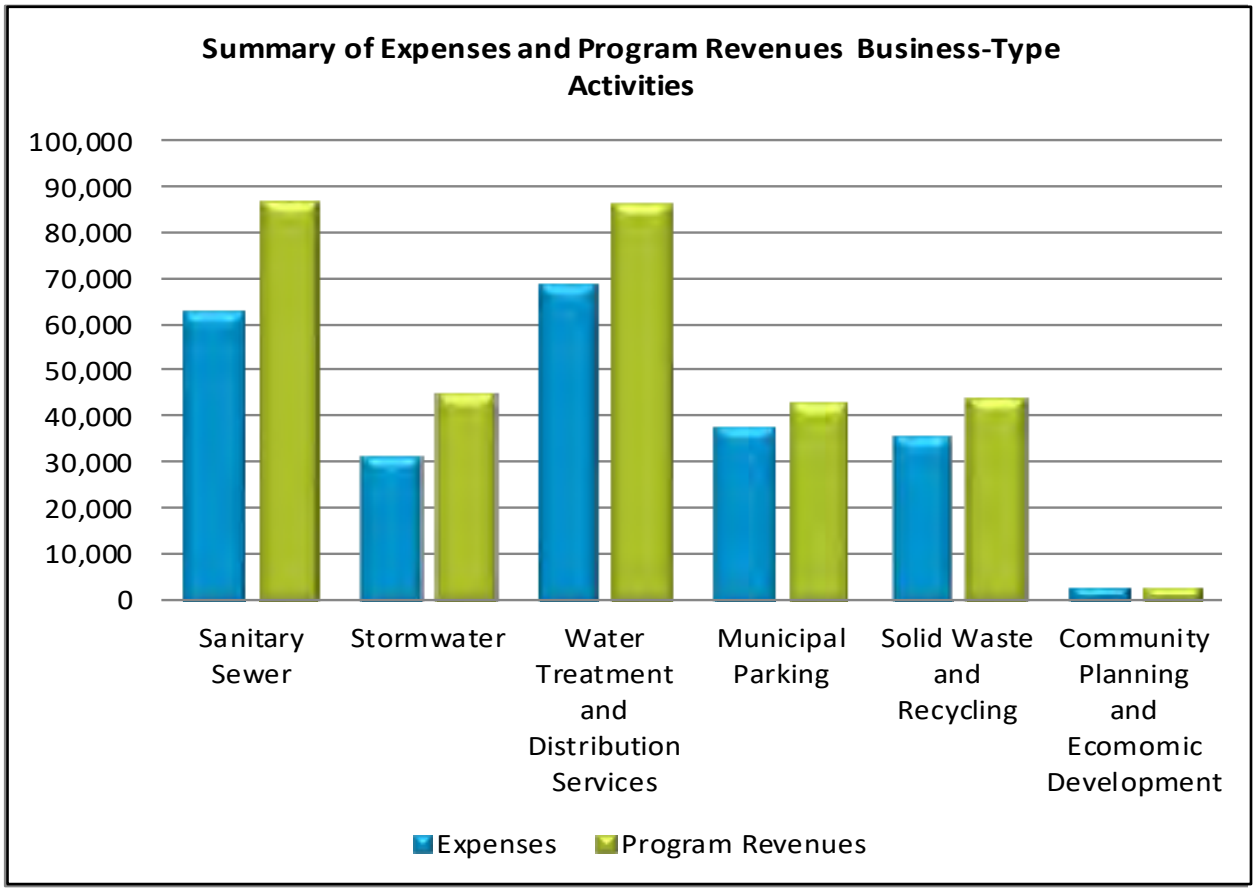
Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue by Program
General government	$ 83,589	$ 22,821	$ (60,768)
Public safety	258,226	41,008	(217,218)
Public works	139,454	69,473	(69,981)
Culture and recreation	6,027	-	(6,027)
Health and welfare	35,518	18,503	(17,015)
Community planning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



***Business-Type Activities*—**Business-type activities increased the City's net position by $27,840 compared with an increase of $9,854 in 2020. Detailed analysis of the changes in expense in revenue for business-type activities can be found in the individual fund analysis in the following pages.

Summary of expenses and program revenues - Business-Type Activities
For the Year ended December 31, 2021

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue by Program
Sanitary sewer	$ 62,993	$ 86,481	$ 23,488
Stormwater	31,249	45,297	14,048
Water treatment and distribution services	68,657	85,963	17,306
Municipal parking	38,056	43,247	5,191
Solid waste and recycling	36,206	44,233	8,027
Community planning and economic development	2,906	2,907	1
	$ 240,067	$ 308,128	$ 68,061
General revenues and transfers supporting business-type activities			(40,221)
Change in net position			27,840
Net position - January 1, 2021			1,017,682
Net position - December 31, 2021			$ 1,045,522



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

For 2021, five governmental funds, including the General Fund, are presented as major funds. These funds include the Community Planning and Economic Development Fund, Grants Federal Fund, the Permanent Improvement Capital Project Fund, and the Special Assessment Debt Service Fund. At December 31, 2021, the City's governmental funds reported a combined ending fund balance of $641,919, a decrease of $22,910 compared with the prior year. Approximately 21.4% of this total amount, or $137,670, constitutes unassigned fund balance, which is available for spending at the City's discretion.

The remainder of the fund balance is classified as follows: $332,308 is restricted for debt service, community planning and economic development, capital improvements, grants, and law enforcement legal requirements; and $171,941 is assigned for specific purposes not meeting a more restricted criteria for general government, community planning and economic development programs, neighborhood and community relations, public safety programs, pension obligations, and capital improvements. Additional details on fund balance can be found in Note 10.

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

Revenues by Source
Governmental Funds

Revenues by Source	2021 Amount	2021 Percent of Total	2020 Amount	2020 Percent of Total	Increase/ (Decrease) Amount
Taxes	$ 423,217	51.79 %	$ 458,154	50.71 %	$ (34,937)
Licenses and permits	41,353	5.06	46,403	5.14	(5,050)
Intergovernmental revenues	198,872	24.33	233,867	25.89	(34,995)
Charges for services and sales	80,135	9.80	70,614	7.82	9,521
Fines and forfeits	5,055	0.62	4,701	0.52	354
Special assessments	30,004	3.67	29,744	3.29	260
Investment earnings	1,192	0.15	24,715	2.74	(23,523)
Miscellaneous revenue	37,460	4.58	35,104	3.89	2,356
Total revenues	$ 817,288	100.00 %	$ 903,302	100.00 %	$ (86,014)

Expenditures by Function
Governmental Funds

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

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

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

General Fund
Revenues By Source

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

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

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

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

General Fund
Expenditures by Function

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

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

General Fund Budgetary Highlights—The final budget for the City's General Fund represents the original budget plus any previously appropriated funds set aside for the purpose of honoring legally incurred obligations (prior year encumbrances and commitments), and any additional supplemental appropriations that may occur during the fiscal year. In 2021, the following were significant budget actions:

- The original General Fund appropriation for fiscal year 2021 was $510,857, which included projected transfers out of $23,707. The final appropriation was $543,877 including transfers of $59,756. General revenues and other resources were originally estimated at $503,219, which included projected transfers in of $19,668. The final revenue estimate was $503,214 including transfers of $19,668.

- Budgetary variances between the final amended budget and the actual results include:

  1) Overall, Public Works finished the year $2,872 over budget primarily due to transportation maintenance and repair spending over budget on snow removal costs.

  2) The City Coordinator departments in total ended the year $4,197 under budget due mainly to salary savings related to personnel vacancies and delayed spending on initiatives and projects

  3) The Police department was under budget by $6,656 while the Fire department was over budget by $3,124. Both variances were due to personnel costs. Police was significantly understaffed which led to vacancy savings. Fire was also understaffed but were able to use overtime to fill shifts which led to overtime costs far exceeding budget.

4) Transfers of $59,756 were made to support CPED special revenue fund projects, costs of capital projects, and the neighborhood parks funding plan. In addition, the City Council approved a transfer from the General Fund to the Self Insurance Funds for payment of the legal settlement with George Floyd's family.

5) Community Planning and Economic Development (CPED) has several projects that are expected to require ongoing funding resulting in current year budget savings of $1,739.

6) Unspent contingency funding of $4,809 and the underspending identified above offset any overspending, resulting in an overall underspending in the General Fund of $14,543.

