

Comprehensive Annual Financial Report

City of Minneapolis, Minnesota
for the year ended December 31, 2010



Minneapolis Finance Department

COMPREHENSIVE ANNUAL FINANCIAL REPORT



CITY OF
MINNEAPOLIS, MINNESOTA

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

FINANCE DEPARTMENT

TABLE OF CONTENTS

INTRODUCTORY SECTION

	Page
Transmittal Letter	v
Organization Chart	x
Mayor and Council	xi
Certificate of Achievement for Excellence in Financial Reporting	xii

FINANCIAL SECTION

Independent Auditor’s Report	1
Management’s Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets	26
Statement of Activities	27
Fund Financial Statements	
Governmental Funds – Balance Sheet	28
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Assets – Governmental Activities	29
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities – Governmental Activities	31
Proprietary Funds – Statement of Net Assets	32
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Net Assets	34
Proprietary Funds – Statement of Cash Flows	35
Statement of Fiduciary Net Assets – Fiduciary Funds	37
Combining Statement of Net Assets – Discrete Component Units	38
Combining Statement of Activities – Discrete Component Units	39
Notes to the Financial Statements	
Note 1 - Summary of Significant Accounting Policies	41
Note 2 - Deposits and Investments	53
Note 3 - Receivables	58
Note 4 - Capital Assets	61
Note 5 - Long-Term Debt	64
Note 6 - Industrial, Commercial, and Housing Revenue Bonds and Notes	69
Note 7 - Prior Year Defeasance	70
Note 8 - Demand Bonds	70
Note 9 - Leases	71
Note 10 - Interfund Transactions	72
Note 11 - Net Assets/Fund Balances	75
Note 12 - Restricted Net Assets – Governmental Activities	75
Note 13 - Restricted Net Assets – Business Type Activities	75
Note 14 - Deficit Balances	76
Note 15 - Defined Benefit Pension Plan – Statewide Public Employees Retirement Association	76

TABLE OF CONTENTS

	Page
Basic Financial Statements:	
Notes to the Financial Statements (continued)	
Note 16 - Defined Benefit Pension Plan – Multiple Employer Minneapolis Employees Retirement Fund	78
Note 17 - Defined Benefit Pension Plan – Single Employer Minneapolis Firefighter’s Relief Association, Minneapolis Police Relief Association	79
Note 18 - Defined Contribution Plan – CPED	81
Note 19 - Postemployment Healthcare Plan	82
Note 20 - Vacation, Severance, Sick and Compensatory Time Pay	84
Note 21 - Risk Management & Claims	84
Note 22 - Cleanup of Hazardous Materials	85
Note 23 - Other Commitments and Contingencies	85
Note 24 - Subsequent Events	85
 Required Supplementary Information Other Than Management’s Discussion and Analysis:	
General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	87
Community Planning and Economic Development Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	88
Convention Center Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	89
Notes to the Required Supplementary Information	90
 Other Supplementary Information:	
Combining and Individual Fund Statements and Schedules:	
Governmental Funds Balance Sheet – Nonmajor Funds	92
Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Funds	93
Special Revenue Funds Combining Balance Sheet – Nonmajor Funds	94
Special Revenue Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Funds	95
Debt Service Funds Combining Balance Sheet – Nonmajor Funds	96
Debt Service Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Funds	97
Budgetary Comparison Schedules	
Arena Reserve Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	98
Board of Estimate and Taxation Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	99
HUD Consolidated Plan Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	100
Convention Facilities Reserve Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	101
Downtown Improvement District Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	102
Employee Retirement Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	103
Grants – Federal Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	104
Grants – Other Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	105
Police Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	106

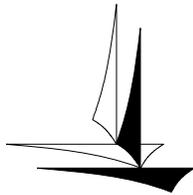
TABLE OF CONTENTS

	Page
Other Supplementary Information:	
Combining and Individual Fund Statements and Schedules: (continued)	
Internal Service Funds Combining Statement of Net Assets	107
Internal Service Funds Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	108
Internal Service Funds Combining Statement of Cash Flows	109
Engineering Materials and Testing Internal Service Fund	
Statement of Net Assets	110
Statement of Revenues, Expenses, and Changes in Net Assets	111
Statement of Cash Flows	112
Intergovernmental Services Internal Service Fund	
Statement of Net Assets	113
Statement of Revenues, Expenses, and Changes in Net Assets	114
Statement of Cash Flows	115
Property Services Internal Service Fund	
Statement of Net Assets	116
Statement of Revenues, Expenses, and Changes in Net Assets	117
Statement of Cash Flows	118
Equipment Services Internal Service Funds	
Statement of Net Assets	119
Statement of Revenues, Expenses, and Changes in Net Assets	120
Statement of Cash Flows	121
Public Works Stores Internal Service Fund	
Statement of Net Assets	122
Statement of Revenues, Expenses, and Changes in Net Assets	123
Statement of Cash Flows	124
Self-Insurance Internal Service Fund	
Statement of Net Assets	125
Statement of Revenues, Expenses, and Changes in Net Assets	126
Statement of Cash Flows	127
Combining Statement of Fiduciary Net Assets – Agency Funds	128
Fiduciary Funds Combining Statement of Changes in Assets and Liabilities – Agency Funds	129
Schedule of Governmental Activity Bonds and Notes	131
Schedule of Business-Type Activity Bonds and Notes	137
Schedule of Expenditures of Federal Awards	140
Notes to the Schedule of Expenditures of Federal Awards	144
Municipal Building Commission	
Balance Sheet	146
Statement of Revenues, Expenditures, and Changes in Fund Balances	147

STATISTICAL SECTION

Statistical Section (Unaudited)

Schedule 1 - Net Assets by Component	150
Schedule 2 - Changes in Net Assets	151
Schedule 3 - Fund Balance, Governmental Funds	152
Schedule 4 - Changes in Fund Balance, Governmental Funds	153
Schedule 5 - Assessed Value and Actual Value of Taxable Property	154
Schedule 6 - Direct and Overlapping Property Tax Rates	155
Schedule 7 - Principal Property Tax Payers	156
Schedule 8 - Property Tax Levies and Collections	157
Schedule 9 - Ratios of Outstanding Debt by Type	158
Schedule 10 - Ratios of Net General Bonded Debt Outstanding	159
Schedule 11 - Direct and Overlapping Governmental Activities Debt	160
Schedule 12 - Legal Debt Margin Information	161
Schedule 13 - Pledged-Revenue Coverage	162
Schedule 14 - Demographic and Economic Statistics	166
Schedule 15 - Principal Employers	167
Schedule 16 - Full-time Equivalent City Government Employees by Function	168
Schedule 17 - Operating Indicators by Function/Program	169
Schedule 18 - Capital Assets Statistics by Function/Program	171



Minneapolis
City of Lakes

Finance Department

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Interim City Finance Officer

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May 13, 2011

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

TRANSMITTAL

We are pleased to present the Comprehensive Annual Financial Report (“CAFR”) for the City of Minneapolis (the “City”) for the year ended December 31, 2010. The purpose of the report is to provide the Mayor, City Council, City Staff, citizens, bond holders, and other interested parties with useful information concerning the City’s operations and financial position. The City is responsible for the accuracy, completeness, and fairness of the data presented in this report.

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

The transmittal letter is designed to complement the Management’s Discussion and Analysis (“MD&A”) and should be read in conjunction with it. The City’s MD&A can be found immediately following the independent auditor’s report.

STEWARDSHIP

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

INTERNAL CONTROLS

The City’s management is responsible for establishing a comprehensive framework of internal controls in order to:

- 1) Safeguard City assets from loss or unauthorized use or disposal.
- 2) Provide reliable financial records for preparing internal and external financial reports and for maintaining accountability over City assets.
- 3) Ensure compliance with applicable federal and state laws and regulations related to programs for which the City receives assistance.

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

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

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

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

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

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

THE CITY AND ITS SERVICES

Physical Description

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

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

There are 81 residential neighborhoods within the City offering a broad range of housing to more than 163,000 households. Minneapolis has more than thirty theaters; the Guthrie Theater and the Children’s Theatre Company are recognized as two of the country’s best. The City boasts two world-class art museums and is home to the internationally acclaimed Minnesota Orchestra.

Minneapolis is home to an estimated 386,700 people (2010 Census data). According to 2010 Census data, the population within the City grew by just over 1.0 percent from 2000 to 2010, continuing a trend of increasing population in the last two decades.

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

Most of the information above is from the *Minneapolis Fast Facts*, and the *State of the City*, both publications of the City’s Community Planning and Economic Development Department. The *State of the City* contains a wealth of demographic and other data, which paint a detailed and thorough picture of the City. The *State of the City* 2011 and *Minneapolis Fast Facts* can be accessed from City’s web site.

Form of Government and Organization

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

City Council

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

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

Mayor

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

Departments

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

THE REPORTING ENTITY

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

FINANCIAL POLICES

The City has a policy to maintain a fund balance in the General Fund that is 15% of the following year’s revenue budget. This balance is to be used for cash flow purposes, unanticipated expenditures of a non-recurring nature, or to meet unexpected increases in service delivery costs. The fund balance of the General Fund at December, 31, 2010, was \$61.4 million, which is \$2.5 million more than policy requires. For additional information on the 2010 fund balance in the General Fund, see Managements Discussion and Analysis.

ECONOMIC CONDITION AND OUTLOOK

A discussion and analysis of City's overall financial condition during the fiscal year ended 2010 is included as part of the MD&A.

LONG-TERM FINANCIAL PLANNING

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

DEBT MANAGEMENT

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

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

INDEPENDENT AUDIT

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

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

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2009. A Certificate of Achievement is valid for a period of one year only. The City has received this prestigious award for 41 years.

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

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the year 2010.

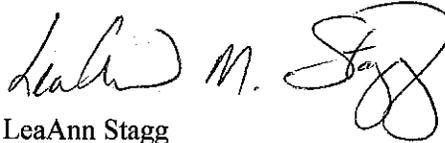
ACKNOWLEDGEMENTS

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

Respectfully submitted,



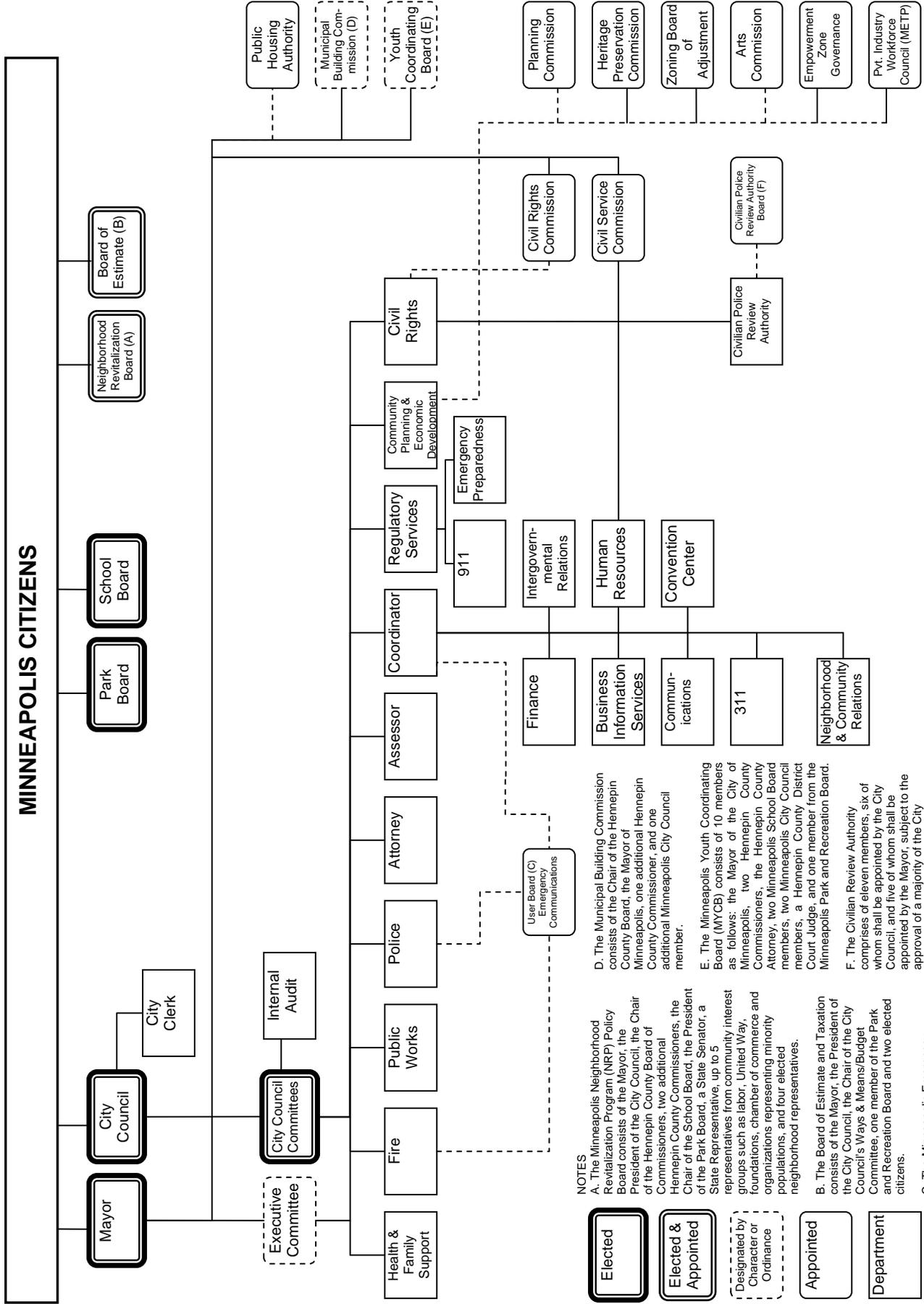
Heather Johnston
Interim Finance Officer



LeaAnn Stagg
Interim Controller

City of Minneapolis

MINNEAPOLIS CITIZENS



NOTES

- A. The Minneapolis Neighborhood Revitalization Program (NRP) Policy Board consists of the Mayor, the President of the City Council, the Chair of the Hennepin County Board of Commissioners, two additional Hennepin County Commissioners, and one additional Minneapolis City Council member.
- B. The Board of Estimate and Taxation consists of the Mayor, the President of the City Council, the Chair of the City Council's Ways & Means/Budget Committee, one member of the Park and Recreation Board and two elected citizens.
- C. The Minneapolis Emergency Communications Center (911) is managed by a User Board chaired by the City Coordinator. Members are the Police Chief, the Fire Chief and the Hennepin County Administrator.
- D. The Municipal Building Commission consists of the Chair of the Hennepin County Board, the Mayor of Minneapolis, one additional Hennepin County Commissioner, and one additional Minneapolis City Council member.
- E. The Minneapolis Youth Coordinating Board (MYCB) consists of 10 members as follows: the Mayor of the City of Minneapolis, two Hennepin County Commissioners, the Hennepin County Attorney, two Minneapolis School Board members, two Minneapolis City Council members, a Hennepin County District Court Judge, and one member from the Minneapolis Park and Recreation Board.
- F. The Civilian Review Authority comprises of eleven members, six of whom shall be appointed by the City Council, and five of whom shall be appointed by the Mayor, subject to the approval of a majority of the City Council.

Elected

Elected & Appointed

Designated by Character or Ordinance

Appointed

Department

MAYOR AND COUNCIL

CITY OF MINNEAPOLIS, MINNESOTA

2010

Mayor.....R.T. RYBAK

CITY COUNCIL

Ward 1.....KEVIN REICH

Ward 2.....CAM GORDON

Ward 3.....DIANE HOFSTEDE

Ward 4.....**President**.....BARBARA JOHNSON

Ward 5.....DON SAMUELS

Ward 6.....**Vice-President**.....ROBERT LILLIGREN

Ward 7.....LISA GOODMAN

Ward 8.....ELIZABETH GLIDDEN

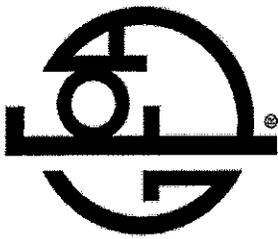
Ward 9.....GARY SCHIFF

Ward 10.....MARGARET TUTHILL

Ward 11.....JOHN QUINCY

Ward 12.....SANDRA COLVIN ROY

Ward 13.....BETSY HODGES



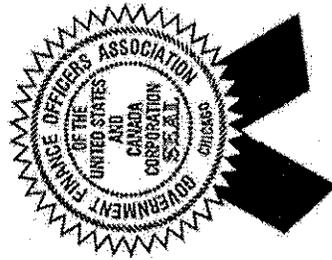
**The Government Finance Officers Association
of the United States and Canada**

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Finance Department
City of Minneapolis, Minnesota



The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

A handwritten signature in black ink, appearing to read 'Jeffrey R. Egan'.

Date January 5, 2011



REBECCA OTTO
STATE AUDITOR

STATE OF MINNESOTA OFFICE OF THE STATE AUDITOR

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SAINT PAUL, MN 55103-2139

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INDEPENDENT AUDITOR'S REPORT

Mayor and Members of the City Council
City of Minneapolis

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Minneapolis, Minnesota, as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Meet Minneapolis, which represents 1 percent, a negative 3 percent, and 8 percent, respectively, of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Meet Minneapolis component unit, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Minneapolis as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The City of Minneapolis adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as of and for the year ended December 31, 2010. GASB Statement 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Minneapolis' basic financial statements taken as a whole. The introductory section, the other supplementary information, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The other supplementary information also includes prior year partial comparative information, which has been derived from the City's 2009 financial statements and, in our report dated June 21, 2010, we expressed unqualified opinions on the respective financial

statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 13, 2011, on our consideration of the City of Minneapolis' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. It does not include Meet Minneapolis which was audited by other auditors.



REBECCA OTTO
STATE AUDITOR



GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

May 13, 2011



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

This section of the City of Minneapolis' comprehensive annual financial report presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2010. Please read it in conjunction with the transmittal letter at the front of this report and the City's basic financial statements following this section. All dollar amounts are expressed in thousands unless otherwise indicated.