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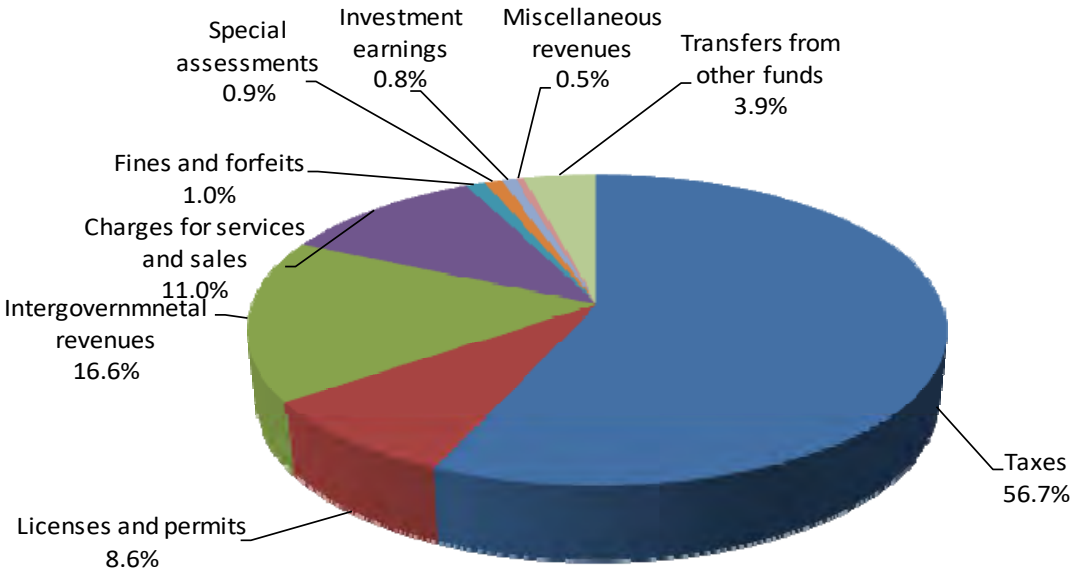
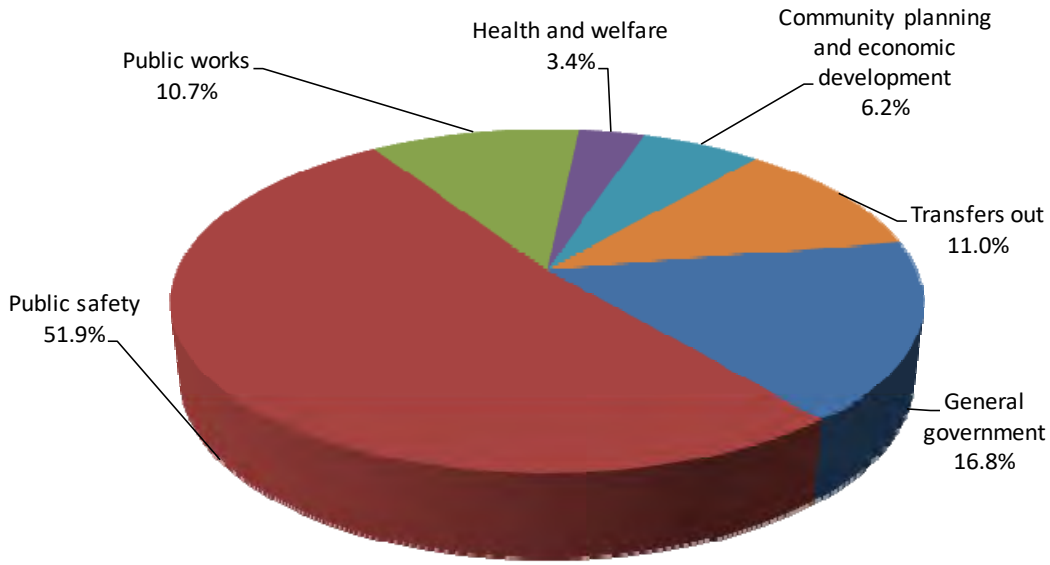
Current fiscal year revenue and expenditure budgets for the General Fund by major category or function are as follows:

General Fund Revenue Budget by Source



General Fund Expenditure Budget by Function



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

The total revenues of the CPED Special Revenue fund in 2021 were $36,077, 54.0% less than the prior year. A majority, approximately 71.1%, of the fund's revenue was derived from property tax increment, and 16.0% of the fund's revenue was generated from rents collected and the repayment of loans made for the housing and redevelopment activities of the City. The remaining revenue was derived from a variety of miscellaneous sources. The expenditures for the fund in 2021 were $49,377. The fund's expenditures are primarily for contractual services for the housing and economic programs operated within the fund and for the staff costs to monitor and deliver these programs. The level of current fund expenditures decreased in 2021 due to refocused efforts to address community needs resulting from the pandemic and recent unrests. The expenditures in this fund will vary depending on the project activity in any given year.

The fund's transfers to other funds of $18,560 were primarily to provide resources for the debt service obligations issued by the City for community development programs. The CPED Special Revenue Fund also transferred $8,221 to the City's Neighborhood and Community Relations Special Revenue Fund to support ongoing activities.

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

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

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

Permanent Improvement Capital Project Fund—Funding for the Permanent Improvement Capital Project Fund is primarily from four sources: bonds that are sold by the City for capital projects; the State of Minnesota; Federal and local funds. State and Federal revenues are primarily used for capital assets including bridges, streets, street lighting, and traffic signals. The Permanent Improvement Capital Project Fund is used to build infrastructure for the City including bridges, streets, traffic signals, streetlights, and buildings and to fund other capital projects. During 2021, $146,964 of capital outlay occurred which is a decrease of 26.2% from outlay of $199,240 in 2020.

The key assets constructed with these funds include:

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

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

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

At the end of 2021 the City had $74,105 of debt outstanding for special assessment improvements. During 2021, the City received debt related assessment collections and interest earnings of $14,572 and paid total principal of $8,660 on special assessment bonds and notes. Both amounts were as expected and related to assessment debt activities as planned.

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

The enterprise funds had a net position of $1,083,820 at December 31, 2021, an increase of $32,416 over the 2020 balance of $1,051,404.

The following table summarizes the cash balances, total assets, deferred outflows of resources, total liabilities, deferred inflows of resources, operating income (loss), changes in net position, and net positions for each of the enterprise funds, for 2020 and 2021:

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

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

Sanitary Sewer Fund—The Sanitary Sewer Fund pays 95% of the contractual payments to Metropolitan Council Environmental Services (MCES) for wastewater collection and treatment services. This fund also accounts for sanitary sewer maintenance and design work and the related capital programs and debt service payments. Net position as of December 31, 2021 was $147,552 compared to $139,368 for 2020, an increase of $8,184. The operating revenues of $86,709 for 2021 compared to $83,554 for 2020 reflects an increase of $3,155. The sanitary utility sales and service revenues account for $3,360 of the increase due to increase in rates. These increases were offset by a $1,608 decrease in SAC revenues. Decreases in SAC revenue are offset by equivalent decrease in SAC expenses.

The operating expense totaled $76,597 compared to $73,676 in 2020 resulting in an increase of $2,921. The increase in operating expenses reflect an increase in Met Council charges of $4,251 with decreases in other areas including SAC charges partially offsetting this increase. Met Council increased rates for MCES in 2021 resulting in an increased expense. These MCES rates are set by the Metropolitan Council on a yearly basis and are based on an allocation of overall costs incurred by MCES for waste processing for customer communities.

Stormwater Fund— The Stormwater Fund pays 5% of the contractual payments to Metropolitan Council Environmental Services (MCES) for wastewater collection and treatment services. This fund also accounts for the combined sewer overflow (CSO) program, street cleaning, storm design, storm water maintenance, and the related capital programs and debt service payments. Net position as of December 31, 2021 was $367,816 which was an increase of $12,401 from the beginning balance of $355,415.

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

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

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

Net position increased by $17,331 for the year, resulting in a net position on December 31, 2021, of $320,581. This planned increase allowed for net increases to long-term assets in the amount of $15,029 for improvements to the City's water distribution system and the Fridley Filter Plant rehabilitation and other water treatment infrastructure improvements.

Operating revenue increased by $1,942, when compared to 2020, due in large part to increased water sales due to higher demand and rates from both retail and wholesale customers. Operating expenses increased by $4,593, when compared to 2020. This increase is made up of increases in contractual services and depreciation related to the investments in the water infrastructure system.

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

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

Solid Waste and Recycling Fund—The Solid Waste and Recycling Fund accounts for the City's solid waste and recycling collection and disposal, and a solid waste transfer station that serves over 107,200 dwelling units. Pick-up services for trash, yard waste, and recyclables are provided on a weekly and a biweekly basis. City crews provide approximately one-half of the solid waste collection services and the other half are provided through a consortium of companies specializing in waste collections. Also accounted for in this fund are various initiatives such as clean city neighborhood clean sweeps; city-wide litter and graffiti abatement and removal; and an organics program.

Net position through December 31, 2021 totaled $39,504, an increase of $4,596 compared to the beginning balance of $34,908. Operating revenues totaled $42,420, an increase of $2,220 over 2020. This increase can mainly be attributed to $1,880 more in sales of equipment and scrap over 2020, the rates for scrap sales increased dramatically in 2021.

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

Community Planning and Economic Development Enterprise Fund (CPED)—The CPED Enterprise Fund operates a series of business-type activities designed to enhance housing options and economic development within the

City. Within this fund there are programs that provide low interest home mortgages financed through the sale of bonds. There is also a program in which revenue bonds are issued to finance economic development. The program obtains lease or loan agreements from developers to meet the debt service requirements of the financing. This fund also operates a river terminal facility. Substantially all operating revenues are derived from fees charged to the users of the services provided. The river terminal accounts for the investment in capital assets of the fund.

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

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

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

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

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

Engineering Materials and Testing Fund— The Engineering, Materials and Testing Fund records transactions related to City purchases of hot-mix asphalt and ready-mix concrete. This fund also accounts for the transactions associated with the quality control activities for the placement of these materials and assures compliance with State and Federal standards and specifications. The Engineering Laboratory, a component of this fund, provides these quality control activities. In addition, the Engineering Laboratory is responsible for construction inspection and testing services, performing geotechnical evaluations, and coordinating related environmental field services. At year-end 2021, the net position is $0.6 million representing an increase of $0.1 million from the 2020 ending net position of $0.5 million. The increase in net position is primarily due to more construction projects resulting in more demand for testing services and materials. The fund maintains a positive cash balance at $2.0 million at year-end 2021 which is similar to the 2020 ending balance of $2.0 million.

Intergovernmental Services Fund—This fund accounts for operations of Information Technology (IT) and the City Clerk's printing and central mailing services. IT is comprised of telecommunications services, network services,

application support, internet and intranet services, convenience copier function, broadband wireless, and deployment of software and hardware. These services are also provided to the Minneapolis Park and Recreation Board, Municipal Building Commission, and the Minneapolis Youth Coordinating Board.