FINANCIAL HIGHLIGHTS

- Assets of the City of Minneapolis exceeded liabilities at the close of the 2010 fiscal year by \$1,519,330 (net assets). Of this amount, \$95,488 is restricted for specific purposes (restricted net assets) and \$1,266,494 is invested in capital assets net of related debt and \$157,348 in unrestricted net assets.
- The City's total net assets increased by \$114,592. Governmental activities increased the City's net assets by \$82,403 and the business type activities increased the net assets by \$32,189
- As of December 31, 2010, unreserved fund balance for the general fund was \$60,092.
- The City's total long-term bond and note liability decreased by \$75,544 from the prior year. Total bonds and notes issued in 2010 was \$194,806 including \$98,355 of refunding transactions and total debt retirement was \$270,350, including refunding transactions. Major new debt issuances included bonds of \$32,300 for various infrastructure improvements in the five-year capital plan, \$5,950 for special assessment projects, \$43,000 for two economic development projects, and \$15,201 of general obligation Water Revenue notes for water infrastructure projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements include not only the City of Minneapolis (known as primary government), but also legally separate entities for which the City is accountable. For the City of Minneapolis, component units are included in the basic financial statements of the City, and consist of legally separate entities for which the City is financially accountable (discretely presented component units) and have substantially the same board as the City or provide services almost entirely

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

to the primary government (blended component units). An example of blended funds is the Board of Estimate and Taxation (BET). Examples of discretely presented component units include the Minneapolis Park and Recreation Board (Park Board), the Municipal Building Commission (MBC) and Meet Minneapolis.

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

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

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

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

The City of Minneapolis maintains 17 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, the Community Planning and Economic Development Special Revenue Fund, the Convention Center Special Revenue Fund, Permanent Improvement Capital Project, the Development Debt Service Fund, and the Special Assessment Debt Service Fund, all of which are considered to be major funds. Data from the other 11 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The governmental funds' financial statements can be found on pages 28-31 of this report.

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

The proprietary funds' financial statements can be found on pages 32-36 of this report.

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

The fiduciary fund financial statements can be found on page 37 of this report.

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

The notes to the financial statements can be found on pages 41-85 of this report.

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

The required supplementary information can be found on pages 87-90 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

The City's assets exceeded liabilities by \$1,519,330 at the close of the fiscal year ending December 31, 2010 compared to \$1,404,738 at the end of the previous year.

Statement of Net Assets
December 31, 2010

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 631,081	\$ 674,551	\$ 243,174	\$ 184,384	\$ 874,255	\$ 858,935
Capital assets	1,031,177	1,007,348	939,842	924,275	1,971,019	1,931,623
Total assets	<u>1,662,258</u>	<u>1,681,899</u>	<u>1,183,016</u>	<u>1,108,659</u>	<u>2,845,274</u>	<u>2,790,558</u>
Current and other liabilities	141,663	193,344	62,192	45,608	203,855	238,952
Long-term liabilities	740,530	790,893	381,559	355,975	1,122,089	1,146,868
Total liabilities	<u>882,193</u>	<u>984,237</u>	<u>443,751</u>	<u>401,583</u>	<u>1,325,944</u>	<u>1,385,820</u>
Net assets:						
Invested in capital, net of related debt	631,808	526,551	634,686	615,455	1,266,494	1,142,006
Restricted net assets	60,814	112,895	34,674	34,464	95,488	147,359
Unrestricted net assets	87,443	58,216	69,905	57,157	157,348	115,373
Total net assets	<u>780,065</u>	<u>697,662</u>	<u>739,265</u>	<u>707,076</u>	<u>1,519,330</u>	<u>1,404,738</u>
Total liabilities and net assets	<u>\$ 1,662,258</u>	<u>\$ 1,681,899</u>	<u>\$ 1,183,016</u>	<u>\$ 1,108,659</u>	<u>\$ 2,845,274</u>	<u>\$ 2,790,558</u>

The largest portion of the City's net assets, \$1,266,494 reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the City's net assets represents unrestricted net assets of \$157,348, and for the second year, the city reports a positive unrestricted net assets balance in its governmental activities.

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

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

**City and Discrete Component Units
Statement of Net Assets
December 31, 2010**

	Primary Government		Discrete Component Units		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 874,255	\$ 858,935	\$ 31,479	\$ 25,860	\$ 905,734	\$ 884,795
Capital assets	1,971,019	1,931,623	307,290	296,099	2,278,309	2,227,722
Total assets	2,845,274	2,790,558	338,769	321,959	3,184,043	3,112,517
Current and other liabilities	203,855	238,952	23,968	16,105	227,823	255,057
Long-term liabilities	1,122,089	1,146,868	14,109	10,594	1,136,198	1,157,462
Total liabilities	1,325,944	1,385,820	38,077	26,699	1,364,021	1,412,519
Net assets:						
Invested in capital, net of related debt	1,266,494	1,142,006	301,419	294,857	1,567,913	1,436,863
Restricted net assets	95,488	147,359	2	7,574	95,490	154,933
Unrestricted net assets	157,348	115,373	(729)	(7,171)	156,619	108,202
Total net assets	1,519,330	1,404,738	300,692	295,260	1,820,022	1,699,998
Total liabilities and net assets	\$ 2,845,274	\$ 2,790,558	\$ 338,769	\$ 321,959	\$ 3,184,043	\$ 3,112,517

Statement of Activities

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

	Statement of Activities For the Year Ended December 31, 2010					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 161,814	\$ 100,551	\$ 252,563	\$ 265,644	\$ 414,377	\$ 366,195
Operating grants and contributions	118,118	92,775	-	-	118,118	92,775
Capital grants and contributions	28,198	26,928	1,215	1,826	29,413	28,754
General revenues:						
Property taxes	217,519	263,776	-	-	217,519	263,776
Property tax increment	42,117	13,440	-	-	42,117	13,440
Franchise fees	27,855	28,053	-	-	27,855	28,053
Convention center taxes	61,307	54,868	-	-	61,307	54,868
Other taxes	42	202	-	-	42	202
Local government aid	56,578	70,540	-	-	56,578	70,540
Interest and investment earnings	5,961	6,843	271	4,126	6,232	10,969
Miscellaneous	1,440	10,239	-	88	1,440	10,327
Total revenues	720,949	668,215	254,049	271,684	974,998	939,899

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

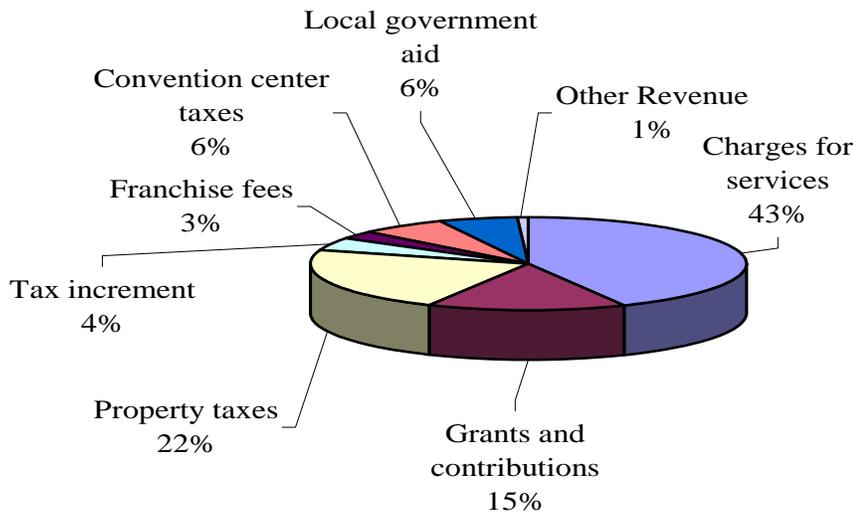
Statement of Activities
For the Year Ended December 31, 2010

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Expenses						
General government	120,378	72,276	-	-	120,378	72,276
Public safety	263,806	244,134	-	-	263,806	244,134
Public works	73,848	94,752	-	-	73,848	94,752
Culture and recreation	13,861	13,483	-	-	13,861	13,483
Health and welfare	14,240	14,164	-	-	14,240	14,164
Community & economic development	146,439	110,344	6,472	6,860	152,911	117,204
Interest on long-term debt	26,152	28,753	-	-	26,152	28,753
Sanitary Sewer	-	-	35,233	32,892	35,233	32,892
Stormwater	-	-	26,273	24,856	26,273	24,856
Solid waste and recycling	-	-	27,804	23,641	27,804	23,641
Water works	-	-	55,980	51,751	55,980	51,751
Municipal parking	-	-	49,920	51,929	49,920	51,929
Total expenses	658,724	577,906	201,682	191,929	860,406	769,835
Excess (deficiency) before transfers	62,225	90,309	52,367	79,755	114,592	170,064
Transfers	20,178	45,365	(20,178)	(45,365)	-	-
Change in net assets	82,403	135,674	32,189	34,390	114,592	170,064
Net assets - January 1, 2010	697,662	561,988	707,076	672,686	1,404,738	1,234,674
Net assets - December 31, 2010	\$ 780,065	\$ 697,662	\$ 739,265	\$ 707,076	\$ 1,519,330	\$ 1,404,738

Governmental Activities—Governmental activities increased the City’s net assets by \$82,403 compared to an increase of \$135,674 in 2009. This increase was primarily due to a decrease in debt. Governmental activities are supported by charges for services, grants, and contributions. Additionally, general revenues cover any net expense after program specific revenues are applied. In 2010, the City relied primarily on taxes, various charges for services, and grants for funding governmental activities. Specifically, property tax increment revenues supported economic development activities.

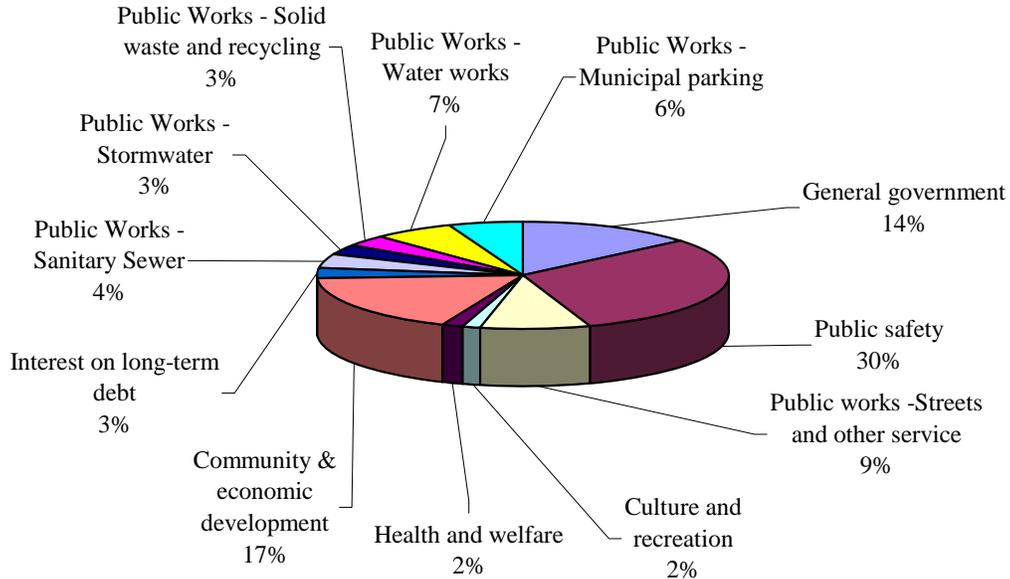
A significant expense in the statement of activities, compared to fund statements, is depreciation. Current year depreciation for governmental activities was \$44,835.

Government-wide Revenues



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

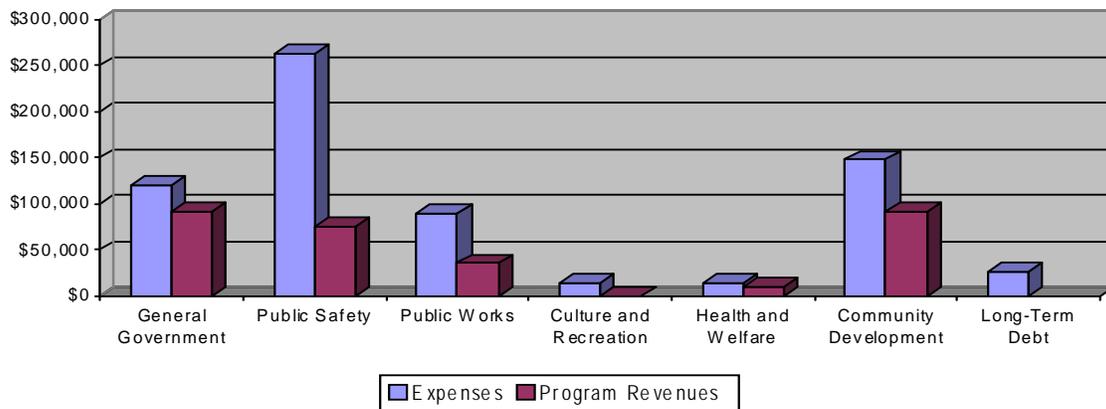
Government-wide Expenses



**Summary of expenses and program revenues - Governmental Activities
For the Year ended December 31, 2010**

Functions/Programs	Expenses	Program revenues	Net (Expense) Revenue by Program
General government	\$ 120,378	\$ 95,576	\$ (24,802)
Public safety	263,806	74,970	(188,836)
Public works	73,848	35,514	(38,334)
Culture and recreation	13,861	-	(13,861)
Health and welfare	14,240	10,626	(3,614)
Community & economic development	146,439	91,444	(54,995)
Interest on long term debt	26,152	-	(26,152)
	<u>\$ 658,724</u>	<u>\$ 308,130</u>	<u>\$ (350,594)</u>
General revenues and transfers supporting governmental activities			<u>432,997</u>
Change in net assets			<u>82,403</u>
Net assets - January 1, 2010			<u>697,662</u>
Net assets - December 31, 2010			<u>\$ 780,065</u>

Summary of Expenses and Program Revenues - Governmental Activities

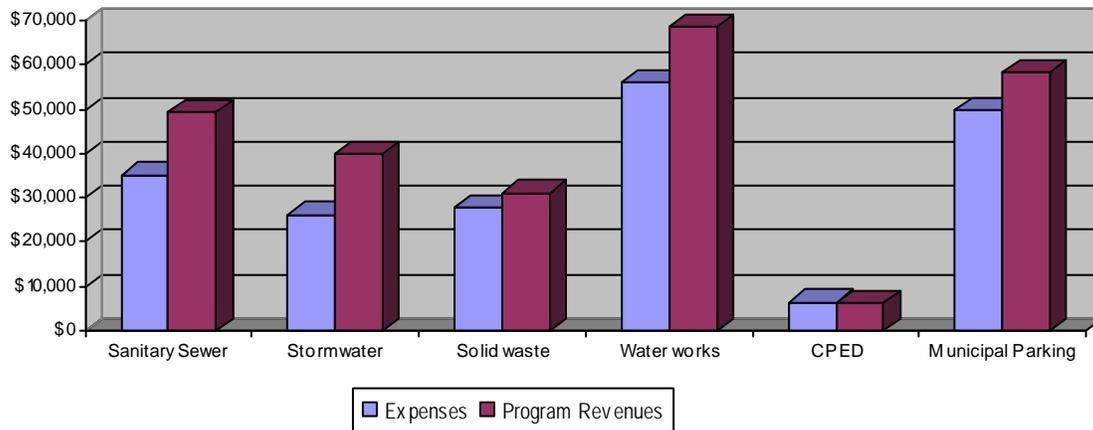


Business-Type Activities—Business-type activities increased the City’s net assets by \$32,189 compared with an increase of \$34,390 in 2009.

**Summary of expenses and program revenues - Business-Type Activities
For the Year ended December 31, 2010**

Functions/Programs	Expenses	Program revenues	Net (Expense)
			Revenue by Program
Sanitary sewer	\$ 35,233	\$ 49,358	\$ 14,125
Stormwater	26,273	39,903	13,630
Solid waste and recycling	27,804	31,152	3,348
Water works	55,980	68,623	12,643
Community & economic development	6,472	6,426	(46)
Municipal parking	49,920	58,316	8,396
	<u>\$ 201,682</u>	<u>\$ 253,778</u>	<u>\$ 52,096</u>
General revenues net of transfers out supporting business-type activities			(19,907)
Change in net assets			<u>32,189</u>
Net assets - January 1, 2010			<u>707,076</u>
Net assets - December 31, 2010			<u>\$ 739,265</u>

Summary of Expenses and Program Revenues - Business-Type Activities



FINANCIAL ANALYSIS OF THE CITY’S FUNDS

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

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

During 2010, six governmental funds including the General Fund are presented as major funds. These funds include two Special Revenue Funds (Community Planning and Economic Development Fund, and Convention Center Fund), the Permanent Improvement Capital Projects Fund, and two Debt Service Funds (Development, and Special Assessment). At December 31, 2010, the City’s governmental funds reported combined ending fund balances of \$435,134 an decrease of \$75,563 compared with the prior year. Approximately 48 percent of this total amount (\$206,690) constitutes unreserved

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

fund balance, which is available for spending at the City’s discretion. The following presents the amounts of unreserved balances by various fund types:

<u>Fund Type</u>	<u>Unreserved Balance</u>
General fund	\$ 60,092
Special revenue funds	65,760
Debt service funds	60,814
Capital projects fund	<u>20,024</u>
Total	<u>\$ 206,690</u>

The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for land development and specific projects (\$180,308), 2) to liquidate contracts and purchase orders of the prior period (\$27,920), or 3) for a variety of other restricted purposes (\$20,216).