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

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

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

Several of the City's properties are recorded as assets of this fund resulting in an annual depreciation expense. The Property Services Fund does not have rental and maintenance rates sufficient to fully recover depreciation related to City buildings recorded in this fund. This generally results in an operating loss each year and a decrease to net position. In 2021, the fund experienced an increase of $3.7 million to net position resulting in an ending balance of $40.0 million compared to the 2020 ending net position of $36.3 million. The increase to net position in 2021 is primarily due to the timing of asset preservation projects budgeted for 2021 that will be completed in 2022 or future years. The cash balance increased from $6.3 million at year-end 2020 to $8.9 million at year-end 2021 for the same reason of deferred projects.

Equipment Services Fund—The Equipment Services Fund manages the acquisition, maintenance, and disposal of 1,700 units of equipment, primarily the City's fleet of vehicles. The fund also provides technicians to maintain the equipment. In addition, the fund manages the field coordination of City-owned and contractual equipment and operators as well as the procurement and sale of fuel for these vehicles. The Equipment Services Fund uses an activity-based cost recovery model to calculate equipment and labor rates charged to customers based on actual expenses related to the vehicle and the replacement cost of the vehicle. At year-end 2021, the fund reported an increase to net position of $5.1 million, increasing the net position from a 2020 ending balance of $93.6 million to a 2021 ending balance of $98.7 million. The 2021 ending cash balance is $34.7 million, an increase of $8.0 million from the ending balance of $26.7 million in 2020. Both cash and net position increased as the fund was unable to spend the planned amount on new vehicle purchases as a result of global supply chain issues impacting the vehicle market.

Public Works Stores Fund—This fund accounts for the centralized procurement, receiving, warehousing, and distribution of stocked inventory items, and the purchase of special goods and services for City departments. In addition, this fund stores an inventory of traffic signal components for assembly for Public Works-Transportation. At year-end 2021, the fund reported an increase to net position of $0.9 million, increasing the net position from a 2020 ending balance of $5.9 million to a 2021 ending balance of $6.8 million. The fund's ending cash balance is $1.2 million for 2021, an increase of $0.1 from the 2020 ending cash balance of $1.1 million. The increase in cash balance is primarily due to an increase in operating margin.

Self-Insurance Fund—The Self-Insurance Fund accounts for tort liability, workers' compensation, employee accrued sick leave benefits, medical and dental self-insured plans, civil attorney services and the related administrative costs. An activity-based cost allocation model determines the charges allocated to City departments to cover the cost of

self-insurance and related services. The expected payout for workers' compensation and liability claims in future years is determined by an actuarial study.

The net position at year-end 2021 was negative $99,967, a decrease of $2,127 from the 2020 ending net position of negative $97,840. The cash balance increased by $2,620, from $108,131 in 2020 to $110,751 at year-end 2021. The increase in cash is primarily the result of an increase in medical insurance premiums collected compared to the medical claims payout of $2.1 million and an increase in unused sick leave at retirement premiums compared to payout of $0.7 million. As noted above, an actuarial study determines the expected payouts for claims in this fund and the current year revenue is charged based on this information. In any given year, payouts may be more or less than actuarially determined, resulting in an increase or decrease in cash and net position. Workers' Compensation payouts are often paid over many years allowing for revenue adjustments as needed.

CAPITAL ASSETS AND DEBT ADMINISTRATION

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

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

Capital Assets (Net of depreciation)

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

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

- Construction of the new City Office Building was substantially completed and employees are operating out of the facility. In 2021, final work cost $23,797, bringing the total cost to date to $185,791.

- Completion of major projects related to lighting and traffic signals, paving of City streets, and bridges, combined to reduce construction in progress by a net of $98,903. Some of these projects are associated with the City's 20-year Parks and Streets infrastructure plan which will total approximately $400,000 in investments over the life of the plan.

- Water distribution assets including pipes, mains, and hydrant infrastructure with a combined value of $40,971 were added in 2021.

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

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

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

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

The City maintained an "AAA" rating from Standard & Poor's and an "AA+" from Fitch Ratings for its general obligation debt in 2021. Additional information on the City's Long-term debt can be found in Note 5 starting on page 74 of this report.

HISTORICAL AND LONG-TERM FINANCIAL PLANNING

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

- During the 1990s, due to other external demands, the revenue to support the internal services did not keep pace with the growth in expenses. Significant negative cash balances resulted because annual expenses exceeded revenues. The cumulative net position of the internal service funds at the end of 2021 is $57.7 million which is a significant improvement over the position of the funds since 2000 when the net position deficit was $(61.7) million.

- The City adopted long-term financial plans for three of the internal service funds (Intergovernmental Services, Equipment Services, and Self-Insurance) to increase net position and to achieve and maintain a positive cash balance. To meet the goals of the adopted long-term financial plans, transfers from the

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

- Similar to other jurisdictions, employee wages and benefits make up over 62.1% of the City's General Fund 2021 expenditure budget, increases to which are driven by growth in wages, cost of living, and overtime costs.

- In June of 2009, the Governor exercised his authority to "unallot" or unilaterally reduce various state appropriations. The appropriation directly impacting the City of Minneapolis was Local Government Aid (LGA). Following several years of uncertainty in funding from the State of Minnesota in the form of LGA, including the loss of over $70 million from 2008-2011, the State increased the amount of LGA appropriated to the City of Minneapolis from $76.1 million in 2014 to $81.6 million in 2020. For 2021, the state reduced the City's allocation to $77.7 million and that amount will be consistent into 2022. A portion of LGA is passed through to the Minneapolis Park and Recreation Board and the Municipal Building Commission component units.

- The City adopts a six-year capital improvement program (CIP) that is updated annually. Each year, City departments and independent boards and commissions prepare new and/or modify existing capital budget requests (CBRs). The CBRs are then reviewed by the Capital Long-Range Improvement Committee (CLIC) which is a citizen advisory committee to the Mayor and City Council.

- Since 2000, the City continues to lay a foundation for a wave of development including large projects associated with building a new stadium in partnership with the State and the Minnesota Vikings and adjacent areas. For 2021, the City marked its tenth consecutive year in which more than $1.0 billion in permitted construction projects based on the value of permits issued for the year.

- The City continues to proactively manage its pension liabilities. Due to legislative changes in 2019, the 2020 budget does not project any growth in the cost of closed pension obligations from the prior year. For 2021, the City levied $8.5 million less for pension obligations than the higher rate of 2018. This is related to a decrease in the City's obligation on closed pension funds that is planned to be in place until 2031 when the obligation is satisfied.

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

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

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

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

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

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

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

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

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

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

- For 2022, the Council Adopted Budget for all City funds was $1.57 billion which represents a $123.0 million or 8.5% increase from the 2021 Council Adopted Budget of $1.45 billion.

- At the same time, the Council adopted a 2022 property tax levy of $417.4 million, which results in a 5.5%, or $21.6 million increase, from the 2021 adopted property tax levy. As part of this budget, funds that have accumulated in the various City funds due to a growing economy and fiscal restraint in prior years allows for utilization of fund balances, operating capital items and other one-time items.

- In 2021, in response to the ongoing financial effects of the COVID-19 pandemic, the City chose to temporarily freeze over 300 positions. For 2022 many of those positions were added back to authorized FTE counts in a staggered approach.

- A primary feature of the 2022 budget is continued planning for ongoing effects of the COVID-19 pandemic including the use of American Rescue Plan Act funding for targeted programming throughout the City and for use as revenue replacement to the General Fund as allowed by grant guidelines.

- The City's levies for its closed pension funds that merged into the Minnesota State Public Employees' Retirement Association (PERA) remained the same as 2021 at $14.8 million.

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

Economic Outlook and Tax Trends

Minneapolis has the highest concentration of commercial office buildings in the State of Minnesota and therefore is the largest contributor of revenue to the state general tax on a per city basis. Minneapolis' commercial/industrial tax capacity for 2021 was $256.2 million and is expected to decrease slightly to $247.1 million in 2022.

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

Downtown Office Space – Vacancy Rate

Because of the importance of real estate taxes as a source of local government revenue, real estate statistics are an important gauge for municipalities. Based on the first quarter 2022 *U.S. Office Marketbeat Report* published by Cushman & Wakefield, the office space vacancy rate for the Minneapolis/St. Paul metro area is up to 23.7% at the end of 2021 as compared to a vacancy rate of 19.9% at the end of 2020.

Employment

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

REQUESTS FOR INFORMATION

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

STATEMENT OF NET POSITION **CITY OF MINNEAPOLIS, MINNESOTA**
December 31, 2021 **(In Thousands)**

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

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

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

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

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

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

GOVERNMENTAL FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**

BALANCE SHEET

December 31, 2021 **(In Thousands)**

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

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

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position - Governmental Activities
December 31, 2021

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

Fund balances - total governmental funds		$ 641,919
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Non-depreciable	597,166	
Depreciable	2,060,388	
Accumulated depreciation	(971,274)	1,686,280
Deferred inflows are not available to pay for current-period expenditures and, therefore, in the governmental funds, are unavailable revenue.		158,517
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.		57,721
Receivable from business-type funds for internal service fund activity.		38,298
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	(546,916)	
Other postemployment benefits payable	(36,006)	
Net pension liability	(318,023)	
Operating and capital leases payable	(342)	
Bond interest payable	(2,388)	
Compensated absences	(24,675)	(928,350)
Deferred inflows and deferred outflows resulting from pension obligations and other postemployment benefits obligations are recorded only on the government-wide statement of net position. Balances at year end are:		
Deferred outflows - other postemployment benefits	8,338	
Deferred inflows - other postemployment benefits	(522)	
Deferred outflows - pensions	229,777	
Deferred inflows - pensions	(348,502)	(110,909)
Net position of governmental activities		$ 1,543,476

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

GOVERNMENTAL FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended December 31, 2021 **(In Thousands)**