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

**Revenues by Source
Governmental Funds**

Revenue by Source	FY 2010		FY 2009		Increase/ (Decrease)
	Amount	Percent of Total	Amount	Percent of Total	Amount
Taxes	\$ 343,956	49.49 %	\$ 359,500	51.27 %	\$ (15,544)
Licenses and permits	29,301	4.22	29,348	4.19	(47)
Intergovernmental revenues	189,510	27.27	179,880	25.65	9,630
Charges for services and sales	56,776	8.17	59,340	8.46	(2,564)
Fines and forfeits	9,934	1.43	9,621	1.38	313
Special assessments	23,849	3.43	20,897	2.98	2,952
Interest	6,269	0.90	7,037	1.00	(768)
Miscellaneous revenue	<u>35,366</u>	<u>5.09</u>	<u>35,542</u>	<u>5.07</u>	<u>(176)</u>
Total	<u>\$ 694,961</u>	<u>100.00 %</u>	<u>\$ 701,165</u>	<u>100.00 %</u>	<u>\$ (6,204)</u>

**Expenditures by Function
Governmental Funds**

Expenditures by Function	FY 2010		FY 2009		Increase/ (Decrease)
	Amount	Percent of Total	Amount	Percent of Total	Amount
General government	\$ 72,746	8.81 %	\$ 65,357	8.87 %	\$ 7,389
Public safety	258,507	31.31	242,061	32.86	16,446
Public works	50,165	6.08	43,495	5.90	6,670
Culture and recreation	13,808	1.67	13,424	1.82	384
Health and Welfare	13,822	1.67	13,953	1.89	(131)
Community & economic development	146,082	17.70	115,384	15.66	30,698
Capital Outlay	60,659	7.35	83,656	11.36	(22,997)
Debt service - principal retirement	179,242	21.71	102,518	13.91	76,724
Debt service - interest and fiscal charges	<u>30,505</u>	<u>3.70</u>	<u>56,924</u>	<u>7.73</u>	<u>(26,419)</u>
Total	<u>\$ 825,536</u>	<u>100.00 %</u>	<u>\$ 736,772</u>	<u>100.00 %</u>	<u>\$ 88,764</u>

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

General Fund—The General Fund is the general operating fund of the City. As of December 31, 2010, unreserved fund balance in the General Fund was \$60,092, while total fund balance was \$61,362. The fund balance of the City’s General Fund decreased by \$6,905 during the current fiscal year. As a measure of the General Fund’s liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures.

The following table provides changes in revenues by source from 2009 to 2010:

Revenues by Source	General Fund Revenues By Source				Increase/ (Decrease)
	2010		2009		
	Amount	Percent of Total	Amount	Percent of Total	Amount
Taxes	\$ 198,020	53.69 %	\$ 194,622	50.25 %	\$ 3,398
Licenses and permits	26,541	7.20	27,576	7.12	(1,035)
Intergovernmental revenues	69,480	18.84	85,301	22.03	(15,821)
Charges for services and sales	37,303	10.11	37,717	9.74	(414)
Fines and forfeits	8,825	2.39	8,529	2.20	296
Special assessments	2,792	0.76	3,248	0.84	(456)
Interest	1,844	0.50	1,087	0.28	757
Miscellaneous revenues	1,314	0.36	1,175	0.30	139
Total revenues	\$ 346,119	93.85	\$ 359,255	92.76	\$ (13,136)
Transfers in	22,673	6.15	28,036	7.24	(5,363)
Total revenues and other financing sources	\$ 368,792	100.00 %	\$ 387,291	100.00 %	\$ (18,499)

In 2010, General Fund revenues and transfers have decreased by about 5% from the previous year. Some highlights included:

- Intergovernmental revenue decreased due to a decrease in Local Government Aid and the loss of Market Value Homestead Credit, both of which the City receives from the State of Minnesota.
- Licenses and permits are lower because fewer street use permits were issued. These are permits are related to construction.

The following table provides the changes in expenditures by function from 2009 to 2010:

Expenditures by Function	General Fund Expenditures by Function				Increase/ (Decrease)
	2010		2009		
	Amount	Percent of Total	Amount	Percent of Total	Amount
General government	\$ 58,766	15.64 %	\$ 55,023	14.92 %	\$ 3,743
Public safety	214,301	57.04	213,932	58.02	369
Public works	44,642	11.88	41,191	11.17	3,451
Culture and recreation	6,747	1.80	7,750	2.10	(1,003)
Health and family support	3,313	0.88	4,464	1.21	(1,151)
Community & economic development	3,527	0.94	3,729	1.01	(202)
Total expenditures	331,296	88.18	326,089	88.44	5,207
Transfers out	44,401	11.82	42,623	11.56	1,778
Total expenditures and other financing uses	\$ 375,697	100.00 %	\$ 368,712	100.00 %	\$ 6,985

Overall, general fund expenditures increased by \$6,985 or 1.9% from the previous year. There was an increase in Contingency fund expenditures to cover costs related to employees that were laid off at the end of 2009, and for a retirement incentive offered to police and fire department employees in 2010. Public works had to increased expenditures related to snow plowing, because of the record snowfall. All but \$2 million of these expenditures were planned.

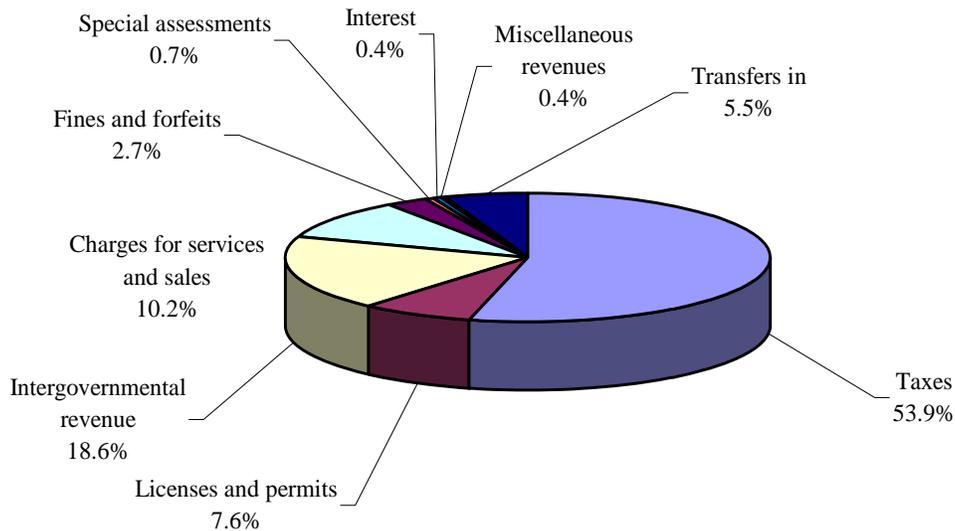
(All dollar amounts are expressed in thousands unless otherwise indicated.)

General Fund Budgetary Highlights—The final budget for the City’s General Fund represents the original budget, any previously appropriated funds set aside for the purpose of honoring legally incurred obligations (prior year encumbrances and commitments), and any additional supplemental appropriations that may occur during the fiscal year. In 2010, the following were significant budget actions:

- The original General Fund appropriation for fiscal year 2010 was \$372,002, which included projected transfers out of \$39,738. The final appropriation was \$377,318. General revenues and other resources were originally estimated at \$372,203, which included projected transfers of \$19,926. The final revenue estimate was \$364,896 including transfers of \$20,076.
- \$11,700 of 2009 unspent appropriation was carried forward into 2010.
- Significant budgetary variances between the final amended budget and the actual results included:
 - 1) Tax revenues exceeded budgeted amounts by \$1,188 due to increased delinquent tax collections.
 - 2) License and permit revenues were below estimates due to the reduced number of street permits for construction. This is a reflection of the current economy.
 - 3) Fine and forfeit revenue was \$1,005 below budget due to decreased fine collections in traffic enforcement.
 - 4) Public works expenditures were \$1,833 over budget, because the number of snow emergencies in 2010 was almost double the average.

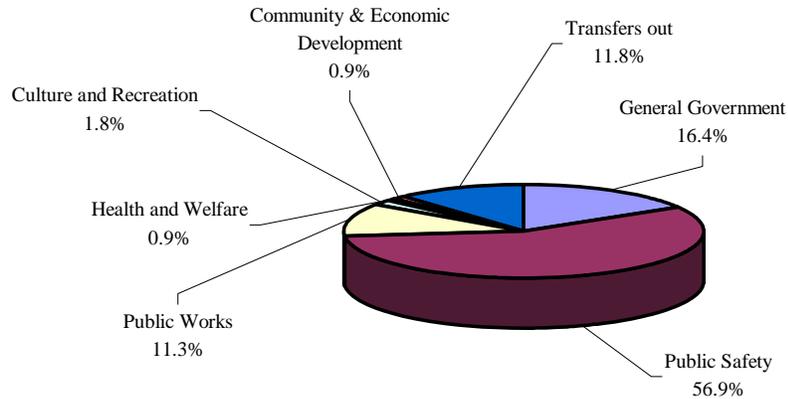
Current fiscal year revenue and expenditure budgets for the General Fund by major category or function are as follows:

General Fund Revenue Budget by Major Category



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

General Fund Expenditure Budget by Function



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

The total revenues of the CPED Special Revenue fund in 2010 were \$63,396, and 66% of the fund’s revenue was derived from property tax increment. The remaining revenue was derived from a variety of miscellaneous sources. Property tax increment revenue declined by \$28,458 in 2010 as mature tax increment financing districts were decertified. There was a comparable decline in debt service transfers as debt supported by these districts was retired or refinanced. The expenditures for the fund in 2010 were \$46,393. 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 declined by 16% in 2010 as the fund had fewer resources available to meet the demands of existing programs.

The fund’s transfers to other funds of \$33,332 were primarily to provide resources for the debt service of obligations issued by the City for community development programs and to provide a \$5,000 operating transfer for the City’s accelerated infrastructure program.

At year-end the fund balance of the fund was \$214,801. The unreserved portion of the fund balance at December 31, 2010 was \$25,290. The remaining fund balance was reserved primarily for property held for development, encumbrances, or for specific development projects.

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

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

Overall tax proceeds for 2010 were nearly 12% above 2009 levels and nearly 2% under budget.

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

Minneapolis Convention Center Taxes

<u>Taxes</u>	<u>2010 Budget</u>	<u>2010 Actual</u>	<u>2009 Actual</u>
Sales and Use	\$ 30,237	\$ 27,266	\$ 26,470
Entertainment	11,753	13,175	9,071
Food	10,300	10,491	9,887
Liquor	3,966	4,586	3,769
Lodging	6,180	5,790	5,671
Total	<u>\$ 62,436</u>	<u>\$ 61,308</u>	<u>\$ 54,868</u>

The total revenues for the Convention Center in 2010 were \$75,246 million and finished the year above 2009 levels by nearly 9% and under the 2010 budget by 4%. The revenue finishing under budget can be attributed to a decrease in operating and tax revenues as events scaled back on ancillary services, in addition to an overall lower than expected consumer spending level.

For 2010, total expenditures finished the year nearly 15% over 2009 levels and 10% under budget. Overall, operating expenses remained consistent with 2009 expenses, but with some large 2010 projects, the Convention Center saw a significant increase to ongoing equipment and improvement which accounts for the increased total expenditures over 2009. The Convention Center had a large, unplanned project to the roof fireproofing which was repaired by year end. In addition to the Convention Center management cost containment initiatives, energy efficiency practices were continued, and the Convention Center realized savings in contractual services.

Convention Center 2010 transfer to debt service was \$19 million, which was nearly \$4 million over 2009 levels and over \$1 million under the 2010 budget.

The 2010 fund balance ended the year at \$40,009 million, which was \$451 thousand better than budgeted. The 2010 ending fund balance decreased by over \$8 million from 2009. Much of the decrease can be attributed to an increase in transfers of nearly \$10 million.

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

The Permanent Improvement Fund is used to build infrastructure for the City including bridges, sidewalks, streets, traffic signals, street lights, and fund other capital projects. During 2010, \$59,553 of capital outlay occurred which was a 25% decrease from 2009.

The key assets constructed with these funds included:

- Bridges - \$8,528
- Streets - \$17,008
- Traffic Signals & Street Lighting - \$9,100
- Bike Trails- \$6,443
- Heritage Park (Near North) project - \$2,205
- Property Service - \$8,666

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

The fund balance increased from \$18,377 in 2009 to \$20,830, the increase was due to the transfer of funds from other funds and unspent bond proceeds. Additionally, revenues for the fund decreased from \$43,705 in 2009 to \$31,378 in 2010 due to decreased funding from state and federal sources for Capital Projects based on the Capital Projects' funding sources.

Development Debt Service Fund- Development Fund

The Development Debt Service Fund is used to pay debt service on the City's Convention Center, Target Center Arena and other economic development projects. Resources to pay debt service on the Convention Center come from several sales tax sources including a special one-half percent City-wide sales tax and three percent sales taxes on entertainment, restaurants, liquor and lodging in the downtown district. Target Center Arena debt is paid for with tax increments, entertainment taxes within the facility, property taxes and parking revenues. Economic development project debt is paid with tax increment collections specific to a stand-alone tax increment district or sometimes several tax increment districts are pooled to support a given project.

At the end of 2010, the City had \$331,805 of debt outstanding for the Convention Center, Target Center Arena and other development related projects. On December 30, 2009, the City issued \$57,480 of refunding bonds for the Target Center Arena and on February 1, 2010, the City paid off \$58,330 of outstanding bonds using the refunding proceeds and cash on hand. The \$58,330 included \$9,280 of economic development revenue bonds for the Target Center Arena which are reported in the Community Development Agency debt service fund. Also during 2010, the City issued \$23,430 of additional refunding bonds for tax increment projects, the details of which can be found in Note 5 - Long Term Debt on page 64. During 2010, the City paid total debt service of \$110,794 on the bonds included in the Development fund, of which \$96,210 was principal repayment including refunded bonds paid.

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

At the end of 2010, the City had \$47,806 of debt outstanding for special assessment improvements, including \$6,350 of new bonds issued and \$8,725 of refunding bonds issued during 2010. During 2010, the City received debt related assessment collections and interest earnings of \$7,915 and paid total debt service of \$20,313 on special assessment bonds, of which \$17,965 was principal repayment including refunded bonds paid.

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

Overall, the enterprise funds had a positive net asset of \$757,399 at December 31, 2010. Total net assets for all enterprise funds increased by \$32,329 during 2010.

The following table summarizes the total assets, total liabilities, operating income, changes in net assets, and net asset balances for each of the enterprise funds, from 2009 to 2010:

Enterprise Funds
Key Balance Sheet Account Balances and Operating Activities
December 31, 2010

	Sanitary Sewer	Stormwater	Water Works	Municipal Parking	Solid Waste & Recycling	CPED	Total	
							2010	2009
Assets	\$ 112,635	\$ 290,369	\$ 302,985	\$ 321,523	\$ 30,023	\$ 143,625	\$ 1,201,160	\$ 1,128,843
Liabilities	16,479	22,501	126,091	173,205	2,104	103,381	443,761	403,773
Operating Income(loss)	7,550	13,627	12,066	8,368	(273)	3,925	45,263	73,800
Changes in net assets	6,497	10,661	8,358	6,815	(29)	27	32,329	36,272
Net Assets	\$ 96,156	\$ 267,868	\$ 176,894	\$ 148,318	\$ 27,919	\$ 40,244	\$ 757,399	\$ 725,070

Sanitary Sewer Fund—The Sanitary Sewer Fund accounts for the majority of the payments to the Metropolitan Council Environmental Services (MCES) for sewage interceptor and treatment services. It also accounts for the sanitary sewer maintenance and design. Overall, the net asset balance as of December 31, 2010 was \$96,156.

Stormwater Fund—The Stormwater Fund accounts for stormwater activities including the Combined Sewer Overflow (CSO) program. Overall, the net asset balance as of December 31, 2010 was \$267,868.

Solid Waste and Recycling Fund—The Solid Waste and Recycling Fund accounts for solid waste collection, disposal and recycling operations. The fund also includes “clean city” activities such as neighborhood clean sweeps, litter and graffiti removal, and litter control in the business districts. City crews provide approximately one-half of the solid waste collection services, while the remaining services are provided through contracts with private operators. The fund reported a decrease in net assets of \$29 for 2010. The fund’s net asset balance at December 31, 2010 was \$27,919.

Water Works Fund—The Water Works Fund accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. The City sells water directly to the cities of Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal, and Edina. Net assets increased \$8,538 for the year, resulting in a net asset balance at December 31, 2010 of \$176,894.

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. Revenue bonds in the amount of \$43,000 were issued for the activities of this program in 2010. 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 assets increased by \$27 during the year. Operating transfers in the amount of \$398 in 2010 and \$30,101 in 2009 were made from the resources generated by the programs of the CPED Enterprise Fund for the benefit of other development activities of the City.

Municipal Parking Fund—The Municipal Parking Fund accounts for the operation and maintenance of parking ramps, lots, on-street parking meters, municipal impound lot, and traffic/parking control system. The net asset balance for December 31, 2010 was \$148,318, which is an increase of \$6,815 from 2009 balance.

A parking fund revised financial plan is being developed due to successful parking initiatives, and financial efforts that included the sale of seven ramps, refinancing of debt, and parking system initiatives to increase revenues and decrease expenses.