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

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

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

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

Net increase (decrease) in fund balances - total governmental funds		$ (22,910)
Amounts reported for governmental activities in the statement of activities are different because:		
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities with amounts related to business type activities shown as an internal balance.		(3,297)
Transfers from business-type funds for internal service fund activity.		4,576
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Expenditures for general capital assets, infrastructure, and other related capital assets:	127,867	
Less current year depreciation	(60,826)	67,041
Revenues not collected for several months after the City's fiscal year ends are not considered "available" revenues and are deferred in the governmental funds. The adjustment between the fund statements and the statement of activities is the increase or decrease in revenue deferred as available.		
Deferred inflows of resources - December 31	158,517	
Deferred inflows of resources - January 1	(166,967)	(8,450)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Bonds principal payments	46,515	
Bond proceeds	(73,130)	
Premium/discount	(6,368)	(32,983)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in accrued interest payable	142	
Change in other postemployment benefits payable and related deferred outflows and inflows	(1,412)	
Change in compensated absences	614	
Change in net pension liability and related deferred outflows and inflows	64,018	
Change in other long-term liabilities	2,550	65,912
Increase (decrease) in net position of governmental activities		$ 69,889

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

PROPRIETARY FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**

STATEMENT OF NET POSITION

December 31, 2021 **(In Thousands)**

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

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

	Business-type Activities - Enterprise Funds							Governmental Activities
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development	Total	Internal Service Funds
LIABILITIES								
Current liabilities:								
Salaries payable	$ 161	$ 299	$ 620	$ 158	$ 281	$ -	$ 1,519	$ 1,049
Accounts payable	4,188	6,199	5,551	1,897	2,537	76	20,448	9,017
Intergovernmental payable	-	-	8	21	394	-	423	-
Deposits held for others	-	-	72	1,708	-	299	2,079	2
Interest payable	179	45	699	92	31	113	1,159	-
Unearned revenue	-	-	-	-	-	359	359	1,665
Bonds payable - current portion	9,505	3,670	7,020	5,045	4,310	1,065	30,615	-
Notes payable - current portion	-	-	10,295	290	-	-	10,585	-
Compensated absences payable - current portion	268	538	1,035	226	475	-	2,542	4,448
Medical claims payable - current portion	-	-	-	-	-	-	-	7,817
Unpaid claims payable - current portion	-	-	-	-	-	-	-	57,804
Total current liabilities	14,301	10,751	25,300	9,437	8,028	1,912	69,729	81,802
Long-term liabilities:								
Bonds payable	46,094	10,536	62,548	35,173	21,183	23,575	199,109	-
Notes payable	-	-	65,214	26,625	-	-	91,839	-
Advances from other funds	-	-	-	5,500	-	-	5,500	-
Compensated absences payable	178	358	583	151	316	-	1,586	13,274
Other postemployment benefits	881	1,642	2,342	642	1,792	-	7,299	3,908
Net pension liability	4,905	8,891	16,536	4,224	9,308	-	43,864	27,971
Unpaid claims payable	-	-	-	-	-	-	-	120,466
Total long-term liabilities	52,058	21,427	147,223	72,315	32,599	23,575	349,197	165,619
Total liabilities	$ 66,359	$ 32,178	$ 172,523	$ 81,752	$ 40,627	$ 25,487	$ 418,926	$ 247,421
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows - other postemployment benefits	$ 13	$ 24	$ 34	$ 9	$ 26	$ -	$ 106	$ 58
Deferred inflows - pensions	3,140	5,691	10,584	2,704	5,958	-	28,077	17,902
Total deferred inflows of resources	$ 3,153	$ 5,715	$ 10,618	$ 2,713	$ 5,984	$ -	$ 28,183	$ 17,960
NET POSITION								
Net investment in capital assets	$ 130,082	$ 346,629	$ 302,542	$ 189,348	$ 24,997	$ 3,847	$ 997,445	$ 128,942
Restricted - debt service	-	-	-	-	-	25,069	25,069	-
Unrestricted	17,470	21,187	18,039	(7,868)	14,507	(2,029)	61,306	(71,221)
Total net position	$ 147,552	$ 367,816	$ 320,581	$ 181,480	$ 39,504	$ 26,887	$ 1,083,820	$ 57,721

Net position - total enterprise funds	$ 1,083,820
Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.	(38,298)
Net position of business-type activites	$ 1,045,522

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Fiscal Year Ended December 31, 2021 **(In Thousands)**

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

Change in net position - total enterprise funds	$ 32,416
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.	(4,576)
Change in net position of business-type activities	$ 27,840

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

PROPRIETARY FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended December 31, 2021 **(In Thousands)**

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

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

COMBINING STATEMENT OF NET POSITION **CITY OF MINNEAPOLIS, MINNESOTA**
DISCRETE COMPONENT UNITS
December 31, 2021 **(In Thousands)**

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

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

COMBINING STATEMENT OF ACTIVITIES **CITY OF MINNEAPOLIS , MINNESOTA**
DISCRETE COMPONENT UNITS
For the Fiscal Year Ended December 31, 2021 **(In Thousands)**

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A – Reporting Entity

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

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

Blended Component Unit

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

- **Board of Estimate and Taxation**

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

Discretely Presented Component Units

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A – Reporting Entity

Discretely Presented Component Units (continued)

- **Minneapolis Park and Recreation Board**

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

- **Municipal Building Commission**

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

- **Meet Minneapolis**

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

Related Organizations

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A – Reporting Entity

Related Organizations (continued)

- **Minnesota Sports Facilities Authority**

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

- **Minneapolis Public Housing Authority**

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

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

Joint Ventures

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A – Reporting Entity

Joint Ventures (continued)

- **Minneapolis/Saint Paul Housing Finance Board**

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

- **Minneapolis Youth Coordinating Board**

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

- **Metropolitan Emergency Services Board**

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

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

- **Mississippi Watershed Management Organization**

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A – Reporting Entity

Joint Ventures (continued)

- **Shingle Creek Watershed Management Commission**

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

- **Bassett Creek Watershed Management Commission**

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

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B – Basis of Presentation

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B – Basis of Presentation (continued)

Governmental Funds

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B – Basis of Presentation

Governmental Funds (continued)

The City reports the following major governmental funds:

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

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

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

- **Capital Project Fund – Permanent Improvement**
  This fund is used to account for capital acquisition, construction and improvement projects including bridge construction, sidewalk construction, street construction, infrastructure projects and property services capital projects.

- **Debt Service Fund – Special Assessment**
  This fund is used to account for debt supported by special assessments including Park Diseased Tree debt.

Proprietary Funds

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B – Basis of Presentation

Proprietary Funds (continued)

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

Enterprise Funds

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

The City reports the following major enterprise funds:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B – Basis of Presentation (continued)

Non-Major Funds

The City reports the following non-major governmental funds:

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

Debt Service Funds:
Community Development Agency
Development
General Debt Service

Additionally, the City reports the following fund types:

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

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

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

  - Minneapolis Youth Coordinating Board
  - Joint Board

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C – Budgets

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

The 2020 process for the 2021 budget involved the following:

January – early April

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

March

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

March – April

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

April – June

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C – Budgets (continued)

June – August

Mayor's Recommended Budget
The 2021 Mayor's Recommended Budget will be based on program proposals submitted by departments. These program proposals are reviewed and discussed by the submitting department, the Mayor's Office, and staff from the Coordinator's Office and Finance and Property Services for priority-setting. In addition to reviewing operating budgets, the Mayor meets with representatives from CLIC before finalizing the capital budget recommendation. By City Charter, the Mayor must make recommendations to the City Council on the budget no later than August 15 of each year.

September

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

September – November

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

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

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C – Budgets (continued)

December

City Council Budget Adoption

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D – Non-Current Governmental Assets/Liabilities

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

E – Deposits and Investments

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

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

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

F – Inventories of Materials and Supplies and Prepaid Items

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

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

G – Receivables

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G – Receivables (continued)

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

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

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

H – Capital Assets

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

The estimated useful lives are as follows:

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I – Compensated Absences

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

J – Pensions

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

K – Interfund Transactions

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

L – Properties Held for Resale

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M – Debt Service and Requirements

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

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

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

N – Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category. The first, which arises under a modified accrual basis of accounting, is unavailable revenue reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from primarily six sources: taxes, special assessments, intergovernmental, long-term loan receivables, interest, and other. These amounts are recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources associated with pension and OPEB benefits. These inflows arise only under the full accrual basis of accounting, and, accordingly, are reported only in the statement of net position.

O – Estimates

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P – Stewardship, Accountability and Compliance

The Development Debt Service Fund currently has a deficit fund balance of $5,158 due to loans and advances from other funds. The Downtown Assets Fund's expenditures exceeded budget by $31. This fund is supported by local taxes. Any overspending was covered by the $46,452 January 1, 2021, fund balance. The Internal Service Self-Insurance Fund has a deficit fund balance of $99,967. Actuarially determined values are in two categories. One relates to pending and anticipated litigation against the City, and the other is projected workers' compensation settlement costs. The City is monitoring and managing fund inflows to ensure sufficient resources to pay liabilities as they come due.

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NOTE 2 – DEPOSITS AND INVESTMENTS

A – Deposits

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

Deposits and investments:	
Deposits, per book	$ 266,682
Investments	879,725
Imprest cash held by City	20
Total	$ 1,146,427
Primary Government:	
Cash and pooled investments	$ 1,029,776
Cash and pooled investments in custodial funds	1,958
Investments with trustees	26,761
Total primary government	$ 1,058,495
Discretely Presented Component Units:	
Park and Recreation Board:	
Cash and pooled investments	$ 79,776
Municipal Building Commission:	
Cash and pooled investments	2,759
Meet Minneapolis:	
Cash and pooled investments	5,397
Total discretely presented component units	$ 87,932
Total reporting entity	$ 1,146,427

The City has executed a Depository Pledge Agreement with its depository bank. The depository bank pledges to secure the deposited funds, to the extent not insured by the Federal Deposit Insurance Corporation ("FDIC"), by pledging securities of any type permitted by the provisions of Chapter 118A of the Minnesota Statutes, which are eligible to be held in a Securities Account at the Federal Reserve Bank. The bank balances at the City's designated depository as of December 31, 2021, totaled $19,845. The City also had bank deposits in several banks through the investment program totaling $251,948.