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

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

While the financial condition of the internal service funds continues to represent a financial challenge for the City, key measures taken in 2001 have resulted in improved financial performance. The financial condition of these funds had reached a low point at year-end 2000 when the combined net asset deficit had declined to (\$54,407). Now at the end of 2010, the combined net assets in the internal service funds have improved to \$70,872. The initial improvement resulted from a change in accounting principle and prior period adjustments of \$17,555 in 2001, due to the implementation of GASB Statement No. 34. The restatement recognized assets previously unrecorded within the internal service funds. The remaining improvement of \$107,724 can be credited to the deficit reduction plans that the managers of their respective funds implemented. Another milestone reached is that the six Internal Service Funds have a positive combined cash balance that continues to increase. The following table provides a summary of cash balances, total assets, total liabilities, operating income, changes in net asset and net asset balances for each of the internal service funds:

**Internal Service Funds
Key Balance Sheet Account Balances and Operating Activities
December 31, 2010**

	<u>Eng. Materials & Testing</u>	<u>Intergovern- mental Services</u>	<u>Property Services</u>	<u>Equipment Services</u>	<u>Public Work Stores</u>	<u>Self-Insurance</u>	<u>Total 2010</u>	<u>Total 2009</u>
Cash	\$ 802	\$ 8,438	\$ 126	\$ 8,235	\$ 9	\$ 41,245	\$ 58,855	\$ 28,804
Assets	823	61,676	33,794	60,010	4,558	43,377	204,238	187,353
Liabilities	89	44,773	7,803	29,402	1,334	49,965	133,366	131,657
Operating Income(Loss)	301	(7,669)	(1,184)	1,656	53	(7,454)	(14,297)	(17,254)
Changes in net assets	244	3,225	(1,219)	4,060	21	8,845	15,176	12,188
Net Assets	\$ 734	\$ 16,903	\$ 25,991	\$ 30,608	\$ 3,224	\$ (6,588)	\$ 70,872	\$ 55,696

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

In 2009 and 2010, the fund earned operating incomes of \$520 and \$301, respectively, after sustaining operating losses of \$115 and \$29 for years 2008 and 2007. After a reduction to net assets of \$168 in 2008, the fund increased net assets in 2009 by \$462 and \$244 in 2010 to achieve an ending net asset balance of \$734. The fund maintains a positive cash balance, increasing the 2009 balance of \$560 by \$242 to achieve a 2010 ending balance of \$802.

Intergovernmental Services Fund—This fund accounts for information technology services, central mailing and printing services, and telecommunication operations. In 2003, the fund’s beginning net asset balance was restated by \$7,866 to reflect corrections made to accurately present the fund’s capital assets, accumulated depreciation, and related liability amounts. This positive adjustment reduced the beginning net asset deficit from (\$40,850) to (\$32,984). The fund has recorded a total increase in net assets of \$49,851 for years 2003 through 2010. The fund attained a positive net asset balance in 2008 of \$4,868 and increased the balance by \$12,035 to achieve an ending balance of \$16,903 at year-end 2010. The updated long term financial plan forecast the fund to attain a net asset balance at year-end 2010 of 13,676. This fund has performed better than projected for the last six years. The actual cash balance at year-end 2010 is \$8,438 compared to the projected cash balance of \$1,241. The cash balance increased due to collection of \$1,100 on the note receivable and prepayments totaling \$6,312 for scheduled technology projects. In 2010, \$4,560 of refunding bonds were issued to retire old debt and achieve a lower interest rate for current debt. In addition, bonds totaling \$2,407 were issued as new debt to fund approved capital projects.

Property Services Fund—The Property Service Fund is responsible for the management and maintenance of City owned real estate, including police precinct structures, fire stations, public works buildings, office buildings, parking structures and properties held for development purposes. The fund is not financially responsible for City Hall, the Convention Center, parking facilities, or Water and Park Board Buildings. The fund is responsible for energy management and internal security.

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

Included in this fund is the Radio Shop which maintains the City's emergency communications network. Beginning in 2009, the Council approved a City-wide charge for City Hall rent. The Property Services Fund collects the rental charge and remits to the Municipal Building Commission. Ownership of some of the City's properties is recorded as assets of this fund resulting in a depreciation expense. Currently, the Property Services Fund does not have rental and maintenance rates sufficient to fully recover depreciation, which results in an operating loss and a decrease to net assets each year. The fund incurred a total decrease to net assets of \$4,237 from the 2003 ending net asset balance of \$30,228 to the 2010 balance of \$25,991. In 2010, net assets decreased \$1,219, or 4.5%, from the 2009 ending balance of \$27,210 resulting in a 2010 year-end balance of \$25,991.

Equipment Services Fund—Equipment Services accounts for the City's fleet of vehicles and related equipment and accessories. In addition, the fund manages the dispatch of City-owned and contractual equipment. A long term financial plan was developed for the fund in 2003 and the fund has progressively increased its net asset balance from \$13,266 in 2004 to \$30,608 in 2010. The fund reported an increase in net assets of \$4,060 or 15.3% in 2010 from the ending balance of \$26,548 in 2009. The 2010 net asset balance is tracking slightly ahead of the projected 2010 balance as determined in the updated long term financial plan. The 2010 ending cash balance is \$8,235, an increase of \$6,858 from the ending balance of \$1,377 in 2009. The increase in cash is primarily due to a decrease in the acquisition of fleet vehicles and equipment.

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

Public Works Stores Fund—This fund accounts for the centralized procurement, warehousing, and distribution of stocked inventory items, and the purchase of special goods and services for City departments. In addition, this fund stores an inventory of traffic signal components for assembly for Public Works-Transportation. For 2010, the fund reported a net asset increase of \$21, raising the net asset balance from \$3,203 in 2009 to \$3,224 in 2010. The fund increased its cash balance from \$4 reported in 2009 to \$9 recorded at year-end 2010. In 2010, the fund significantly decreased the amount due to other funds by \$735, or 46.8%, resulting in a 2010 balance of \$835 compared to the 2009 balance of \$1,570.

A new inventory system was implemented in 2008 to integrate inventory transactions with the City's new financial system and involved several procedural changes for the recording of inventory. When inventory is received, the system requires that goods are "put-away" with an offsetting transaction that reduces the fund's expenditures for materials. The cost of goods sold is no longer recorded. Revenue is recorded as an overhead charge based on the value of goods sold to each department.

Self-Insurance Fund—The Self-Insurance Fund accounts for employee COBRA insurance benefits programs, occupational health services, severance payments, tort liability program, workers' compensation program, and the related administrative costs. With the implementation of the new financial system, benefit payments for medical, dental, long term disability and life insurance are paid directly from payroll and no longer pass through this fund. The net asset balance at year end 2010 is a deficit of (\$6,588), an increase of \$8,845 from the 2009 deficit of \$(15,433). The cash balance increased from \$26,509 in 2009 to \$41,245 at year-end 2010. In 2003, a long term financial plan was implemented when the fund's net asset balance was a deficit of (\$40,983). The plan was updated in 2009 and predicted a net asset balance deficit of (\$4,097) and an ending cash balance of \$40,437. The performance of the fund over the past six years compared to the original long term financial plan resulted in a net asset balance that is ahead of plan and a cash balance that is significantly increased over the original forecast.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Asset—The City's investment in capital assets for its governmental and business-type activities, as of December 31, 2010 was \$1,971,019 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, roads, highways, and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 2% (a 2% increase for governmental activities and a 1.7% increase for business-type activities).

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

The following table summarizes capital assets for governmental and business-type activities for 2010 and 2009:

Capital Assets (Net of depreciation)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land and easements	\$ 111,084	\$ 111,084	\$ 126,615	\$ 126,521	\$ 237,699	\$ 237,605
Infrastructure	181,449	188,436	-	-	181,449	188,436
Construction in progress	279,478	229,249	95,219	64,662	374,697	293,911
Buildings and structures	385,204	391,864	310,828	321,407	696,032	713,271
Public improvements	397	486	400,449	403,561	400,846	404,047
Machinery and equipment	39,569	43,489	6,682	8,038	46,251	51,527
Computer equipment	10,860	14,484	42	76	10,902	14,560
Software	23,136	28,256	4	6	23,140	28,262
Other capital outlay	-	-	3	4	3	4
Total	\$1,013,177	\$1,007,348	\$ 939,842	\$ 924,275	\$1,971,019	\$1,931,623

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

- The renovation of Chicago Avenue.
- Replacing the deck on the Camden Bridge.
- Asphalt resurfacing of 25 miles of streets.

Additional information on the City’s capital assets can be found in Note 4 on pages 61-63 of this report.

Long-term debt— As of December 31, 2010, the City had total long-term bonds and notes outstanding of \$1,120,975 compared to \$1,196,519 in the prior year. Of this amount, \$716,211 related to governmental activities and \$404,764 related to business activities. The City had \$146,610 or 14.4% of the outstanding bonds in variable rate mode at year-end. In addition to bonded debt, the City had \$100,561 of long-term revenue notes outstanding at December 31, 2010, of which \$15,585 related to governmental activities and \$84,976 related to business activities.

The table below shows various classifications of the City’s long-term debt at December 31, 2010 and the amount of principal due in 2011.

<u>Summary of Outstanding Bonds and Notes</u>	<u>Balance</u> <u>1/1/2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2010</u>	<u>Due in 2011</u>
General Obligation (GO) Bonds and Notes:					
Property Tax Supported GO Bonds	\$ 241,155	\$ 31,652	\$ 36,237	\$ 236,570	\$ 14,405
Self Supporting GO Bonds	219,540	6,245	28,005	197,780	11,830
Special Assessment GO Bonds	50,531	15,075	17,800	47,806	5,725
Tax Increment GO Bonds	200,865	23,430	84,465	139,830	11,575
Internal Service Fund Related GO Bonds	60,845	36,022	44,927	51,940	11,875
Enterprise Fund Related GO Bonds	238,882	24,181	39,200	223,863	24,756
Water Fund GO Notes	71,725	15,201	2,405	84,521	3,655
Total General Obligation Bonds and Notes	1,083,543	151,806	253,039	982,310	83,821
Revenue Bonds and Notes:					
Economic Development Revenue Bonds	35,980	-	9,280	26,700	710
Other Community Development Related Bonds	57,365	43,000	4,440	95,925	3,940
Revenue Notes	19,631	-	3,591	16,040	453
Total Outstanding Bonds and Notes	\$ 1,196,519	\$ 194,806	\$ 270,350	\$ 1,120,975	\$ 88,924

The City maintained a “AAA” rating from Standard & Poor’s and Fitch Ratings and received a rating upgrade from “Aa1” to “Aaa” from Moody’s on April 19, 2010 for its general obligation debt in 2010. Additional information on the City’s Long term debt can be found in Note 5 on page 64 of this report.

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

HISTORICAL AND LONG-TERM FINANCIAL PLANNING

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

- The City's long-term financial plans have been adopted for all three of the internal service funds (Equipment Services, Self-Insurance, and Intergovernmental Services) to increase net assets and to attain 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.
- Like other jurisdictions, employee wages and benefits make up over 50 percent of the City's General Fund expenses, increases to which are driven by rapid growth in healthcare costs. In 2011, health premiums increase is 0% due to implementation of a new contract. Also in 2011, for City positions, not including independent boards, growth in salary and wages were budgeted at 0% for bargaining units without settled labor contracts.
- In 2000, Minneapolis voters approved a levy to build a new Central Library and fund improvements to community libraries. Effective January 1, 2008, the Minneapolis Public Library System merged into the Hennepin County Library System. The County will be responsible for operating costs for the libraries in future years. Under the financial agreement, the City will issue debt as defined in the City's adopted capital plan and will be responsible for a declining share of operations through 2017.
- In June of 2009, the Governor exercised his authority to "unallot" or unilaterally reduce various state appropriations. The appropriation directly impacting the City of Minneapolis is Local Government Aid (LGA). The City's LGA was reduced by \$8.5 million in 2009 and \$21.3 million in 2010 as a result of these actions.

Increased pension costs associated with the City's three closed pension plans – the Minneapolis Employee Retirement Fund (MERF), Minneapolis Fire Relief Association (MFRA), and Minneapolis Police Relief Association (MPRA) – continue to have a significant impact on the City's budget. From 2006-2010, property tax supported contributions to the three closed funds totaled \$80.4 million. For two of the plans, MFRA and MPRA, the City is responsible for making up for stock market underperformance of state law assumptions (6% investment return), increasing the liability by millions of dollars during economic downturns. Combined with legislatively approved changes, the City's 2011 contribution is \$15.5 million for the three closed pension plans. This amount would have been greater if the City had not prevailed in a lawsuit against the MFRA and MPRA. In 2010, the MERF fund became a division under the statewide Public Employees Retirement Association. The City is currently exploring merging the other two funds into the larger statewide plans, which will stabilize the funding of these plans due to the inclusion of new members and the additional time needed to recover from short-term market losses.

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

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

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

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

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

Funding for physical infrastructure capital program totals for 2011-2015, including independent boards and commissions totals \$593.67 million for all funding sources. The 2011 portion of this program is \$113.94 million. Property tax supported net debt bonds help to leverage many funding sources in the five-year plan.

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

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

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

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

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

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

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Budget Outlook:

The City's future financial outlook is strong. The City has financial policies in place to help address funding pressures including personnel costs, pension obligations, and internal service fund debt. Since 2002, the City annually adopts a five-year financial direction. In 2011, for City positions, not including independent boards, growth in salary and wages are budgeted at 0% for two years for bargaining units without settled labor contract. Health insurance costs are budgeted to decrease from \$60.7 million to \$57.8 million. This estimate is based on changes and experience related to the current plan design and the competitive procurement processes. The anticipated health premium increase for in 2011 is 0% due to implementation of a new contract. The five-year financial direction includes an average 10% annual health insurance cost increase in 2012, 12% in 2013 and 16% thereafter.

The City continues to proactively manage its pension liabilities. The City issued bonds in 2002-04 and used one-time funds to meet its pension obligations during those years. The 2011 budget includes \$27.5 million in property tax for closed pension

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

fund expenses. The City estimates total closed fund pension obligations of approximately \$643.1 million through 2028. Due to sound financial management, the City does not anticipate a need to bond for pension costs in 2011. Additionally, the City is in active litigation with two funds. An initial court order reduced City obligations by nearly \$10 million in 2010. A final order related to further reduced City obligations has not been issued.

Although the City continues to have a net deficit in one of its internal service funds, future budgets will continue to address this deficit through a Council-adopted a long-term financial plan. In order to create capacity in 2012, the General Fund will prepay \$5.5 million in obligations to the Self Insurance Fund in 2011. There will be a postponement of 2012 obligations (\$2.2 million) to the Fleet Services Fund and a partial prepayment of 2014 obligations (\$1.2 million) in 2013.

Economic Outlook and Tax Trends

Minneapolis has the highest concentration of commercial office buildings in the State of Minnesota and therefore is the largest contributor of revenue to the state general tax on a per city basis. Minneapolis's commercial/industrial tax base is the \$7.8 billion dollars, of which \$4.04 billion resides in the Minneapolis Central Business District (CDB).

Between January 2009 and January 2010 the Minneapolis CBD experienced a 12.2% reduction in the commercial tax base. The overall commercial property tax base for Minneapolis declined 9.6% from \$7.0 billion dollars in 2009 to \$6.3 billion in 2010.

The Minneapolis real estate market will continue to work its way through the economic slowdown. Unlike real estate markets on either coast, none of Minneapolis's real estate sectors has been dealt a devastating blow by the recession. While Minneapolis is not immune to the current economic crunch, it does not function within a vacuum. Minneapolis has yet to see a Class "A" office building, major apartment complex or retail development turn their keys over to the lender. This bodes well for Minneapolis's diverse industries and a balanced economic market place, its focused commitment to sound fundamental investing and its long-term planning in capital and infrastructure.

Downtown Office Space—Vacancy Rate:

Because of the importance of real estate taxes as a source of local government revenue, real estate statistics are an important economic gauge for municipalities. Several commercial real estate companies compile and report real estate statistics. Cassidy Turley reports on local real estate conditions quarterly. Cassidy Turley's statistics indicate a slight decrease in vacancy rates in the Minneapolis CBD. Compared to the fourth quarter of 2009, the vacancy rate in the CBD has decreased from 19.4% to 17.5% in the fourth quarter of 2010.

Employment:

The unemployment rate for the City of Minneapolis as of February 2011 is 6.2% according to the Minnesota Department of Employment and Economic Development. This economic indicator compares favorably to the State of Minnesota (6.7%) and the national unemployment rate (8.9%).