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

NOTE 2 – DEPOSITS AND INVESTMENTS

A – Deposits (continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may be delayed or not be returned. The City's policy is to have its designated depositories comply with Minnesota Statutes Chapter 118A to pledge allowable securities or a letter of credit (LOC) from the Federal Home Loan Bank (FHLB) to collateralize the City's deposits. At December 31, 2021, the City was not exposed to custodial credit risk since all deposits are either FDIC insured (where applicable) or are collateralized through securities pledged to the City of Minneapolis by the financial institution and held in safekeeping at the Federal Reserve Bank at 110% of deposit value or collateralized by a FHLB LOC.

B – Investments

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

Investment derivative instruments

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

As of December 31, 2021, there were no derivative instruments held in the City's Investment Portfolio.

Interest Rate Risk

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

NOTE 2 – DEPOSITS AND INVESTMENTS

B – Investments (continued)

The following table presents the City of Minneapolis' investment balances (excluding accrued earnings) at December 31, 2021, and information relating to interest rate risks:

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

Credit Risk

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

"INVESTMENTS.

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

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

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

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

(2) any security which is a revenue obligation of any state or local government which is rated "AA" or better by a national bond rating service;

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS

B – Investments (continued)

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

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

At December 31, 2021, the City's investments were rated by Standard & Poor's and Moody's as follows:

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

NOTE 2 – DEPOSITS AND INVESTMENTS

B – Investments (continued)

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy is to comply with Minnesota Statutes Chapter 118A and use a third-party financial institution for safekeeping of securities which mitigates custodial credit risk. The City's investments were not exposed to custodial credit risk at December 31, 2021.

Concentration of Credit Risk

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

Fair Value Measurement

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

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

		Fair Value Measurements Using:		
	December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
U.S. Treasury securities	$ 124,601	$ -	$ 124,601	$ -
U.S. Federal agency obligations	64,018	-	64,018	-
U.S. Mortgage obligations	163,375	-	163,375	-
Municipal bonds	95,839	-	95,839	-
Total investments by fair value level	$ 447,833	$ -	$ 447,833	$ -
Investments measured at net asset value (NAV)				
Government money market mutual funds	$ 390,564			
4M Fund	38,828			
Negotiable certificates of deposit	2,500			
Total investments measured at the NAV	$ 431,892			
Total investments measured at fair value and NAV	$ 879,725			

NOTE 2 – DEPOSITS AND INVESTMENTS

B – Investments (continued)

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

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

The City also holds $390,564 in Government money market mutual funds. The fair value of the investment is the fair value per share of the underlying portfolio. The City may redeem these funds at any time and for any use the City has designated. The City invests in these funds in order to have a rate of return on cash that is currently "in between" investments.

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

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

NOTE 3 – RECEIVABLES

A – Receivables Detail

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

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

Business-type Activities	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development	Total Business-type
Accounts	$ 7,866	$ 4,796	$ 6,207	$ 686	$ 5,060	$ -	$ 24,615
Special assessments	1,347	745	3,654	2,717	1,016	-	9,479
Intergovernmental	-	444	-	2,717	2	-	3,163
Accrued interest	-	-	-	-	-	155	155
Gross receivables	9,213	5,985	9,861	6,120	6,078	155	37,412
Less: Allowance for uncollectibles	-	(8)	(10)	(19)	-	-	(37)
Total receivables (due within one year)	$ 9,213	$ 5,977	$ 9,851	$ 6,101	$ 6,078	$ 155	$ 37,375

NOTE 3 – RECEIVABLES (continued)

B – Business-type Activities – Leases

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

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

The future payment requirements for these agreements are as follows:

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

NOTE 4 – CAPITAL ASSETS

A – Current Year Activity

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

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

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

Depreciation expense was charged to governmental functions as follows:	
General government	$ (16,645)
Public safety	(1,744)
Public works	(38,931)
Health and welfare	(1)
Community planning and economic development	(19,761)
Total depreciation expense - governmental functions	$ (77,082)

NOTE 4 – CAPITAL ASSETS

A – Current Year Activity (continued)

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

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

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

NOTE 4 – CAPITAL ASSETS (continued)

B – Capital Project Commitments

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

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

C – Discretely Presented Component Units

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

Minneapolis Park and Recreation Board	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021
Capital assets, not being depreciated	$ 147,785	$ 20,103	$ (19,692)	$ 148,196
Capital assets, being depreciated, net	250,858	(920)	(222)	249,716
	$ 398,643	$ 19,183	$ (19,914)	$ 397,912
Depreciation expense charged	18,116			

Municipal Building Commission	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021
Capital assets, not being depreciated	$ 33,014	$ 8,192	$ -	$ 41,206
Capital assets, being depreciated, net	4,089	(630)	-	3,459
	$ 37,103	$ 7,562	$ -	$ 44,665
Depreciation expense charged	$ 692			

NOTE 5 – LONG-TERM DEBT

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

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

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

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

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

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

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

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

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

NOTE 5 – LONG-TERM DEBT (continued)

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

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

Minnesota Public Facilities Authority Notes

The City has entered into eight general obligation notes with the Minnesota Public Facilities Authority (PFA) to finance the City's drinking water ultra-filtration project, new filter presses project and a major rehabilitation of the Fridley water treatment plant. The notes are part of a federally sponsored below market financing program related to the Safe Drinking Water Act and the City saves up to 1.5% on interest costs by participating in the program. The City has received proceeds totaling $154,912 on these notes in total and at December 31, 2021, the outstanding debt balance of the six remaining notes in this program is $75,508 as of December 31, 2021. The interest rates range from 1.00% - 2.82% and the final maturity dates range from August 20, 2022 to August 20, 2035.

Discrete Component Unit Debt

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

NOTE 5 – LONG-TERM DEBT (continued)

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

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

NOTE 5 – LONG-TERM DEBT (continued)

For governmental activities, debt service is generally paid from Debt Service Funds.

Amortization of Outstanding Governmental City Debt

As of December 31, 2021, annual debt service requirements for Governmental activities to maturity are as follows:

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

Amortization of Outstanding Business-type Activities City Debt

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

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

NOTE 5 – LONG-TERM DEBT (continued)

Discretely Presented Component Unit

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

	Balance January 1, 2021	Additions	Retirements	Balance December 31, 2021	Amounts Due Within One Year
Notes payable	$ 1,206	$ -	$ (1,076)	$ 130	$ 130

Year Ending December 31:	Principal	Interest
2022	130	5

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

As of December 31, 2021, outstanding industrial, commercial, and housing revenue bonds and notes approximated $1,847,382. The bonds are payable solely from revenues of the respective enterprises and do not constitute an indebtedness of the City. They are not a charge against the City's general credit or taxing power.

NOTE 7 – DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources for the City's major individual governmental funds and non-major funds in aggregate include the following unavailable revenue sources:

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

NOTE 8 – LEASES

A – Operating Leases

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

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

B – Operating Leases with Scheduled Rent Increases

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

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

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

NOTE 9 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables

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

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Non-Major Governmental Funds	Non-Major Governmental Funds	$ 250

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:

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

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

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NOTE 9 – INTERFUND TRANSACTIONS (continued)

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

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

NOTE 9 – INTERFUND TRANSACTIONS

Transfers (continued)

Fund Transferred To	Fund Transferred From		Total Transfers In
Proprietary Funds:			
Business-type Activities			
Water Treatment and Distribution Services Fund	General Fund	$ 41	
	Internal Service Funds	212	
	Sanitary Sewer Fund	1,072	1,325
Municipal Parking Fund	CPED Special Revenue Fund	879	879
Solid Waste & Recycling Fund	General Fund	325	
	Non-Major Governmental Funds	4,136	
	Municipal Parking Fund	146	4,607
	Total Business-type Activities		$ 6,811
Governmental Activities			
Internal Service Funds	General Fund	$ 28,254	28,254
	Total Governmental Activities		$ 28,254

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

NOTE 10 – NET POSITION/FUND BALANCES

The government-wide, proprietary funds, and internal service fund-type financial statements use a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

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

In the governmental fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

NOTE 10 – NET POSITION/FUND BALANCES (continued)

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

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

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

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

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

NOTE 10 – NET POSITION/FUND BALANCES (continued)

The City Council has formally adopted a fund balance policy for the General Fund. The City's policy is to maintain a minimum unassigned fund balance of 17% of the following year's budgeted expenditures for cash-flow timing needs.

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

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

Governmental Activities: Law Enforcement $2,633

NOTE 11 – DEFINED BENEFIT PENSION PLANS

A – Plan Description

All full-time and certain part-time employees of the City, Park Board, and MBC are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Plan (the General Employees Plan) and the Public Employees Police and Fire Plan (the Police and Fire Plan), which are cost sharing, multiple employer retirement plans. These plans are established and administered in accordance with Minn. Stat. chs. 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code. The City participates as a non-employer contributing entity in the Teachers' Retirement Association (TRA) which is administered on a statewide basis.

1. General Employees Retirement Plan (GERP)

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

2. Public Employees Police and Fire Plan (PEPFP)

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

3. Teacher Retirement Association Fund (TRA)

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

B – Benefits Provided

PERA and TRA provide retirement, disability, and death benefits. PERA provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefit provisions are established by state statute and can be modified only by the state legislature. Benefit increases are provided to benefit recipients each January.

General Employees Plan benefit recipients will receive a post-retirement increase equal to 50 percent of the cost of living adjustment announced by the Social Security Administration, with a minimum increase of at least 1.00 percent and maximum of 1.50 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under the Rule of 90 are exempt from the delay to normal retirement.