REQUEST FOR INFORMATION

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



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STATEMENT OF NET ASSETS
December 31, 2010

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

	Primary Government			Discrete Component Units	Total
	Governmental Activities	Business-type Activities	Total		
<u>ASSETS</u>					
Cash and cash equivalents	\$ 407,740	\$ 90,897	\$ 498,637	\$ 19,235	\$ 517,872
Deposits with fiscal agents	243	-	243	-	243
Fund investments	10,056	-	10,056	-	10,056
Investments with trustees	3,219	52,995	56,214	-	56,214
Receivables (net)	71,411	29,450	100,861	10,821	111,682
Loans receivable from component unit	1,813	-	1,813	-	1,813
Due from primary government	-	-	-	146	146
Due from other government agencies	44,737	300	45,037	789	45,826
Capital leases	180	3,535	3,715	-	3,715
Prepays and other assets	1,314	-	1,314	344	1,658
Inventories	5,569	3,680	9,249	144	9,393
Internal Balances	18,144	(18,144)	-	-	-
Long-term portion of loans and notes receivable	-	610	610	-	610
Long-term portion of loans due from component unit	6,063	-	6,063	-	6,063
Long-term portion of capital lease receivable	9,532	79,198	88,730	-	88,730
Long-term deferred charges	2,542	641	3,183	-	3,183
Properties held for resale	48,518	12	48,530	-	48,530
Capital assets:					
Nondepreciable	390,562	221,834	612,396	114,817	727,213
Depreciable, net	640,615	718,008	1,358,623	192,473	1,551,096
Total assets	<u>\$ 1,662,258</u>	<u>\$ 1,183,016</u>	<u>\$ 2,845,274</u>	<u>\$ 338,769</u>	<u>\$ 3,184,043</u>
<u>LIABILITIES</u>					
Accrued salaries and benefits	\$ 8,224	\$ 675	\$ 8,899	\$ 1,091	\$ 9,990
Accounts payable	22,142	10,165	32,307	10,188	42,495
Interest payable	3,620	2,030	5,650	170	5,820
Unpaid claims payable	-	-	-	6,071	6,071
Loans payable to primary government	-	-	-	1,813	1,813
Due to component unit	146	-	146	-	146
Due to other governmental agencies	596	230	826	1	827
Unearned revenue	19,809	861	20,670	130	20,800
Deposits held for others	5,377	7,342	12,719	-	12,719
Long-term interest payable	-	7,846	7,846	-	7,846
Compensated absences:					
Due within one year	15,948	548	16,496	2,987	19,483
Due beyond one year	16,613	1,280	17,893	1,563	19,456
Other postemployment benefits - due beyond one year	10,283	1,561	11,844	1,797	13,641
Long-term portion of loan payable to primary government	-	-	-	6,063	6,063
Long-term liabilities:					
Due within one year	65,801	32,495	98,296	1,517	99,813
Due beyond one year	713,634	378,718	1,092,352	4,686	1,097,038
Total liabilities	<u>882,193</u>	<u>443,751</u>	<u>1,325,944</u>	<u>38,077</u>	<u>1,364,021</u>
<u>NET ASSETS</u>					
Invested in capital assets, net of related debt	631,808	634,686	1,266,494	301,419	1,567,913
Restricted:					
Debt service	60,814	34,674	95,488	-	95,488
Community & economic development	-	-	-	2	2
Unrestricted	87,443	69,905	157,348	(729)	156,619
Total net assets	<u>780,065</u>	<u>739,265</u>	<u>1,519,330</u>	<u>300,692</u>	<u>1,820,022</u>
Total liabilities and net assets	<u>\$ 1,662,258</u>	<u>\$ 1,183,016</u>	<u>\$ 2,845,274</u>	<u>\$ 338,769</u>	<u>\$ 3,184,043</u>

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

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2010

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

	Net (Expenses) Revenues and Changes in Net Assets						
	Program Revenues			Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Discrete Component Units
	\$	\$	\$	\$	\$	\$	\$
FUNCTIONS/PROGRAMS							
Primary government							
Governmental Activities:							
General government	120,378	69,827	8,857	16,892	(24,802)	-	(24,802)
Public safety	263,806	41,805	33,165	-	(188,836)	-	(188,836)
Public works	73,848	22,567	7,399	5,548	(38,334)	-	(38,334)
Culture and recreation	13,861	-	-	-	(13,861)	-	(13,861)
Health and welfare	14,240	14	10,612	-	(3,614)	-	(3,614)
Community & economic development	146,439	27,601	58,085	5,758	(54,995)	-	(54,995)
Interest on long-term debt	26,152	-	-	-	(26,152)	-	(26,152)
Total governmental activities	658,724	161,814	118,118	28,198	(350,594)	-	(350,594)
Business-type activities:							
Sanitary sewer	35,233	49,358	-	-	14,125	-	14,125
Stormwater	26,273	39,903	-	-	13,630	-	13,630
Solid waste and recycling	27,804	31,152	-	-	3,348	-	3,348
Water works	55,980	67,408	-	1,215	12,643	-	12,643
Community & economic development	6,472	6,426	-	-	(46)	-	(46)
Municipal parking	49,920	58,316	-	-	8,396	-	8,396
Total business-type activities	201,682	252,563	-	1,215	52,096	-	52,096
Total primary government	\$ 860,406	\$ 414,377	\$ 118,118	\$ 29,413	\$ (350,594)	\$ 52,096	\$ (298,498)
Component units:							
Discrete component units	\$ 111,274	\$ 30,419	\$ 10,113	\$ 9,707	(61,035)	-	(61,035)
General Revenues:							
Taxes:							
General property tax and fiscal disparities					217,519	-	217,519
Property tax increment					42,117	-	42,117
Franchise fees					27,855	-	27,855
Convention center taxes					61,307	-	61,307
Other taxes					42	-	42
Local government aid - unrestricted					56,578	-	56,578
Grants and contributions not restricted to programs					-	271	271
Unrestricted interest and investment earnings					5,961	-	5,961
Other					1,440	-	1,440
Gain on sale of capital assets					-	-	-
Transfers					20,178	(20,178)	-
Total general revenues and transfers					432,997	(19,907)	413,090
Change in net assets					82,403	32,189	114,592
Net assets- January 1					697,662	707,076	1,404,738
Net assets- December 31					\$ 780,065	\$ 739,265	\$ 1,519,330
							\$ 300,692
							\$ 1,820,022

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

**GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	General	Community Planning and Economic Development	Convention Center	Permanent Improvement	Development	Special Assessment	Non-Major Governmental	Total
ASSETS								
Cash and cash equivalents	\$ 62,893	\$ 167,190	\$ 21,079	\$ 21,194	\$ 74	\$ 8,821	\$ 67,634	\$ 348,885
Deposits with fiscal agents	-	-	-	-	-	-	243	243
Fund investments	-	10,056	-	-	-	-	-	10,056
Investments with trustees	-	-	-	-	-	-	3,219	3,219
Receivables:								
Accounts - net	4,285	547	6,719	1,965	-	-	879	14,395
Taxes	3,870	103	-	40	-	-	908	4,921
Special assessments	835	-	-	3,449	-	37,043	1,375	42,702
Intergovernmental	3,171	462	-	17,662	-	-	23,008	44,303
Notes	-	-	-	-	-	-	104	104
Loans	-	7,671	-	-	-	-	-	7,671
Loans due from component unit	-	-	7,876	-	-	-	-	7,876
Accrued interest	535	551	105	76	1	32	185	1,485
Due from other funds	1,739	17	-	-	-	-	12,127	13,883
Advances to other funds	864	10	9,250	-	-	-	-	10,124
Land held for development	-	38,548	-	-	-	-	9,537	48,085
Prepaid items	22	98	-	-	-	-	-	120
Total assets	\$ 78,214	\$ 225,253	\$ 45,029	\$ 44,386	\$ 75	\$ 45,896	\$ 119,219	\$ 558,072
LIABILITIES and FUND BALANCES								
Liabilities:								
Salaries payable	\$ 6,448	\$ 109	\$ 280	\$ 166	\$ -	\$ -	\$ 438	\$ 7,441
Accounts payable	3,421	1,646	3,253	2,399	21	38	6,057	16,835
Intergovernmental payable	501	2	10	-	-	-	47	560
Due to other funds	27	-	-	-	-	-	13,856	13,883
Due to component units	-	-	-	-	-	-	146	146
Deposits held for others	3,225	675	1,477	-	-	-	-	5,377
Deferred Revenue - unavailable	3,230	7,774	-	20,991	-	36,971	1,818	70,784
Deferred Revenue - unearned	-	246	-	-	-	-	7,666	7,912
Total liabilities	16,852	10,452	5,020	23,556	21	37,009	30,028	122,938
Fund balances:								
Reserved for:								
Land held for development	-	38,548	-	-	-	-	9,537	48,085
Specific development projects	-	132,223	-	-	-	-	-	132,223
Street/highway projects	-	-	-	806	-	-	-	806
Encumbrances	384	10,961	94	-	-	-	8	11,447
Prepaid items	22	98	-	-	-	-	-	120
Loans	-	7,671	7,876	-	-	-	-	15,547
Advances	864	10	9,250	-	-	-	-	10,124
Pension liability	-	-	-	-	-	-	10,092	10,092
Unreserved, reported in								
General Fund	60,092	-	-	-	-	-	-	60,092
Special Revenue Fund	-	25,290	22,789	-	-	-	17,681	65,760
Debt Service Fund	-	-	-	-	54	8,887	51,873	60,814
Capital Project Fund	-	-	-	20,024	-	-	-	20,024
Total fund balances	61,362	214,801	40,009	20,830	54	8,887	89,191	435,134
Total liabilities and fund balances	\$ 78,214	\$ 225,253	\$ 45,029	\$ 44,386	\$ 75	\$ 45,896	\$ 119,219	\$ 558,072

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

**Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Assets - Governmental Activities
December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

Fund balances - total governmental funds	\$	435,134
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Non-Depreciable	354,858	
Depreciable	1,069,369	
Accumulated Depreciation	<u>(523,050)</u>	901,177
Capital Lease Receivable for parking ramp		9,712
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds, primarily deferred special assessments.		
		70,784
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.		
		70,872
Receivable from business-type funds for internal service fund activity		
		18,134
Accruals to record an accounts receivable allowance, interest receivable on loans and notes, and an adjustment to loans and notes receivable balances.		
		(6,557)
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	(675,597)	
Other post employment benefits payable	(9,011)	
Operating and Capital leases payable	(86)	
Bond Interest Payable	(3,477)	
Compensated Absences	<u>(31,020)</u>	<u>(719,191)</u>
Net assets of governmental activities	\$	<u>780,065</u>

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

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	General	Community Planning and Economic Development	Convention Center	Permanent Improvement	Development	Special Assessment	Nonmajor Governmental	Total
REVENUES:								
Taxes	\$ 198,020	\$ 41,844	\$ 61,308	\$ 1,690	\$ -	\$ -	\$ 41,094	\$ 343,956
Licenses and permits	26,541	-	-	278	-	-	2,482	29,301
Intergovernmental revenues	69,480	180	-	23,376	-	-	96,474	189,510
Charges for services and sales	37,303	9,057	4,500	3,203	-	-	2,713	56,776
Fines and forfeits	8,825	-	-	-	-	-	1,109	9,934
Special assessments	2,792	-	-	1,503	-	7,822	11,732	23,849
Interest	1,844	2,776	744	113	-	93	699	6,269
Miscellaneous revenues	1,314	9,539	8,694	1,215	298	-	14,306	35,366
Total revenues	<u>346,119</u>	<u>63,396</u>	<u>75,246</u>	<u>31,378</u>	<u>298</u>	<u>7,915</u>	<u>170,609</u>	<u>694,961</u>
EXPENDITURES:								
Current:								
General government	58,766	-	-	1,002	-	-	12,978	72,746
Public safety	214,301	-	-	-	-	-	44,206	258,507
Public works	44,642	-	-	-	-	-	5,523	50,165
Culture and recreation	6,747	-	-	7,061	-	-	-	13,808
Health and welfare	3,313	-	-	-	-	-	10,509	13,822
Community & economic development	3,527	45,287	39,633	-	-	-	57,635	146,082
Capital outlay	-	1,106	-	59,553	-	-	-	60,659
Debt Service:								
Principal retirement	-	-	-	-	96,210	17,965	65,067	179,242
Interest and fiscal charges	-	-	-	-	14,584	2,348	13,573	30,505
Total expenditures	<u>331,296</u>	<u>46,393</u>	<u>39,633</u>	<u>67,616</u>	<u>110,794</u>	<u>20,313</u>	<u>209,491</u>	<u>825,536</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,823</u>	<u>17,003</u>	<u>35,613</u>	<u>(36,238)</u>	<u>(110,496)</u>	<u>(12,398)</u>	<u>(38,882)</u>	<u>(130,575)</u>
OTHER FINANCING SOURCES (USES):								
Transfers from other funds	22,673	1,904	1,000	14,683	36,531	789	37,523	115,103
Transfers to other funds	(44,401)	(33,332)	(45,228)	(2,275)	(8,569)	(15)	(5,838)	(139,658)
Bonds issued	-	-	-	24,687	-	-	-	24,687
Premium (Discount)	-	-	-	1,596	253	330	986	3,165
Refunding bonds issued	-	-	-	-	23,430	8,725	19,560	51,715
Total other financing sources (uses)	<u>(21,728)</u>	<u>(31,428)</u>	<u>(44,228)</u>	<u>38,691</u>	<u>51,645</u>	<u>9,829</u>	<u>52,231</u>	<u>55,012</u>
Net change in fund balances	(6,905)	(14,425)	(8,615)	2,453	(58,851)	(2,569)	13,349	(75,563)
Fund balances - January 1	68,267	229,226	48,624	18,377	58,905	11,456	75,842	510,697
Fund balances - December 31	<u>\$ 61,362</u>	<u>\$ 214,801</u>	<u>\$ 40,009</u>	<u>\$ 20,830</u>	<u>\$ 54</u>	<u>\$ 8,887</u>	<u>\$ 89,191</u>	<u>\$ 435,134</u>

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

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the
Statement of Activities - Governmental Activities
For the Fiscal Year Ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

Net increase (decrease) in fund balances - total governmental funds	\$	(75,563)
Amounts reported for governmental activities in the statement of activities are different because:		
Interest receivable is not recorded within the fund level statements.		(148)
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.		15,176
Transfers from business-type funds for internal service fund activity		140
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:		59,745
Less loss on retirement of capital assets		(54)
Less current year depreciation		(26,170)
Revenues and expenses in the statement of activities that do not provide current financial resources are not reported as revenues and expenses in the funds.		10,703
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:		
Bonds Principal Payments	179,242	
Bond Proceeds	<u>(79,567)</u>	99,675
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	4,353	
Change in other post employment benefits payable	(2,568)	
Change in compensated absences	<u>(2,886)</u>	<u>(1,101)</u>
Increase (decrease) in net assets of governmental activities	\$	<u>82,403</u>

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

**PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Business-type Activities - Enterprise Funds						Governmental Activities	
	Sanitary Sewer	Stormwater	Water Works	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development	Total	Internal Service Funds
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 16,651	\$ 26,160	\$ 13,227	\$ 12,781	\$ 21,924	\$ 154	\$ 90,897	\$ 58,855
Investments with trustees	-	-	-	-	-	52,995	52,995	-
Receivables:								
Accounts - net	3,659	3,227	4,407	3,481	2,858	37	17,669	133
Special assessments:								
Current	96	342	672	1	146	-	1,257	-
Delinquent	6	104	227	7	4	-	348	-
Deferred	-	88	787	8,699	1	-	9,575	-
Intergovernmental	-	290	-	-	10	-	300	434
Loans	-	-	-	-	-	150	150	-
Notes	-	-	-	-	-	405	405	6,557
Accrued interest	-	-	-	-	-	46	46	-
Capital leases	-	-	-	-	-	3,535	3,535	-
Due from other funds	-	-	-	-	-	-	-	835
Inventories	-	-	2,289	-	1,391	-	3,680	5,569
Properties held for resale	-	-	-	-	-	12	12	433
Prepaid items	-	-	-	-	-	-	-	1,194
Total current assets	20,412	30,211	21,609	24,969	26,334	57,334	180,869	74,010
Long-term assets:								
Receivables:								
Loans	-	-	-	-	-	610	610	-
Capital leases	-	-	-	-	-	79,198	79,198	-
Deferred charges	16	16	30	579	-	-	641	228
Capital assets:								
Nondepreciable								
Land, leaseholds and easements	1	7,211	2,993	112,452	110	3,848	126,615	23,303
Construction in progress	14,904	10,896	66,018	3,401	-	-	95,219	12,401
Depreciable								
Buildings and structures	-	-	186,262	278,199	2,047	12,743	479,251	55,649
Less accumulated depreciation	-	-	(55,401)	(100,884)	(2,030)	(10,108)	(168,423)	(26,952)
Public improvements	132,106	336,103	142,315	456	-	-	610,980	3,056
Less accumulated depreciation	(54,812)	(94,092)	(61,525)	(102)	-	-	(210,531)	(2,793)
Machinery and equipment	1,182	1,405	2,227	4,566	12,536	393	22,309	80,136
Less accumulated depreciation	(1,174)	(1,381)	(1,576)	(2,129)	(8,974)	(393)	(15,627)	(48,580)
Computer equipment	10	193	316	1,041	178	-	1,738	60,775
Less accumulated depreciation	(10)	(193)	(287)	(1,028)	(178)	-	(1,696)	(50,044)
Software	-	1,488	1,856	130	955	-	4,429	45,280
Less accumulated depreciation	-	(1,488)	(1,852)	(130)	(955)	-	(4,425)	(22,231)
Other capital outlay	-	-	19	15	-	-	34	50
Less accumulated depreciation	-	-	(19)	(12)	-	-	(31)	(50)
Total long-term assets	92,223	260,158	281,376	296,554	3,689	86,291	1,020,291	130,228
Total assets	\$ 112,635	\$ 290,369	\$ 302,985	\$ 321,523	\$ 30,023	\$ 143,625	\$ 1,201,160	\$ 204,238

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

**PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
December 31, 2010**

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

	Business-type Activities - Enterprise Funds						Total	Governmental
	Sanitary Sewer	Stormwater	Water Works	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Internal Service Funds
LIABILITIES								
Current liabilities:								
Salaries payable	\$ 67	\$ 103	\$ 313	\$ 100	\$ 92	\$ -	\$ 675	\$ 783
Accounts payable	761	280	5,082	2,842	1,184	16	10,165	5,307
Intergovernmental payable	13	-	80	50	87	-	230	36
Due to other funds	-	-	-	-	-	-	-	835
Deposits held for others	19	307	-	1,344	4	5,668	7,342	-
Advances from other funds	-	-	-	-	-	10	10	-
Interest payable	55	60	901	575	-	439	2,030	143
Unearned revenue	-	-	-	-	-	861	861	11,897
Bonds payable-current portion	3,100	4,785	2,251	14,620	-	3,940	28,696	11,875
Notes payable-current portion	-	-	3,655	-	-	144	3,799	-
Compensated assets payable-current portion	45	83	255	49	114	2	548	463
Total current liabilities	4,060	5,618	12,537	19,580	1,481	11,080	54,356	31,339
Long-term liabilities:								
Interest payable	-	2,155	3,329	2,362	-	-	7,846	-
Bonds payable	11,400	13,486	26,521	147,700	-	91,985	291,092	40,065
Unamortized premium (discounts)	814	774	1,548	3,313	-	-	6,449	2,206
Advances from other funds	-	-	-	-	-	-	-	10,114
Notes payable	-	-	80,866	-	-	311	81,177	-
Compensated absences payable	104	194	596	115	266	5	1,280	1,078
Other postemployment benefits	101	274	694	135	357	-	1,561	1,272
Unpaid claims payable	-	-	-	-	-	-	-	47,292
Total long-term liabilities	12,419	16,883	113,554	153,625	623	92,301	389,405	102,027
Total liabilities	16,479	22,501	126,091	173,205	2,104	103,381	443,761	133,366
NET ASSETS								
Invested in capital assets, net of related debt	81,069	244,580	168,351	130,514	3,689	6,483	634,686	76,873
Restricted - debt service	-	-	-	-	-	34,674	34,674	-
Unrestricted	15,087	23,288	8,543	17,804	24,230	(913)	88,039	(6,001)
Total net assets	96,156	267,868	176,894	148,318	27,919	40,244	757,399	70,872
Total liabilities and net assets	\$ 112,635	\$ 290,369	\$ 302,985	\$ 321,523	\$ 30,023	\$ 143,625	\$ 1,201,160	\$ 204,238

Net assets - total enterprise funds \$ 757,399

Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities. (18,134)

Net assets of business-type activities \$ 739,265

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the Fiscal Year Ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental
	Sanitary Sewer	Stormwater	Water Works	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Internal Service Funds
Operating revenues:								
Licenses and permits	\$ -	\$ -	\$ 1	\$ 292	\$ -	\$ -	\$ 293	\$ -
Intergovernmental revenues	-	231	-	-	-	-	231	-
Charges for services and sales	49,277	37,798	65,650	57,948	29,638	2,429	242,740	76,593
Special assessments	90	1,008	1,757	-	616	-	3,471	-
Interest	-	-	-	-	-	3,997	3,997	-
Rents and commissions	-	-	-	3	-	-	3	34,806
Total operating revenues	49,367	39,037	67,408	58,243	30,254	6,426	250,735	111,399
Operating expenses:								
Personnel costs	3,126	6,048	20,501	4,164	9,787	11	43,637	41,714
Contractual services	7,576	12,323	16,938	36,939	17,265	2,143	93,184	47,497
Materials, supplies, services and other	29,963	3,213	10,237	1,996	2,640	-	48,049	16,264
Rent	-	-	148	-	-	-	148	1,556
Depreciation	1,152	3,826	7,518	6,776	835	347	20,454	18,665
Total operating expenses	41,817	25,410	55,342	49,875	30,527	2,501	205,472	125,696
Operating income (loss)	7,550	13,627	12,066	8,368	(273)	3,925	45,263	(14,297)
Non-operating revenues (expenses):								
Intergovernmental	-	838	-	-	899	-	1,737	-
Interest revenue	-	-	-	-	-	271	271	-
Interest expense	(547)	(863)	(3,420)	(5,961)	-	(3,971)	(14,762)	(2,561)
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	-	91
Special assessments	-	-	-	65	-	-	65	-
Other revenues	-	28	4	8	-	-	40	5,888
Total non-operating revenues (expenses)	(547)	3	(3,416)	(5,888)	899	(3,700)	(12,649)	3,418
Income (loss) before contributions and transfers	7,003	13,630	8,650	2,480	626	225	32,614	(10,879)
Capital contributions	-	-	1,215	-	-	-	1,215	-
Transfers in (out):								
Transfers from other funds	319	342	-	14,777	196	200	15,834	28,186
Transfers to other funds	(825)	(3,311)	(1,507)	(10,442)	(851)	(398)	(17,334)	(2,131)
Total transfers	(506)	(2,969)	(1,507)	4,335	(655)	(198)	(1,500)	26,055
Change in net assets	6,497	10,661	8,358	6,815	(29)	27	32,329	15,176
Net assets - January 1	89,659	257,207	168,536	141,503	27,948	40,217		55,696
Net assets - December 31	\$ 96,156	\$ 267,868	\$ 176,894	\$ 148,318	\$ 27,919	\$ 40,244		\$ 70,872

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.

(140)

Change in net assets of business-type activities

\$ 32,189

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

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Sanitary Sewer	Stormwater	Water Works	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development	Total	Activities Internal Service Funds
Cash flows from operating activities:								
Cash received from customers and users	\$ 48,618	\$ 39,467	\$ 67,054	\$ 59,148	\$ 30,100	\$ 13,079	\$ 257,466	\$ 120,150
Loans issued	-	-	-	-	-	(30,218)	(30,218)	-
Payments to suppliers and users	(37,236)	(15,508)	(22,217)	(38,895)	(18,862)	(2,223)	(134,941)	(60,915)
Payments to employees	(3,203)	(6,131)	(20,892)	(4,179)	(9,873)	(15)	(44,293)	(42,472)
Other non-operating revenues	-	-	4	-	-	-	4	5,888
Net Cash Provided (used) by operating Activities	8,179	17,828	23,949	16,074	1,365	(19,377)	48,018	22,651
Cash flows from non-capital financing activities:								
Bonds issued	-	-	-	-	-	43,000	43,000	-
Transfers from other funds	319	342	-	14,777	2,371	200	18,009	28,186
Principal paid on bonds and notes	-	-	-	-	-	(4,576)	(4,576)	-
Interest paid on bonds and notes	-	-	-	-	-	(3,802)	(3,802)	-
Transfers to other funds	(825)	(3,311)	(3,607)	(10,442)	(851)	(398)	(19,434)	(2,131)
Intergovernmental	-	822	-	-	889	-	1,711	-
Other non-operating revenues	-	28	-	8	-	-	36	-
Net cash provided (used) by non-capital financing activities	(506)	(2,119)	(3,607)	4,343	2,409	34,424	34,944	26,055
Cash Flows from capital and related financing activities								
Bonds issued	3,650	2,440	3,366	1,700	-	-	11,156	24,637
Refunding bonds issued	-	-	-	13,025	-	-	13,025	11,385
Notes issued	-	-	15,201	-	-	-	15,201	-
Principal paid on bonds	(2,850)	(5,345)	(3,240)	(27,765)	-	-	(39,200)	(44,927)
Interest paid on bonds	(701)	(1,405)	(3,874)	(6,574)	-	-	(12,554)	(3,891)
Premium (discount)	275	184	254	366	-	-	1,079	1,491
Principal paid on notes	-	-	(2,405)	-	-	-	(2,405)	-
Capital contributions	-	-	1,215	-	-	-	1,215	-
Special assessments	-	-	-	611	-	-	611	-
Acquisition and construction of capital assets	(5,709)	(7,100)	(19,825)	(3,077)	(310)	-	(36,021)	(8,974)
Bond issuance costs	(5)	(3)	(5)	(65)	-	-	(78)	(132)
Proceeds from sale of capital assets	-	-	-	-	-	-	-	58
Net cash provided (used) by capital and related financing activities	(5,340)	(11,229)	(9,313)	(21,779)	(310)	-	(47,971)	(20,353)
Cash flows from investing activities:								
Purchase of investments	-	-	-	-	-	(37,798)	(37,798)	-
Sale of investments	-	-	-	-	-	15,618	15,618	-
Interest	-	-	-	-	-	7,263	7,263	-
Net cash provided (used) by investing activities	-	-	-	-	-	(14,917)	(14,917)	-
Net increase (decrease) in cash and cash equivalents	2,333	4,480	11,029	(1,362)	3,464	130	20,074	28,353
Cash and cash equivalents, beginning of year	14,318	21,680	2,198	14,143	18,460	24	70,823	30,502
Cash and cash equivalents, end of year	\$ 16,651	\$ 26,160	\$ 13,227	\$ 12,781	\$ 21,924	\$ 154	\$ 90,897	\$ 58,855

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

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

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended December 31, 2010

	Sanitary Sewer	Stormwater	Water Works	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development	Total	Governmental
								Activities
								Internal Service Funds
Reconciliation of operating income to net cash provided (used) by operating activities								
Operating income (loss)	\$ 7,550	\$ 13,627	\$ 12,066	\$ 8,368	\$ (273)	\$ 3,925	\$ 45,263	\$ (14,297)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:								
Depreciation	1,152	3,826	7,518	6,776	835	347	20,454	18,665
Accounts receivable (net)	(346)	1,148	734	1,067	(74)	2	2,531	45
Intergovernmental receivable	-	(196)	-	-	-	-	(196)	(50)
Loans receivable	-	-	-	-	-	148	148	-
Notes Receivable	-	-	-	-	-	780	780	1,047
Special assessments receivable	(92)	(338)	(784)	-	(84)	-	(1,298)	-
Capital lease receivable	-	-	-	-	-	(26,558)	(26,558)	-
Inventories	-	-	462	-	(173)	-	289	240
Prepaid items	-	-	-	-	-	-	-	(1,047)
Due from other funds	-	-	-	-	-	-	-	1,651
Salaries payable	(27)	(80)	(221)	(5)	(68)	(2)	(403)	(352)
Accounts payable	289	29	4,281	-	1,129	-	5,728	2,145
Due to other funds	-	-	-	-	-	(80)	(80)	(1,713)
Intergovernmental payable	13	-	80	9	87	-	189	14
Deposits held for others	(311)	(139)	(21)	31	5	1,963	1,528	-
Unearned revenue	-	(46)	-	(162)	-	100	(108)	6,043
Compensated absences payable	(64)	(95)	(361)	(49)	(128)	(2)	(699)	(764)
Other postemployment benefits	15	92	191	39	109	-	446	357
Unpaid claims	-	-	-	-	-	-	-	4,779
Other non-operating revenues	-	-	4	-	-	-	4	5,888
Net cash provided (used) by operating activities	<u>\$ 8,179</u>	<u>\$ 17,828</u>	<u>\$ 23,949</u>	<u>\$ 16,074</u>	<u>\$ 1,365</u>	<u>\$ (19,377)</u>	<u>\$ 48,018</u>	<u>\$ 22,651</u>
Non-cash investing, capital and financing activities:								

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

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 2,524
Receivables:	
Accounts-net	2,133
Total assets	\$ 4,657
LIABILITIES	
Accounts payable	\$ 2,586
Intergovernmental payable	1,949
Deposits held for others	122
Total liabilities	\$ 4,657

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

**COMBINING STATEMENT OF NET ASSETS
DISCRETE COMPONENT UNITS
December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Park Board	Municipal Building Commission	Meet Minneapolis	Total Discrete Component Units
<u>ASSETS</u>				
Cash and investments	\$ 16,912	\$ 1,326	\$ 997	\$ 19,235
Receivables (net)	10,702	-	119	10,821
Due from primary government	146	-	-	146
Due from other government agencies	-	789	-	789
Prepays and other assets	287	-	57	344
Inventories	144	-	-	144
Capital assets:				
Nondepreciable	96,726	18,091	-	114,817
Depreciable, net	180,604	11,374	495	192,473
Total assets	<u>\$ 305,521</u>	<u>\$ 31,580</u>	<u>\$ 1,668</u>	<u>\$ 338,769</u>
<u>LIABILITIES</u>				
Accrued salaries and benefits	\$ 713	\$ 76	\$ 302	\$ 1,091
Accounts payable	9,304	671	213	10,188
Interest payable	72	-	98	170
Unpaid claims payable	6,071	-	-	6,071
Loans payable to primary government	-	-	1,813	1,813
Due to other governmental agencies	-	1	-	1
Unearned revenue	-	-	130	130
Compensated absences:				
Due within one year	2,906	81	-	2,987
Due beyond one year	1,373	190	-	1,563
Other postemployment benefits - due beyond one year	1,661	136	-	1,797
Long -term portion of loan payable -				
Due to primary government	-	-	6,063	6,063
Long-term liabilities:				
Due within one year	1,366	-	151	1,517
Due beyond one year	4,483	-	203	4,686
Total liabilities	<u>27,949</u>	<u>1,155</u>	<u>8,973</u>	<u>38,077</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	271,481	29,465	473	301,419
Restricted	-	-	2	2
Unrestricted	6,091	960	(7,780)	(729)
Total net assets	<u>277,572</u>	<u>30,425</u>	<u>(7,305)</u>	<u>300,692</u>
Total liabilities and net assets	<u>\$ 305,521</u>	<u>\$ 31,580</u>	<u>\$ 1,668</u>	<u>\$ 338,769</u>

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

COMBINING STATEMENT OF ACTIVITIES
DISCRETE COMPONENT UNITS
For the Fiscal Year Ended December 31, 2010

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Park Board	Municipal Building Commission	Meet Minneapolis	Total Discrete Component Units
Park Board	\$ 93,736	\$ 18,862	\$ 2,711	\$ 9,707	\$ (62,456)	\$ -	\$ -	\$ (62,456)
Municipal Building Commission	9,137	9,752	-	-	-	615	-	615
Meet Minneapolis	8,401	1,805	7,402	-	-	-	806	806
Total discrete component unit activities	\$ 111,274	\$ 30,419	\$ 10,113	\$ 9,707	\$ (62,456)	\$ 615	\$ 806	\$ (61,035)
General Revenues:								
Taxes:								
General property tax and fiscal disparities					56,552	-	-	56,552
Local government aid					-	146	-	146
Grants and contributions not restricted to specific programs					8,484	-	-	8,484
Other					-	1,274	-	1,274
Gain on sale of capital assets					11	-	-	11
Total general revenues					65,047	1,420	-	66,467
Change in net assets					2,591	2,035	806	5,432
Net assets- January 1					274,981	28,390	(8,111)	295,260
Net assets- December 31, 2010					\$ 277,572	\$ 30,425	\$ (7,305)	\$ 300,692

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



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For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A - REPORTING ENTITY

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

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

BLENDED COMPONENT UNIT

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

▪ Board of Estimate and Taxation

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

DISCRETELY PRESENTED COMPONENT UNITS

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

▪ Minneapolis Park and Recreation Board

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

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

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

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

▪ Municipal Building Commission

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

▪ Meet Minneapolis

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

RELATED ORGANIZATIONS

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

▪ Metropolitan Sports Facilities Commission

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

▪ Minneapolis Public Housing Authority

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

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

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

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

JOINT VENTURES

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

• Minneapolis/Saint Paul Housing Finance Board

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

• Minneapolis Neighborhood Revitalization Program Policy Board

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

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

▪ Minneapolis Youth Coordinating Board

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

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

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

GOVERNMENTAL FUNDS

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

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

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

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

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

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

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

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

The City reports the following major governmental funds:

- **General Fund**

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

- **Special Revenue Fund - Community Planning and Economic Development**

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

- **Special Revenue Fund - Convention Center**

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

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**B – BASIS OF PRESENTATION****GOVERNMENTAL FUNDS (continued)****▪ Capital Project Fund - Permanent Improvement**

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

▪ Debt Service Fund - Development

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

▪ Debt Service Fund - Special Assessment

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

PROPRIETARY FUNDS

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

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

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

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

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

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

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

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

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

The City reports the following major enterprise funds:

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

NON-MAJOR FUNDS

The City reports the following non-major governmental funds:

Special Revenue Funds:

Arena Reserve
Board of Estimate and Taxation
HUD Consolidated Plan
Convention Facilities Reserve
Downtown Improvement District
Employee Retirement
Grants- Federal
Grants- Other
Police

Debt Service Funds:

Community Planning and Economic Development
General Debt Service

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

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

Additionally, the City reports the following fund types:

▪ Internal Service Funds

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

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

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

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

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

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

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

▪ Agency Funds

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C – BUDGETS

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

The 2009 process for the 2010 budget involved the following:

- January - March City department heads presented annual work plans and accomplishments to Executive Committee; referred then to relevant Policy Committee for review and file.
Finance Department presented preliminary year-end budget status report to Ways and Means/Budget Committee.

- March - April Capital Improvement Budget Development – Capital improvement proposals were reviewed by the Budget Coordination Unit, the City Planning Commission and the Capital Long-Range Improvement Committee (CLIC).

- April - June Operating Budget Development – Departments prepared department operating budget requests; “Current Service Level Budgets” reflected current year costs of providing the same level of service as provided in the prior year, and proposals which described policy and organizational changes with financial implications.

- June - August The Mayor held departmental hearings to review operating budgets and met with representatives from CLIC in preparation of finalizing the capital budget recommendation. The Mayor prepared and submitted a budget framework to the City Council no later than August 15, including a recommendation on annual property tax levy amounts.

- September –
October The Board of Estimate and Taxation set the maximum property tax levy for the City, Municipal Building Commission, Public Housing Authority, and Park Board by September 15, as required by state law.

- November –
December “Truth in Taxation” property tax statements mailed by the County to property owners indicating the maximum amount of property taxes that the owner will be required to pay.

- December “Truth in Taxation” public hearings held. The City Council adopted a final budget and tax levy.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C – BUDGETS (continued)

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

	Expenditure Budget at beginning of year	Changes during year	Expenditure Budget at end of year
General	\$ 332,264	\$ 556	\$ 332,820
CPED Special Revenue	46,799	80,652	127,451
Convention Center Special Revenue	45,222	(1,500)	43,722
Arena Reserve Special Revenue	1,935	1,758	3,693
Board of Estimate and Taxation Special Revenue	345	(150)	195
HUD Consolidated Plan Special Revenue	19,810	13,329	33,139
Employee Retirement Special Revenue	14,231	7,940	22,171
Grants – Federal Special Revenue	19,932	37,450	57,382
Grants – Other Special Revenue	13,672	12,807	26,479
Police Special Revenue	3,275	806	4,081
TOTAL	\$ 497,485	\$ 153,648	\$ 651,133

D – NON-CURRENT GOVERNMENTAL ASSETS/LIABILITIES

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

E - DEPOSITS AND INVESTMENTS

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F - INVENTORIES OF MATERIALS AND SUPPLIES

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

G - LOANS RECEIVABLE

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

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

H – CAPITAL ASSETS

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

The estimated useful lives are as follows:

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

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

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

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

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

J – INTERFUND TRANSACTIONS

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

K - PROPERTIES HELD FOR RESALE - ENTERPRISE FUNDS

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

L - DEBT SERVICE AND REQUIREMENTS

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

M - ESTIMATES

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Deposits, per book	\$ (3,209)
Investments	590,061
Imprest cash held by City	57
Total	<u>\$ 586,909</u>
Primary Government:	
Cash and cash equivalents	\$ 498,637
Cash in Agency Funds	2,524
Deposits with fiscal agents	243
Fund investments	10,056
Investments with trustees	56,214
Total primary government	<u>\$ 567,674</u>
Discretely Presented Component Units:	
Park and Recreation Board:	
Cash and cash equivalents	<u>16,912</u>
Municipal Building Commission:	
Cash and cash equivalents	<u>1,326</u>
Meet Minneapolis	
Cash and cash equivalents	<u>997</u>
Total	<u>\$ 586,909</u>

A. Deposits

Minnesota Statutes Chapter 118A and the City Charter require the city to collateralize deposits at designated depositories. The City Finance Officer has arranged for the Federal Reserve Bank of Minneapolis to act as the City's agent in the safekeeping of securities as collateral. The bank balances at the City's designated depositories as of December 31, 2010, totaled \$8,774. The market value of securities pledged for the City and held at the Federal Reserve Bank for safekeeping as of December 31, 2010 totaled \$16,467.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to it. The City's policy is to have its designated depositories comply with Minnesota Statutes Chapter 118A to pledge allowable securities to collateralize the City's deposits. At December 31, 2010, the City was not exposed to custodial credit risk.