NOTE 11 – DEFINED BENEFIT PENSION PLANS

B – Benefits Provided (continued)

Police and Fire Plan benefit recipients will receive a 1.00 percent post retirement increase. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

TRA: Postretirement benefit increases are provided to eligible benefit recipients each January. The increase is 1.0 percent for January 2019 through January 2023. Beginning January 1, 2024, this amount will increase in 0.1 percent step increments until the COLA reaches 1.5 percent.

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

1. PERA Benefits

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

For General Employees Plan members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90, and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. For Police and Fire Plan members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits are available for vested members and are based on years of service and average high five salary.

2. TRA Benefits

The Teachers Retirement Association (TRA) covers teachers and other related professionals employed by school districts or by the state. Approximately 609 employers participate in this plan. The plan provides retirement, survivor, and disability benefits. Basic membership includes participants who are not covered by the Social Security Act, while coordinated membership includes participants who are covered by the Act. The annuity formula for the coordinated members is the greater of a step rate with a flat reduction for each month of early retirement, or a level rate (the higher step rate) with an actuarially based reduction for early retirement. The annuity formula for Tier I basic members is 2.2 percent for the first 10 years and 2.7 percent for each subsequent year and Tier II is 2.7 percent of the member's high-five average salary. The annuity formula for Tier I coordinated members for services prior to July 1, 2006, is 1.2 percent for the first 10 years and 1.7 percent each subsequent year of the member's high-five average salary. The annuity formula for Tier I coordinated members for services subsequent to July 1, 2006, is 1.4 percent for the first 10 years and 1.9 percent each subsequent year of the member's high-five average salary. The annuity formula for Tier II coordinated members is 1.7 percent for services prior to July 1, 2006, and 1.9 percent for each year subsequent of the member's high-five average salary. Annual benefits increase by 2.0 percent each year and 2.5 percent if the plan is funded at least 90 percent of full funding.

NOTE 11 – DEFINED BENEFIT PENSION PLANS (continued)

C – Contributions

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

1. GERP Contributions

Basic Plan members, Coordinated Plan members, and Minneapolis Employee Retirement Fund members, were required to contribute 9.10 percent, 6.50 percent, and 9.75 percent respectively, of their annual covered salary in calendar year 2021. Participating employers are required to contribute 11.78 percent of pay for Basic Plan members, 7.50 percent for Coordinated Plan members, and 9.75 percent for Minneapolis Employee Retirement Fund members in calendar year 2021. The City, Park Board, and MBC contributions related to payroll to the GERP for the year ended December 31, 2021, were $15,288, $3,119, and $217, respectively. The City, Park Board, and MBC fixed contributions to the GERP for the year ended December 31, 2021, were $11,869, $2,169, and $227 respectively. Total contributions were equal to the required contractual contribution as set by state statute.

2. PEPFP Contributions

Plan members were required to contribute 11.80 percent of their annual covered salary in calendar year 2021. Employers were required to contribute 17.70 percent of pay for PEPFP members in calendar year 2021. Contributions to the PEPFP related to payroll for the year ended December 31, 2021, were $21,034 for the City and $572 for the Park Board. The City also made fixed contributions to PEPFP, non-payroll related, of $7,679 for the year ended December 31, 2021. Total contributions were equal to the required contractual contributions as set by state statute.

3. TRA Contributions

The City's non-employer contributions to the TRA for the year ended December 31, 2021, were $2,250. The City's contributions were equal to the required contributions as set by state statute.

D – Pension Costs

1. GERP Pension Costs

At December 31, 2021, the City, Park Board, and MBC reported a liability of $120,829, $23,827, and $1,664 respectively for the proportionate share of the GERP's net pension liability related to payroll contributions. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City, Park Board, and MBC proportion of the net pension liability was based on each entity's contributions received by PERA during the measurement period for employer payroll paid from July 1, 2020, through June 30, 2021, relative to the total employer payroll related contributions received from all of PERA's participating employers. At June 30, 2021, the City's proportionate share related to payroll contributions was 3.0416 percent, which was a decrease of 0.2335 percent from its proportion measured as of June 30, 2020. At June 30, 2021 the Park Board's proportionate share related to payroll contributions was 0.5998 percent, which was a decrease of 0.0085 percent from its proportion measured as of June 30, 2021. At June 30, 2021, MBC's proportionate share related to payroll contributions was 0.0419 percent, which was an increase of 0.0001 percent from its proportion measured as of June 30, 2020.

NOTE 11 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

1. GERP Pension Costs (continued)

In addition to the payroll contributions, the City, Park Board, and MBC contribute statutorily fixed amounts related to closed pension plans now merged into PERA. The City, Park Board, and MBC will continue to make these contributions through 2031, and the net present values of these fixed contributions are $95,558, $17,465, and $1,826 respectively as of the June 30, 2021 measurement date. The resulting combined net pension liability reported by the City, Park Board, and MBC as of December 31, 2021 is $216,387, $41,292, and $3,490, respectively. The combined liability represents a proportionate share of the Plan's net pension liability equal to 5.0671 percent for the City, 0.9669 percent for Park Board, and 0.0817 percent for MBC.

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

In addition, the City, Park Board, and MBC also recognized $533, $101, and $9, respectively as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's expense related to its contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute $16 million to the General Employees Plan annually until September 15, 2031.

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

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

NOTE 11 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

1. GERP Pension Costs (continued)

At December 31, 2021, the City, Park Board, and MBC reported proportionate shares of the GERP's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	City	Park Board	MBC	City	Park Board	MBC
Differences between expected and actual economic experiences	$ 827	$ 155	$ 11	$ 3,999	$ 785	$ 55
Changes in actuarial assumptions	82,323	16,190	1,151	3,007	569	40
Difference between projected and actual investment earnings	-	-	-	111,888	22,107	1,552
Changes in proportion	1,562	800	4	19,614	2,728	287
Contributions paid to PERA subsequent to the measurement date	8,302	1,741	117	-	-	-
Total	$ 93,014	$ 18,886	$ 1,283	$138,508	$ 26,189	$ 1,934

Contributions subsequent to the measurement date are shown as deferred outflows in the above table and will be recognized as a reduction to net pension liability for the year ended December 31, 2022. These contributions total $8,302 for the City, $1,741 for the Park Board, and $117 for MBC. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount		
	City	Park Board	MBC
2022	$ (18,727)	$ (2,788)	$ (333)
2023	(2,381)	(81)	(19)
2024	(2,007)	(125)	7
2025	(30,681)	(6,050)	(423)

NOTE 11 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs (continued)

2. PEPFP Pension Costs

At December 31, 2021, the City reported a liability of $81,620 for the proportionate share of the PEPFP's net pension liability related to payroll contributions. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid from July 1, 2020, through June 30, 2021, relative to the total employer payroll related contributions received from all of PERA's participating employers. At June 30, 2021, the City's proportionate share related to payroll contributions was 11.5090 percent, which was a decrease of 0.8312 percent from its proportion measured as of June 30, 2020. In addition to the payroll contributions, the City contributes statutorily fixed amounts related to closed pension plans now merged into PERA. The City will continue to make these contributions through 2031, and the net present value of these fixed contributions is $62,713 as of the June 30, 2021 measurement date. The resulting combined net pension liability reported by the City as of December 31, 2021 is $144,333. The combined liability represents a proportionate share of the Plan's net pension liability equal to 18.6986 percent for the City.

At December 31, 2021, the Park Board reported a liability of $2,113 for the proportionate share of the PEPFP's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Each employer's proportion of the net pension liability was based on the employer's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021, the Park Board's proportion share was 0.2979 percent, which was a decrease of 0.0219 percent from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the City and Park Board recognized pension expense of ($39,609) and ($858) respectively for the proportionate share of the PEPFP's pension expense.

The State of Minnesota contributed $18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of $9 million in direct state aid that does meet the definition of a special funding situation and $9 million in supplemental state aid that does not meet the definition of a special funding situation. The $9 million direct state was paid on October 1, 2020. Thereafter, by October 1 of each year, the state will pay $9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The $9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the $9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2021, the City and Park Board respectively recognized pension expense of $902 and $17 for its proportionate share of the Police and Fire Plan's pension expense. The City and Park Board respectively recognized $902 and $17 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of $9 million to the Police and Fire Fund.

NOTE 11 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

2. PEPFP Pension Costs (continued)

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the $9 million in supplemental state aid. The City and Park Board recognized $1,285 and $25 for the year ended December 31, 2021 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

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

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

At December 31, 2021, the City and Park Board reported proportionate shares of the PEPFP's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

NOTE 11 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

2. PEPFP Pension Costs (continued)

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

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

3. TRA Pension Costs

At December 31, 2021, the City reported a liability of $29,138 for its share of the TRA's net pension liability. The net pension liability for TRA is equivalent to the net present value of the City's statutorily required contributions for the life of the obligation. The City is statutorily obligated to contribute $2,250 each year to TRA until the plan is fully funded as determined by the plan's actuary. It is currently expected that the plan will be fully funded, ending the City's obligation, in the year 2039. The net present value of the City's obligation was determined using the expected remaining years of contributions, discounted at the plan's discount rate of 7.00 percent.

For the year ended December 31, 2021, the City recognized pension expense of $805 for its share of the TRA's pension expense.

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

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

NOTE 11 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

3. TRA Pension Costs (continued)

As mentioned above, the City has a statutory obligation to contribute to the TRA as a non-employer contributing agency. There were no contributions subsequent to the measurement date that would be recognized as a reduction to net pension liability for the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount
2022	$ (163)
2023	48
2024	376
2025	376
2026	376

4. Total Pension Costs

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

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

E – Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

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

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service. Mortality rates for active members, retirees, survivors, and debilitants were based on the Pub-2010 General Employee Mortality Table for the General Employees Plan and the Pub-2010 Public Safety Employee Mortality tables for the Police and Fire Plan, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.25 percent for the General Employees Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.00 percent as set by state statute. Cost of living increases for TRA are 1.00 percent for January 2019 through January 2023, then increasing by 0.1 percent each year up to 1.5 percent annually.