B. Investments

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

B. Investments (continued)

Interest Rate Risk

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

The following table presents the City of Minneapolis’ investment balances at December 31, 2010, and information relating to interest rate risks:

Investment Type	Weighted Average Maturity (Years)	Carrying (Fair) Value
U.S. Federal Agency obligations	1.6	\$ 192,327
U.S. Treasury obligations	1.5	133,722
U.S. Mortgage obligations	1.6	31,325
Municipal bonds	0.5	18,039
Commercial paper	0.1	73,488
Corporate securities	0.4	450
Guaranteed investment contracts	0.1	842
Mutual funds	0.1	137,423
Negotiable certificates of deposit	0.1	2,445
Portfolio Weighted Average Maturity	1.0	
Total investments		\$ 590,061
Deposits per book		(3,209)
Imprest cash		57
Total cash and investments		\$ 586,909

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:

NOTE 2 - DEPOSITS AND INVESTMENTS

B. Investments

Credit Risk (continued)

“INVESTMENTS.

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

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

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

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

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

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

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

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

At December 31, 2010, the City’s investments were rated by Moody’s and Standard & Poor’s as follows:

Investment Type	Standard & Poor’s		Moody’s	
U.S. Federal agency obligations	AAA	\$ 185,563	Aaa	\$ 185,563
	Not available	-	Not available	514
	Not rated	6,764	Not rated	6,250
Total U.S. Federal agency obligations		\$ 192,327		\$ 192,327
U.S. Treasury obligations	AAA	\$ 133,722	Aaa	\$ 133,722
U.S. Agency Mortgage obligations	Agency	\$ 31,325	Agency	\$ 31,325
Municipal bonds	AAA	\$ 5,122	Aaa	\$ 3,744
	AA+	3,106	Aa1	4,861
	AA	2,380	Aa2	3,989
	AA-	1,341	Aa3	2,407
	A+	1,181	A1	712
	A-	548	A2	-
	BBB+	-	Baa1	427
	Not available	2,218	Not available	647
	Not rated	2,143	Not rated	1,252
Total Municipal bonds		\$ 18,039		\$ 18,039

NOTE 2 - DEPOSITS AND INVESTMENTS

B. Investments

Credit Risk (continued)

Investment Type	Standard & Poor's		Moody's	
Commercial paper	A-1+	\$ 50,492	P-1	\$ 65,989
	A-1	22,996	Not available	7,499
		\$ 73,488		\$ 73,488
Total Commercial paper				
Corporate securities	Not rated	\$ 450	Not rated	\$ 450
Guaranteed investment contracts	Not rated	\$ 842	Not rated	\$ 842
Mutual funds	AAAmG	\$ 137,423	Aaa	\$ 137,423
Negotiable certificates of deposit	Not rated	\$ 2,445	Not rated	\$ 2,445
Total		\$ 590,061		\$ 590,061

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's policy is to comply with Minnesota Statutes Chapter 118A and it uses a third party financial institution for safekeeping of securities.

Concentration of Credit Risk

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

At December 31, 2010, investments in any one issuer that represent 5 percent or more of the City's investments are as follows:

Issuer	Reported Amount
U.S. Federal Agency obligations	\$ 192,327
U.S. Department of the Treasury	133,722
U.S. Agency Mortgage obligations	31,325

NOTE 2 - DEPOSITS AND INVESTMENTS

B. Investments (continued)

Investment derivative instruments:

At December 31, 2010, one of the City’s Investment Managers held four “to-be-announced” (TBA) Fannie Mae mortgage-backed securities. These securities are investments within the general cash pool of the City. The change in the fair value of these securities would flow through to the City’s funds participating in the cash pool and reported in interest earnings on the fund’s statement of activities. The fair value would be reported with the fund’s cash on the statement of net assets. Generally, the risks associated with investments apply to derivatives. The change in fair value during FY 2010, the fair value at December 31, 2010, and the notional amount of these investments is shown below.

	<u>Changes in Fair Value during FY 2010</u>	<u>Fair Value at 31-Dec-10</u>	<u>Notional Amount</u>
Governmental Activities	\$ 11	\$ 2,850	\$ 2,787
Business-Type Activities	2	635	621
Discrete Component Units:			
Minneapolis Park and Recreation Board	1	118	116
Municipal Building Commission	-	9	9
Fiduciary Funds	-	18	17
Total	<u>\$ 14</u>	<u>\$ 3,630</u>	<u>\$ 3,550</u>

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

NOTE 3 – RECEIVABLES

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

	General Fund	CPED	Convention Center	Permanent Improvement	Development Debt Service	Special Assessment Debt Service	Non-major Governmental Funds	Internal Service Funds	Total Governmental Activities
Governmental Activities									
Accounts	\$ 5,130	\$ 547	\$ 7,000	\$ 2,230	\$ -	\$ -	\$ 879	\$ 210	\$ 15,996
Taxes	3,870	103	-	40	-	-	908	-	4,921
Special assessments	835	-	-	3,449	-	37,043	1,375	-	42,702
Intergovernmental	3,171	462	-	17,662	-	-	23,008	434	44,737
Loans	-	7,671	-	-	-	-	-	-	7,671
Loans due from component unit	-	-	1,813	-	-	-	-	-	1,813
Notes	-	-	-	-	-	-	104	6,557	6,661
Interest	535	551	105	76	1	32	185	-	1,485
Gross receivables	13,541	9,334	8,918	23,457	1	37,075	26,459	7,201	125,986
Less: Allowance for uncollectibles	(845)	-	(281)	(265)	-	-	-	(77)	(1,468)
Total receivables (due within one year)	\$ 12,696	\$ 9,334	\$ 8,637	\$ 23,192	\$ 1	\$ 37,075	\$ 26,459	\$ 7,124	\$ 124,518

Long-term portion of loans and notes receivable	\$ -	\$ -	\$ 6,063	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,063
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	Sanitary Sewer	Stormwater	Water Works	Municipal Parking	Solid Waste and Recycling	CPED	Total Business-type Activities
Business-type Activities							
Accounts	\$ 3,660	\$ 3,228	\$ 4,850	\$ 3,573	\$ 2,858	\$ 37	\$ 18,206
Special assessments	102	534	1,686	8,707	151	-	11,180
Intergovernmental	-	290	-	-	10	-	300
Loans	-	-	-	-	-	150	150
Notes	-	-	-	-	-	405	405
Interest	-	-	-	-	-	46	46
Gross receivables	3,762	4,052	6,536	12,280	3,019	638	30,287
Less: Allowance for uncollectibles	(1)	(1)	(443)	(92)	-	-	(537)
Total receivables (due within one year)	\$ 3,761	\$ 4,051	\$ 6,093	\$ 12,188	\$ 3,019	\$ 638	\$ 29,750

Long-term portion of loans and notes receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 610	\$ 610
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Governmental activities:

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

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

NOTE 3 – RECEIVABLES (continued)

The future payment requirements for these agreements are as follows:

	<u>Capitalized Lease</u>
Scheduled Lease Payments:	
2011	\$ 624
2012	642
2013	664
2014	684
2015	714
2016-2020	3,953
2021-2025	4,677
2026-2028	<u>3,210</u>
Subtotal	15,168
Less: Interest over lease term	<u>(5,456)</u>
 Total Principal	 9,712
 Less: Current Portion	 <u>180</u>
 Noncurrent Portion	 <u><u>\$ 9,532</u></u>

Business-type activities:

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

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

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

NOTE 3 – RECEIVABLES (continued)

The future payment requirements for these agreements are as follows:

	<u>Capitalized Leases</u>	<u>Notes Receivable</u>
Scheduled Lease Payments:		
2011	\$ 8,793	\$ 417
2012	9,002	-
2013	8,846	-
2014	8,847	-
2015	8,717	-
2016-2020	40,405	-
2021-2025	31,237	-
2026-2030	24,730	-
2031-2035	21,064	-
2036-2040	13,196	-
Subtotal	<u>174,837</u>	<u>417</u>
Less: Interest over lease term	<u>(79,317)</u>	<u>(12)</u>
 Total Principal	 95,520	 405
Less: Unexpended construction funds	<u>(12,787)</u>	<u>-</u>
 Net Capitalized Leases and Notes receivable	 82,733	 405
Less: Current Portion	<u>(3,535)</u>	<u>(405)</u>
 Noncurrent Portion	 <u>\$ 79,198</u>	 <u>\$ -</u>

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was as follows:

	Balance January 1, 2010	Additions	Retirements	Balance December 31, 2010
Governmental activities				
<i>Capital assets, not being depreciated</i>				
Land and easements	\$ 111,084	\$ -	\$ -	\$ 111,084
Construction in progress	229,249	59,109	(8,880)	279,478
Total capital assets, not being depreciated	340,333	59,109	(8,880)	390,562
<i>Capital assets, being depreciated</i>				
Infrastructure	532,944	7,320	-	540,264
Buildings and structures	547,634	4,120	-	551,754
Public improvements	6,140	-	-	6,140
Machinery and equipment	107,197	5,083	(3,681)	108,599
Computer equipment	62,014	395	(6)	62,403
Software	43,874	1,949	-	45,823
Other capital outlay	51	-	-	51
Total capital assets, being depreciated	1,299,854	18,867	(3,687)	1,315,034
Less accumulated depreciation for:				
Infrastructure	(344,508)	(14,307)	-	(358,815)
Buildings and structures	(155,770)	(10,780)	-	(166,550)
Public improvements	(5,654)	(89)	-	(5,743)
Machinery and equipment	(63,708)	(8,571)	3,249	(69,030)
Computer equipment	(47,530)	(4,019)	6	(51,543)
Software	(15,618)	(7,069)	-	(22,687)
Other capital outlay	(51)	-	-	(51)
Total accumulated depreciation	(632,839)	(44,835)	3,255	(674,419)
Total capital assets, being depreciated, net	667,015	(25,968)	(432)	640,615
Governmental activities capital assets, net	\$ 1,007,348	\$ 33,141	\$ (9,312)	\$ 1,031,177

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS (continued)

	Balance January 1, 2010	Additions	Retirements	Balance December 31, 2010
Business-type Activities				
<i>Capital assets, not being depreciated</i>				
Land and easements	\$ 126,521	\$ 94	\$ -	\$ 126,615
Construction in progress	64,662	30,557	-	95,219
Total capital assets, not being depreciated	191,183	30,651	-	221,834
<i>Capital assets, being depreciated</i>				
Buildings and structures	479,251	-	-	479,251
Public improvements	605,978	5,002	-	610,980
Machinery and equipment	21,941	368	-	22,309
Computer equipment	1,738	-	-	1,738
Software	4,429	-	-	4,429
Capital outlay	34	-	-	34
Total capital assets, being depreciated	1,113,371	5,370	-	1,118,741
Less accumulated depreciation for:				
Buildings and structures	(157,844)	(10,579)	-	(168,423)
Public improvements	(202,417)	(8,114)	-	(210,531)
Machinery and equipment	(13,903)	(1,724)	-	(15,627)
Computer equipment	(1,662)	(34)	-	(1,696)
Software	(4,423)	(2)	-	(4,425)
Other capital outlay	(30)	(1)	-	(31)
Total accumulated depreciation	(380,279)	(20,454)	-	(400,733)
Total capital assets, being depreciated, net	733,092	(15,084)	-	718,008
Business-type activities capital assets, net	\$ 924,275	\$ 15,567	\$ -	\$ 939,842

Depreciation expense was charged to governmental functions as follows:

General government	\$ 63
Public Safety	1,504
Public Works	13,477
Health and Welfare	11
Community Development	11,115
Depreciation on capital assets held in the City's internal service fund is charged to the various functions based on their usage of assets.	18,665
Total depreciation expense – governmental functions	<u>\$ 44,835</u>

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

Sanitary Sewer	\$ 1,152
Stormwater	3,826
Water Works	7,518
Municipal Parking	6,776
Solid Waste and Recycling	835
Economic Development	347
Total depreciation expense – business-type functions	<u>\$20,454</u>

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS (continued)

Construction in Progress

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

Property Services	\$ 39,044
Convention Center	2,962
Traffic Signals & Lighting	16,322
Bicycle Trail	16,284
Street Construction	120,770
Bridge Construction	8,799
Heritage Park	62,896
Equipment Services	243
Property Services	17
Business Information Services	<u>12,141</u>
Total CIP for Governmental Activities	<u>\$279,478</u>

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

Sewers – Sanitary	\$ 14,904
Sewers – Stormwater	10,896
Water	66,018
Parking	<u>3,401</u>
Total CIP for Business-type Activities	<u>\$ 95,219</u>

Capital Project Commitments

For the year 2011, the City of Minneapolis made Capital Project Commitments for the following:

Property Services	\$ 2,074
Sewer Construction	21,550
Street Construction	33,892
Bridge Construction	26,735
Sidewalk Construction	2,880
Street Lighting	1,200
Traffic Signals	6,210
Bicycle Trails	100
Non-Departmental	7,602
Information Technology	1,000
Water	9,000
Parking	<u>1,700</u>
Total Capital Project Commitments	<u>\$113,943</u>

Discretely Presented Component Unit

Activity for the Minneapolis Park and Recreation Board for the year ended December 31, 2010, was as follows:

	Balance January 1, 2010	Additions	Retirements	Balance December 31, 2010
Capital assets, not being depreciated	\$ 80,779	\$ 17,890	\$ (1,943)	\$ 96,726
Capital assets, being depreciated, net	187,246	(6,600)	(42)	180,604
	<u>\$ 268,025</u>	<u>\$ 11,290</u>	<u>\$ (1,985)</u>	<u>\$ 277,330</u>
Depreciation expense charged	\$ 10,789			

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT

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

Property Tax Supported General Obligation Bonds

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

Self-Supporting General Obligation Bonds

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

General Obligation Improvement Bonds

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

Tax Increment General Obligation Bonds

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

Revenue Bonds and Notes

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

Sinking Fund Provisions

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

2010 Bond Sales and Refunding Transactions

In 2010, the City of Minneapolis issued bonds & notes totaling \$194,806. Of this amount, \$98,355 was issued to refund existing debt. Below are details of the 2010 debt issuances.

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (continued)

In May 2010, the City issued \$32,300 of General Obligation Various Purpose Bonds, Series 2010. The bonds were issued for a variety of public works infrastructure improvements, park, library, municipal building commission, technology and sewer, water and parking ramp improvements. The bonds were issued in fixed rate mode and had interest rates ranging from 2.00% to 5.00% and a final maturity date of December 1, 2017.

In May 2010, the City also issued \$74,925 of General Obligation Refunding Bonds, Series 2010 to advance refund eight series of general obligation bonds on the call dates of December 1, 2010 and December 1, 2011. The eight series of bonds refunded and outstanding amounts included \$10,325 of General Obligation Parking Ramp Bonds, Series 2000A, \$2,700 of General Obligation Tax Increment Bonds, Series 2000, \$10,400 of General Obligation Various Purpose Bonds, Series 2002, \$3,380 of General Obligation Improvement Bonds, Series 2002, \$18,660 of General Obligation Various Purpose Bonds, Series 2003, \$3,375 of General Obligation Improvement Bonds, Series 2003, \$26,115 of General Obligation Various Purpose Bonds, Series 2001, and \$4,710 of General Obligation Improvement Bonds, Series 2001. The proceeds along with funds on hand were provided to a trustee on June 24, 2010 to purchase escrowed securities to advance refund the total outstanding balance of \$79,665 for the eight series of bonds. This refunding resulted in combined net present value savings of \$9,196. The Series 2010 refunding bonds were issued in fixed rate mode and had interest rates ranging from 3.00% - 4.00% and a final maturity date of December 1, 2026.

In May 2010, the City also issued \$14,900 of Taxable General Obligation Tax Increment Refunding Bonds (West Side Milling), Series 2010. The proceeds along with funds on hand were provided to a trustee on June 24, 2010 to purchase escrowed securities to advance refund the outstanding balance of \$14,495 of Taxable General Obligation Refunding Bonds, Series 2001A on the call date of February 1, 2011. As a result of this transaction, the City realized net present value savings of \$2,032 and the refunding bonds have taxable interest rates ranging from 2.00% - 4.40% and a final maturity date of March 1, 2023.

In May 2010, the City also issued \$8,530 of General Obligation Tax Increment Refunding Bonds, Series 2010 to refund the outstanding General Obligation Tax Increment Refunding Bonds (Laurel Village), Series 2003 and outstanding General Obligation Tax-Exempt Bonds, Series 2001C. A portion of the proceeds along with funds on hand were used on June 25, 2010 to prepay the remaining Series 2003 Laurel Village bonds which became callable on March 1, 2010. As a result of this transaction, the City realized net present value savings of \$357 and the Laurel Village related refunding bonds have interest rates ranging from 2.00% - 2.50% and a final maturity date of March 1, 2015. The remaining portion of proceeds along with funds on hand were used to purchase escrowed securities to advance refund the outstanding balance of \$4,235 of General Obligation Tax-Exempt Bonds, Series 2001C on February 1, 2011 related to the Humboldt Greenway project. As a result of this refunding, the City realized net present value savings of \$421 and the refunding bonds have interest rates ranging from 2.00% - 4.00% and a final maturity date of March 1, 2030.