NOTE 11 – DEFINED BENEFIT PENSION PLANS

E – Actuarial Assumptions (continued)

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

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

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

F – Discount Rate

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

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

G – Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2021:

General Employees Retirement Plan

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

Changes in Plan Provisions:

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

NOTE 11 – DEFINED BENEFIT PENSION PLANS

G – Changes in Actuarial Assumptions (continued)

Public Employees Police and Fire Plan

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

Changes in Plan Provisions:

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

Teachers Retirement Association

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

NOTE 11 – DEFINED BENEFIT PENSION PLANS (continued)

H – Pension Liability Sensitivity

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

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

I – Pension Plan Fiduciary Net Position

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

Detailed information about TRA's fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org.

NOTE 12 - DEFINED CONTRIBUTION PLAN – CPED

A – Plan Description

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

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

The payroll for employees covered by the CPED's defined contribution plan for the year ended December 31, 2021, was $1,454 and the CPED's total payroll was $20,362.

NOTE 12 - DEFINED CONTRIBUTION PLAN – CPED (continued)

B – Contributions Required and Made

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

The City and CPED employee participants contributed $80 and $74 respectively to the plan during the year, which amounts represented 5.53 percent and 5.10 percent respectively of the covered payroll.

NOTE 13 – POSTEMPLOYMENT BENEFITS PLAN

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

Plan Description

The City, Park Board and MBC provide a single employer defined benefit healthcare plan to eligible retirees and their spouses. The plan offers medical and dental coverage. Medical coverage is administered by Medica. Dental coverage is administered through the Delta Dental Plan of Minnesota. The City and Park Board are self-insured for both medical and dental coverage. Beginning in 2018, MBC was no longer under the City's insurance plan. Results below reflect the results of the December 31, 2021, actuarial valuation. Retirees pay 100 percent of the blended active/retiree premium rate, in accordance with Minnesota Statutes Chapt. 471.61, subd. 2b.

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

As of the actuarial valuation for the fiscal year ending December 31, 2021, the following employees were covered by the benefit terms:

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

NOTE 13 – POSTEMPLOYMENT BENEFITS PLAN (continued)

Total OPEB Liability

The City's and Park Board's total OPEB liability of $47,213 and $847 respectively, was measured as of December 31, 2020, with an actuarial valuation as of December 31, 2020. MBC's total OPEB liability of $948 was measured as of January 1, 2021 and was determined by an actuarial valuation as of January 1, 2021.

The total OPEB liability in the fiscal year-end December 31, 2021, actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods and entities included in the measurement, unless otherwise specified:

Inflation	2.25 % for City and Park Board; 2.00% for MBC
Salary increases	3.00 % for City and Park Board; based on years of service, ranging from 3.00% to 10.25% for MBC
Health care cost trend	4.40 % in 2021, gradually decreasing over several decades to an ultimate rate of 4.04% in 2075 and later years for City and Park Board. 6.50 % for 2021, grading to 5.00 % over 6 years and then 4.00% over the next 48 years for MBC
Discount Rate	2.12% for City and Park Board; 2.00% for MBC
Mortality Rate	City and Park Board General Healthy Pre-Retirement: Pub-2010 General Employee Mortality Table adjusted for mortality improvements using projection scale MP-2020. Rates are multiplied by a factor of 1.07 for males and 0.98 for females. City and Park Board General Healthy Post-Retirement: Pub-2010 General Employee Mortality Table adjusted for mortality improvements using projection scale MP-2020. Rates are multiplied by a factor of 1.02 for males and 0.90 for females. City and Park Board General Disabled Retiree: Pub-2010 General/Teacher Disabled Retiree Mortality Table adjusted for mortality improvements using projection scale MP-2020. Rates are set forward two years for males and set forward four years for females. City and Park Board Police Fire Healthy Pre-Retirement: Pub-2010 Public Safety Employee Mortality Table adjusted for mortality improvements using projection scale MP-2020. City and Park Board Police Fire Healthy Post-Retirement: Pub-2010 Public Safety Employee Mortality Table adjusted for mortality improvements using projection scale MP-2020. Male rates are multiplied by a factor of 0.98. City and Park Board Police Fire Disabled Retiree: Pub-2010 Public Safety Disabled Retiree Mortality Table adjusted for mortality improvements using projection scale MP-2020. Male rates are multiplied by a factor of 1.05. MBC All Participants: Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2020 Generational Improvement Scale
Actuarial Cost Method	Entry age, level percentage of pay

NOTE 13 – POSTEMPLOYMENT BENEFITS PLAN (continued)

Changes in the Total OPEB liability

	City	Park Board	MBC
Balance at January 1, 2021	$ 41,281	$ 976	$ 875
Changes for the year			
Service cost	1,967	36	37
Interest cost	1,164	21	25
Changes of assumptions	(303)	(243)	(14)
Experience Gain/(Loss)	5,375	99	115
Benefit payments	(2,271)	(42)	(90)
Total net change	5,932	(129)	73
Balance at December 31, 2021	$ 47,213	$ 847	$ 948

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

OPEB Liability Sensitivity

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

	1% Decrease	Current	1% Increase
Discount Rate	1.12%	2.12%	3.12%
City total OPEB liability	$ 50,301	$ 47,213	$ 44,276
Park Board total OPEB liability	$ 922	$ 847	$ 812
Discount Rate	1.00%	2.00%	3.00%
MBC total OPEB liability	$ 985	$ 948	$ 915

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

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

NOTE 13 – POSTEMPLOYMENT BENEFITS PLAN (continued)

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

For the year ended December 31, 2021, the City, Park Board, and MBC recognized OPEB expense of $2,319, $(183), and $15, respectively. The City, Park Board, and MBC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	City	Park Board	MBC	City	Park Board	MBC
Liability experience (gains) and losses	$ 6,394	$ 117	$ 77	$ -	$ -	$ -
Changes in actuarial assumptions	2,001	37	9	686	14	9
Contributions paid subsequent to the measurement date	2,538	74	101	-	-	-
Total	10,933	228	187	686	14	9

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

Contributions subsequent to the measurement date are shown as deferred outflows in the above table and will be recognized as a reduction to OPEB liability for the year ended December 31, 2022. These contributions total $2,538 for the City, $74 for the Park Board, and $101 for MBC. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

	OPEB Expense Amount		
Year Ended December 31:	City	Park Board	MBC
2022	$ 1,532	$ 28	$ 43
2023	1,532	28	34
2024	1,532	28	-
2025	1,532	28	-
2026	1,204	22	-
Thereafter	377	6	-

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

NOTE 13 – POSTEMPLOYMENT BENEFITS PLAN (continued)

Changes in Actuarial Assumptions

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

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

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

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

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

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

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

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

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

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

Primary Government

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

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

Discretely Presented Component Units

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

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

NOTE 15 – SELF-INSURED EMPLOYEE HEALTH PLANS

Employee health claims are accounted for in the Self-Insurance internal service fund. The City makes premium payments to the fund that include both employer and employee contributions. A liability was recorded at year-end for estimated open and IBNR claims which are evaluated through a review of current year claims paid as well as claims paid subsequent to year-end. Changes in the employee health plan liability during fiscal 2020 and 2021 are as follows:

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

NOTE 16 – RISK MANAGEMENT AND CLAIMS

The City is self-insured and exposed to a variety of risks related to liability claims; property, personal injury and accidents. The City is self-insured for workers' compensation, general liability, and re-employment. Liability claims under $25 and unrepresented are managed by Risk Management and Claims. Liability claims that are represented and over $25 are managed by the City Attorneys' Office. The City, CPED and the BET are self-insured for general liability. The workers' compensation program includes the BET and all City departments. The Park Board and MBC maintain their own workers' compensation and liability programs. The claims liability of $178,270 reported in the Self-Insurance Internal Service Fund at December 31, 2021, is based on the requirements of GASB Statement No. 10 - *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* and covers the exposures of workers' compensation and liability. An actuarial study completed in May of 2022 for claim exposure and settlements payments, calculated that the claims liability at December 31, 2021 is $178,270, an increase of $5,719 from the liability amount of $172,551 at December 31, 2020.

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

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

Changes in the claim's liabilities during fiscal 2020 and 2021 are:

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

NOTE 17 – CLEANUP OF HAZARDOUS MATERIALS

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

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

NOTE 18 – TAX ABATEMENTS

Tax Increment Financing Notes

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

In the case of the City, TIF agreements with various developers have effectively reduced the property tax revenues for the year ended December 31, 2021 as shown below:

Tax Abatement Program	Taxes Abated
Tax Increment Financing	$ 9,496

NOTE 19 – OTHER COMMITMENTS AND CONTINGENCIES

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

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

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

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

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

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

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

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

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

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

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

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

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

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.
** For purposes of this schedule, covered payroll is defined as "pensionable wages."

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

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

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

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

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

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

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

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

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

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

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

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.
** For purposes of this schedule, covered payroll is defined as "pensionable wages."

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

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

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

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

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

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

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

NOTE 1 – BUDGETS

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

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATION

The legal level of budgetary control is at the department level within a fund. This means all Public Works departments report as one department, all Coordinator departments report as one department, and the Council and Clerk and Clerk – Elections departments report as one. The following departments in the General Fund had expenditures in excess of appropriation for the fiscal year ending December 31, 2021.

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

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

NOTE 3 – DEFINED BENEFIT PENSION PLANS

A – Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred:

General Employees Retirement Plan

2021

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

2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.

NOTE 3 – DEFINED BENEFIT PENSION PLANS

A – Changes in Actuarial Assumptions

General Employees Retirement Plan

2020 (continued)

- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP- 2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020 through December 31, 2023 and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

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

2018

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

2017

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

2016

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

NOTE 3 – DEFINED BENEFIT PENSION PLANS

A – Changes in Actuarial Assumptions

Public Employees Police and Fire Plan

2021

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

2020

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

2019

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

2018

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing $9.0 million state contribution. Additionally, annual state aid will equal $4.5 million in fiscal years 2019 and 2020, and $9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed effective January 1, 2019 and January 1, 2020 from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019 and January 1, 2020 from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

NOTE 3 – DEFINED BENEFIT PENSION PLANS

A – Changes in Actuarial Assumptions

Public Employees Police and Fire Plan (continued)

2017

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

2016

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

Teachers Retirement Association Fund

2021

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

2020

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

NOTE 3 – DEFINED BENEFIT PENSION PLANS

A – Changes in Actuarial Assumptions

Teachers Retirement Association Fund (continued)

2019

- No changes in actuarial assumptions for 2019.

2018

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

2017

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

2016

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

NOTE 4 – POSTEMPLOYMENT BENEFITS PLAN

A – Employer Contributions to Postemployment Benefits Plan

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

NOTE 4 – POSTEMPLOYMENT BENEFITS PLAN (continued)

B – Plan Changes Affecting Actuarial Accrued Liability

2021

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

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

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

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

2020

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

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

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

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

2019

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

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

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

NOTE 4 – POSTEMPLOYMENT BENEFITS PLAN

B – Plan Changes Affecting Actuarial Accrued Liability

2019 (continued)

- The percent of active ex-spouses assumed to continue coverage under the original member changed from 20% to 25% based on the change in family coverage assumption.
- The percent of future non-Medicare eligible retirees electing each medical plan was updated to reflect recent experience.

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

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

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

2018

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

Non-Major Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

Non-Major Debt Service Funds

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

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

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

Internal Service Funds

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

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

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

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

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

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

Custodial Funds

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

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

GOVERNMENTAL FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
December 31, 2021 **(In Thousands)**

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

GOVERNMENTAL FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2021 **(In Thousands)**

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

SPECIAL REVENUE FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
December 31, 2021 **(In Thousands)**

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

SPECIAL REVENUE FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**
COMBINING BALANCE SHEET **(Continued)**
NON-MAJOR FUNDS
December 31, 2021 **(In Thousands)**

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

SPECIAL REVENUE FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NON-MAJOR FUNDS

For the Fiscal Year Ended December 31, 2021 **(In Thousands)**

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

SPECIAL REVENUE FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES **(Continued)**
NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2021 **(In Thousands)**

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

DEBT SERVICE FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
December 31, 2021 **(In Thousands)**

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

DEBT SERVICE FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2021 **(In Thousands)**

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

INTERNAL SERVICE FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**

COMBINING STATEMENT OF NET POSITION

December 31, 2021 **(In Thousands)**

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

INTERNAL SERVICE FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**

COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
For the Fiscal Year Ended December 31, 2021 **(In Thousands)**

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

INTERNAL SERVICE FUNDS **CITY OF MINNEAPOLIS, MINNESOTA**

COMBINING STATEMENT OF CASH FLOWS

For the Fiscal Year Ended December 31, 2021 **(In Thousands)**

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

APPENDIX E

THE DEPOSITORY TRUST COMPANY

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bonds certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX F

GENERAL INFORMATION REGARDING MINNESOTA PROPERTY TAX SYSTEM

SUMMARY OF TAX LEVIES, PAYMENT PROVISIONS, AND MINNESOTA REAL PROPERTY VALUATION

Following is a summary of certain statutory provisions relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed, and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

Property Valuations (Chapter 273, Minnesota Statutes)

Estimated Market Value. The City Assessor is responsible for the assessment of all taxable property located within the City. State law requires, with certain exceptions, that each parcel of real property subject to taxation must be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be fairly worth, and which is referred to as the "Estimated Market Value."

Economic Market Value. Neither tax capacity nor Estimated Market Value may accurately represent what a property's actual market value would be in the marketplace. By dividing the estimated market value used for tax purposes by the State Equalization Aid Review Committee's "Sale Ratio" for any particular year, an Economic Market Value can be calculated which approximates actual market value. The Sales Ratio represents the relationship between the market value used for tax purposes and actual selling prices obtained in real estate transactions within a governmental unit in any particular year.

Market Value Homestead Exclusion. Commencing with taxes payable in 2012, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Estimated Market Value up to $413,800 in order to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a, and causes a decrease in the applicable municipality's aggregate Taxable Market Value, even if the Estimated Market Value on the same properties did not decline.

Net Tax Capacity. The Net Tax Capacity is the amount of value upon which net taxes are levied, extended and collected, which is a percentage of Taxable Market Value. The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages vary depending on the type of property as shown on the last page of this Appendix. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State's property tax relief system and are subject to annual revisions by the State Legislature.

Taxable Market Value. The Taxable Market Value is the Estimated Market Value, less any reductions, limitations, exemptions, and deferrals of tax available to a property. The amount of value upon which property taxes are levied, extended, and collected is calculated as a percentage of Taxable Market Value.

Property Tax Payments and Delinquencies (Minnesota Statutes, Chapters 275, 276, 277, 279-282 and 549)

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on nonhomestead property is assessed at a rate of 4% until May 31 and increased to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes.

In the case of the second installment of real property taxes due October 15, a penalty of 2% on homestead property and 4% on nonhomestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for nonhomestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

Property Tax Credits (Minnesota Statutes, Chapter 273)

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are property tax levy reduction aids; the homestead credit refund and the renter's property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter's property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

Metropolitan Fiscal Disparities Act (Minnesota Statutes, Chapter 473F)

The Metropolitan Fiscal Disparities Act was adopted by the State Legislature in 1971 and was implemented in 1974 following a ruling by the State Supreme Court that the Metropolitan Fixed Disparities Act was constitutional. Generally, the objective of the Metropolitan Fiscal Disparities Act is to prevent competition among the various municipalities in the seven-county metropolitan area in which the City is located for industrial and commercial development to improve their respective tax bases. The following discussion summarizes the operation of the Metropolitan Fiscal Disparities Act.

Contribution to Metropolitan Pool. Pursuant to the provisions of the Metropolitan Fiscal Disparities Act, each municipality in the seven-county area is to "pool" (i.e., contribute to an areawide tax base) 40 percent of the amount by which the net tax capacity of commercial-industrial property subject to taxation therein exceeds the 1971 net tax capacity of commercial-industrial property subject to taxation therein. The total areawide tax base (the "Metropolitan Pool") is determined by aggregating the contribution of each municipality within the seven-county area.

Distribution of Metropolitan Pool. The Metropolitan Pool is then reallocated among all municipalities in the seven-county area basically in direct proportion to population and in inverse proportion to fiscal capacity, where fiscal capacity is measured by the market value of real property within the municipality divided by its population. Municipalities with large populations and low fiscal capacity are thus favored in the reallocation over those municipalities with small populations and large fiscal capacity.

Net Tax Capacities, Tax Levies and Tax Rates. Each municipality's official net tax capacity for purposes of levying taxes is determined by adding (1) all residential net tax capacity and all commercial-industrial net tax capacity therein, exclusive of the contribution to the Metropolitan Pool (collectively, the "local net tax capacity"), and (2) the municipality's share of the Metropolitan Pool. The tax levy of the municipality is similarly divided by the Hennepin County (County) Auditor into two components: (a) that portion which will be raised on the local net tax capacity; and (b) that portion which will be raised on the Metropolitan Pool. The tax levy of the municipality is basically divided in the same proportion as the municipality's share of the Metropolitan Pool bears to the local net tax capacity. The municipality's local tax rate is determined by dividing the local levy by the local net tax capacity.

The other portion of the municipality's tax levy (i.e., the levy which will be raised on the Metropolitan Pool) is added with the comparative levies for every other municipality in the seven-county area to arrive at the total dollar levy on the Metropolitan Pool. The areawide tax rate is then determined by dividing the total levy on the Metropolitan Pool by the total net tax capacity of the Metropolitan Pool.

The tax rates determined above are applied to all taxable property in the municipality. All residential property and the "local" portion of commercial-industrial property are subject to the local rate. The portion of the commercial-industrial property in the municipality contributed to the Metropolitan Pool is subject to the areawide tax rate. When the areawide tax levies have been collected, they are channeled through each county to the State Treasurer and distributed to the municipalities.

CLASS TAX RATES FOR MAJOR PROPERTY CLASSIFICATIONS

Property Type	Local Tax Payable 2022
Residential Homestead (1a)	
First $500,000	1.00%
Over $500,000	1.25%
Residential Non-homestead	
Single Unit (4bb(1))	
First $500,000	1.00%
Over $500,000	1.25%
1-3 unit and undeveloped land (4b(1))	1.25%
Market Rate Apartments	
Regular (4a)	1.25%
Low-Income (4d)	
First $174,000	0.75%
Over $174,000	0.25%
Commercial/Industrial/Public Utility (3a)	
First $100,000	1.50%
$100,001 - $150,000	1.50%[(a)]
Over $150,000	2.00%[(a)]
Electric Generation Machinery	2.00%
Commercial Seasonal Residential	
Homestead Resorts (1c)	
First $600,000	0.50%
$600,001 - $2,300,000	1.00%
Over $2,300,000	1.25%[(a)]
Seasonal Resorts (4c(1))	
First $500,000	1.00%[(a)]
Over $500,000	1.25%[(a)]
Non-Commercial Seasonal Recreational (4c(12))	
First $76,000	1.00%[(a)(b)]
$76,001 - $500,000	1.00%[(a)(b)]
Over $500,000	1.25%[(a)(b)]

(a) State tax is applicable to this classification.
(b) Exempt from referendum market value based taxes.