In June 2010, CPED, through the GARFS enterprise fund, issued \$18,000 of Taxable Limited Tax Supported Development Revenue Bonds, Common Bond Fund Series 2010-1 for Open Systems International, Inc. to provide permanent financing for the purchase of property at 4101 Arrowhead Drive in Medina, Minnesota and for the construction of a 100,000 square foot manufacturing facility. The bonds were issued in fixed rate mode and had interest rates ranging from 2.29% to 6.60% and a final maturity date of June 1, 2040.

In November 2010, the City issued \$5,950 of General Obligation Improvement Bonds, Series 2010. The bonds were issued for a variety of special assessment projects including areaway removals, alleys and street paving projects. The bonds were issued in fixed rate mode and had interest rates ranging from 2.00% to 4.00% and a final maturity date of December 1, 2025.

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (continued)

In December 2010, CPED, through the GARFS enterprise fund, issued \$23,070 of Limited Tax Supported Development Revenue Bonds, Common Bond Fund Series 2010-2A and \$1,930 of Taxable Limited Tax Supported Development Revenue Bonds, Common Bond Fund Series 2010-2B for Open Access Technology International, Inc. to provide permanent financing for the purchase, renovations and equipping of the former Honeywell Research facility at 3660 Technology Drive in Minneapolis, Minnesota for use as the headquarters of Open Access Technology International, Inc. The first series was \$23,070 of tax-exempt Recovery Zone Facility Bonds, Series 2010-2A issued in fixed rate mode with interest rates ranging from 3.00% to 6.25% and a final maturity date of December 1, 2040. The second series was \$1,930 of taxable revenue bonds, Series 2010-2B issued in fixed rate mode with interest rates ranging from 1.25% to 3.00% and a final maturity date of December 1, 2013.

2010 Notes Issued

In March 2010, the City issued a \$7,055 General Obligation Water Revenue Note to the Minnesota Public Facilities Authority (PFA) to finance a portion of work on the City's Drinking Water Ultra-Filtration project. This is the sixth note issued to the PFA for water treatment improvements as part of a federally sponsored below market financing program related to the Safe Drinking Water Act. As of December 31, 2010, the City received proceeds of \$5,990 from this note. The subsidized interest rate for this new note is 1.00% with a final maturity date of August 20, 2021. Also during 2010, the City received proceeds of \$9,211 on the fifth note with the PFA which was used to finance a new filter press project at the Fridley Water Plant. This fifth note provides for total proceeds of \$21,960 and has an interest rate of 2.688% and a final maturity date of August 20, 2027. At December 31, 2010, the outstanding debt balance of the six general obligation notes in this program was \$84,521.

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, 2010, \$116,684 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, \$108,650 is related to library improvements transferred to the Hennepin County Library System. The capital assets purchased with funds obtained from this debt issuance are held by the respective discrete component units and are reported with their capital assets on the Statement of Net Assets, with the exception of the library assets now held by Hennepin County.

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (continued)

Long-term liabilities at December 31, 2010 are detailed below.

	Balance 1/1/2010	Additions	Retirements	Balance 12/31/2010	Amounts Due Within One Year
Governmental activities:					
<u>Bonds and Notes</u>					
Property Tax Supported GO Bonds	\$ 241,155	\$ 31,652	\$ 36,237	\$ 236,570	\$ 14,405
Self Supporting GO Bonds	219,540	6,245	28,005	197,780	11,830
GO Improvement Bonds	50,531	15,075	17,800	47,806	5,725
Tax Increment GO Bonds	200,865	23,430	84,465	139,830	11,575
Revenue Bonds	35,980	-	9,280	26,700	710
Revenue Notes	19,040	-	3,455	15,585	309
Internal Service Fund Related GO Bonds	60,845	36,022	44,927	51,940	11,875
Total Governmental Bonds and Notes	827,956	112,424	224,169	716,211	56,429
<u>Other Long-term Liabilities</u>					
Operating Lease Payable	78	9	1	86	-
Contracts Payable	8	-	8	-	-
Unpaid Claims Payable	42,513	14,151	9,372	47,292	9,372
Unamortized Premium (Discount)	16,276	4,655	5,085	15,846	-
Compensated Absences	30,439	19,990	17,868	32,561	15,948
Other Post-Employment Benefits	7,358	2,925	-	10,283	-
Total Other Long-term Liabilities	96,672	41,730	32,334	106,068	25,320
Total Long-term Liabilities Governmental	924,628	154,154	256,503	822,279	81,749
Business-type activities:					
<u>Bonds and Notes</u>					
Stormwater Fund GO Bonds	21,176	2,440	5,345	18,271	4,785
Sanitary Sewer GO Bonds	13,700	3,650	2,850	14,500	3,100
Water Fund GO Bonds	28,646	3,366	3,240	28,772	2,251
Water Fund GO Note	71,725	15,201	2,405	84,521	3,655
Municipal Parking Fund GO Bonds	175,360	14,725	27,765	162,320	14,620
CPED Related Non GO Fund					
General Agency Reserve Fund System	57,365	43,000	4,440	95,925	3,940
Revenue Notes	591	-	136	455	144
Total Bonds and Notes	368,563	82,382	46,181	404,764	32,495
<u>Other Long-term Liabilities</u>					
Compensated Absences	2,527	1,604	2,303	1,828	548
Other Post-Employment Benefits	1,115	446	-	1,561	-
Total Other Long-term Liabilities	3,642	2,050	2,303	3,389	548
Total Long-term Liabilities Business-type	372,205	84,432	48,484	408,153	33,043
Total Long-term Liabilities	\$ 1,296,833	\$ 238,586	\$ 304,987	\$ 1,230,432	\$ 114,792

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

NOTE 5 - LONG-TERM DEBT (continued)

Amortization of Outstanding Governmental City Debt

As of December 31, 2010, annual debt service requirements for Governmental activities to maturity are as follows:

Governmental Activities – Non-Proprietary

Year Ending Dec 31:	Bonds		Notes	
	Principal	Interest	Principal	Interest
2011	\$ 44,245	\$ 29,336	\$ 309	\$ 324
2012	43,595	27,545	581	308
2013	47,481	25,672	310	276
2014	44,121	23,751	330	260
2015	43,986	22,001	360	241
2016 - 2020	226,994	82,764	2,185	910
2021 - 2025	136,269	34,764	2,310	274
2026 - 2030	61,340	7,711	-	-
2031 - 2032	655	27	9,200	-
	<u>\$ 648,686</u>	<u>\$ 253,571</u>	<u>\$ 15,585</u>	<u>\$ 2,593</u>

Year Ending Dec 31:	Internal Service Fund Bonds		Total Governmental Activity Bonds & Notes	
	Principal	Interest	Principal	Interest
2011	\$ 11,875	\$ 1,704	\$ 56,429	\$ 31,364
2012	12,160	1,318	56,336	29,171
2013	3,735	918	51,526	26,866
2014	3,750	783	48,201	24,794
2015	3,525	649	47,871	22,891
2016 - 2020	16,895	1,313	246,074	84,987
2021 - 2025	-	-	138,579	35,038
2026 - 2030	-	-	61,340	7,711
2030 - 2032	-	-	9,855	27
	<u>\$ 51,940</u>	<u>\$ 6,685</u>	<u>\$ 716,211</u>	<u>\$ 262,849</u>

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

NOTE 5 - LONG-TERM DEBT (continued)

Amortization of Outstanding Business-type City Debt

As of December 31, 2010, annual debt service requirements for Business-type activities to maturity are as follows:

Year Ending Dec 31:	Bonds		Notes		Total		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2011	\$ 28,697	\$ 16,566	\$ 3,799	\$ 2,227	\$ 32,496	\$ 18,793	
2012	29,455	15,916	3,703	2,127	33,158	18,043	
2013	24,795	14,893	3,892	2,031	28,687	16,924	
2014	20,225	13,977	3,891	1,930	24,116	15,907	
2015	16,980	12,277	4,360	1,829	21,340	14,106	
2016 - 2020	61,761	43,515	35,090	7,064	96,851	50,579	
2021 - 2025	67,120	29,962	28,620	2,266	95,740	32,228	
2026 - 2030	35,465	15,521	1,621	43	37,086	15,564	
2031 - 2035	24,855	7,134	-	-	24,855	7,134	
2036 - 2040	10,435	1,863	-	-	10,435	1,863	
Total	\$ 319,788	\$ 171,624	\$ 84,976	\$ 19,517	\$ 404,764	\$ 191,141	

Discretely Presented Component Unit

Activity for the Minneapolis Park and Recreation Board for the year ended December 31, 2010, was as follows:

	Balance			Retirements	Balance		Amounts due
	January 1, 2010	Additions			December 31, 2010	Within one year	
Notes payable	\$ 588	\$ 5,300	\$ 39	\$ 5,849	\$ 1,366		
Compensated absences	4,201	2,429	2,351	4,279	2,906		
Postemployment benefits	1,221	971	531	1,661	-		
Total	\$ 6,010	\$ 8,700	\$ 2,921	\$ 11,789	\$ 4,272		

Year Ending December 31:	Principal		Interest	
2011	\$ 1,366	\$ 171		
2012	1,368	133		
2013	1,370	95		
2014	1,372	56		
2015	50	18		
2016-2021	323	50		
Total	\$ 5,849	\$ 523		

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

As of December 31, 2010, outstanding industrial, commercial, and housing revenue bonds and notes approximated \$2,423 million. The bonds are payable solely from revenues of the respective enterprises and do not constitute an indebtedness of the City. They are not a charge against the City’s general credit or taxing power.

NOTE 7 – PRIOR YEAR DEFEASANCE

In prior years, the City defeased certain general obligation bonds and self supporting revenue bonds by placing the proceeds of the refunding issues with a trustee who maintains special escrow accounts invested in securities of the U.S. Government and its Agencies. The maturities of these investments coincide with the principal and interest payment dates of the refunded bonds and have been certified to be sufficient to pay all principal and interest on the bonds when due as required by applicable laws. Accordingly, the original refunded bonds have been eliminated and the new advance refunding bonds added to the appropriate financial statements. The City remains contingently liable to pay the refunded bonds. The outstanding balance of the extinguished debt as of December 31, 2010 is \$63,605 including \$47,195 for an advance refunding transaction completed in 2010.

NOTE 8 – DEMAND BONDS

General Obligation Demand Bonds

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

The remaining redemption schedule for these bonds is as follows:

Year	Amount
2011	\$ 735
2012	900
2013	595
2014	1,780
2015	2,170
2016	21,225
2017	21,540
2018	21,590
2019	1,590
2020	1,360
2021	1,750
2022	2,095
2023	1,920
2024	1,010
2025	3,945
2026	10,365
2027	11,020
2028	11,790
2029	10,445
2030	9,490
2031	2,985
2032	3,210
2033	3,100
Total	<u>\$ 146,610</u>

NOTE 8 – DEMAND BONDS

General Obligation Demand Bonds (continued)

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

NOTE 9 – LEASES

Operating Leases

The City of Minneapolis leases office space, equipment and right of ways for its operations. The lease for office space expires in the year 2016 and the office space lease payments were \$1,257 in 2010.

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

Year	Government Activity Amount	Business Type Activity Amount
2011	\$ 707	\$ -
2012	817	-
2013	776	-
2014	776	-
2015	777	-
2016 - 2020	524	-
Total minimum lease payments	\$ 4,377	\$ -

Operating leases with scheduled rent increases

The City leases office space for various operations. The leases contain scheduled rent increases with terms varying from five to seventeen years. The operating lease transactions are measured on a straight-line basis over the lease term per GASB Statement No. 13-Accounting for Operating Leases with Scheduled Rent Increases. Application of the straight-line basis to the total lease expenditures of \$2,374 over the lease terms results in a total annual lease amount of \$221.

NOTE 9 – LEASES

Operating leases with scheduled rent increases (continued)

For 2010 the amount of lease expenditures is as follows:

	<u>Amount</u>
Operating leases	\$ 226
Straight Line Basis	<u>(5)</u>
Total expenditures	<u>\$ 221</u>

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

<u>Year</u>	<u>Government Activity Amount</u>	<u>Business Type Activity Amount</u>
2011	\$ 153	\$ 72
2012	132	73
2013	138	73
2014	144	74
2015	52	75
2016 - 2020	181	310
Total minimum lease payments	<u>\$ 800</u>	<u>\$ 677</u>

NOTE 10 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables

The composition of interfund balances as of December 31, 2010 are as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non major Governmental Funds	\$ 1,739
CPED Special Revenue Fund	Non major Governmental Funds	17
Non major Governmental Funds	General Fund	27
	Non major Governmental Funds	12,100
Internal Service Funds	Internal Service Funds	835
	Total	<u>\$ 14,718</u>

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

Advances to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
CPED Special Revenue Fund	CPED Enterprise Fund	\$ 10
Convention Center Special Revenue Fund	Internal Service Funds	9,250
General Fund	Internal Service Funds	864
	Total	<u>\$ 10,124</u>

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

NOTE 10 – INTERFUND TRANSACTIONS (continued)

Transfers

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

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Total Transfers In</u>	
Governmental Funds:			
General Fund	CPED Special Revenue Fund	\$ 150	
	Convention Center Fund	12,718	
	Non-Major Governmental Funds	1,286	
	Municipal Parking Fund	7,819	
	Solid Waste & Recycling Fund	700	22,673
CPED Special Revenue Fund	General Fund	6	
	Non-Major Governmental Funds	1,500	
	CPED Enterprise Fund	398	1,904
Convention Center Fund	Non-Major Governmental Funds	1,000	1,000
Permanent Improvement Fund	General Fund	5,800	
	CPED Special Revenue Fund	5,000	
	Internal Service Funds	807	
	Sanitary Sewer Fund	250	
	Stormwater Fund	2,826	14,683
Development Debt Service Fund	CPED Special Revenue Fund	17,494	
	Convention Center Fund	19,037	36,531
Special Assesment Debt Service Fund	CPED Special Revenue Fund	169	
	Permanent Improvement Fund	620	789
Non-Major Governmental Funds	General Fund	11,750	
	CPED Special Revenue Fund	7,086	
	Convention Center Fund	1,929	
	Development Debt Service Fund	8,569	
	Special Assesment Debt Service Fund	15	
	Permanent Improvement Fund	1,655	
	Sanitary Sewer Fund	575	
	Stormwater Fund	485	
	Water Works Fund	1,507	
	Municipal Parking Fund	2,477	
	Solid Waste & Recycling Fund	151	
Internal Service Funds	1,324	37,523	
Total Governmental Funds		\$	115,103

NOTE 10 – INTERFUND TRANSACTIONS

Transfers (continued)

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Total Transfers In</u>
Proprietary Funds:		
Business Type Activities		
Sanitary Sewer Fund	Non-Major Governmental Funds	\$ 319 \$ 319
Stormwater Fund	Non-Major Governmental Funds	342 342
Municipal Parking Fund	CPED Special Revenue Fund	3,233
	Convention Center Fund	11,544 14,777
Solid Waste & Recycling Fund	General Fund	50
	Municipal Parking Fund	146 196
CPED Enterprise Fund	CPED Special Revenue Fund	200 200
	Total Business Type Activities	\$ 15,834
Governmental Type Activities		
Internal Service Funds	General Fund	26,795
	Non-Major Governmental Funds	1,391 28,186
	Total Governmental Type Activities	\$ 28,186

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

NOTE 11 – NET ASSETS/FUND BALANCES

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

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

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

As of December 31, 2010, reservations of fund balance are described below:

Reservations

- Loans and Advances – to reflect the amount due from other funds that are long-term in nature. Such amounts do not represent available spendable resources.
- Land held for development – a segregation of fund balance to indicate that land held for development does not represent available spendable resources.
- Specific development projects – to indicate that a portion of fund balance is reserved for specific development projects that are restricted by state law.
- Encumbrances – to reflect the outstanding contractual obligations for which goods and services have not been received.
- Prepaid items – to reflect the portion of assets, which do not represent available spendable resources.
- Pension Liability – to reflect that a portion of fund balance is reserved for pension liabilities.

NOTE 12 – RESTRICTED NET ASSETS – GOVERNMENTAL ACTIVITIES

Certain net assets are classified on the statement of net assets as restricted because their use is limited. The Governmental activities report restricted net assets for amounts that are not available for operations or are legally restricted by outside parties for use for a specific purpose. As of December 31, 2010, the Governmental activities restricted net assets are as follows:

Debt service	<u>\$ 60,814</u>
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NOTE 13 – RESTRICTED NET ASSETS – BUSINESS TYPE ACTIVITIES

Certain net assets are classified on the statement of net assets as restricted because their use is limited. The Business-type activities report restricted net assets for amounts that are not available for operations or are legally restricted by outside parties for use for a specific purpose. As of December 31, 2010, the Business-type restricted net assets are as follows:

Debt service	<u>\$ 34,674</u>
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NOTE 14 - DEFICIT BALANCES

The following fund has a deficit net asset balance as of December 31, 2010:

Internal Service Funds

Self-Insurance	<u>\$(6,588)</u>
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The City intends to fund the actuarially determined liability in the Self Insurance Internal Service Fund by maintaining a cash reserve equal to the claims liability plus 10% of the annual department operating budgets within the fund. In 2003, the City adopted a long-term financial plan to increase the cash reserve and achieve a net asset balance that does not fall below zero. For fiscal year 2010, the cash reserve of \$41,245 is increased by \$14,736 from the 2009 balance of \$26,509. The 2010 net assets in the Self-Insurance Fund increased \$8,845 from the 2009 deficit balance of (\$15,433).

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

Plan Description

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

The police officers and firefighters are covered by the Public Employees Police and Fire Fund. All other full-time and certain part-time employees covered by the defined benefit pension plans administered by the Public Employees Retirement Association are members of the General Employees Retirement Fund. General Employees Retirement Fund members of the City belong to the Coordinated Plan and are covered by Social Security.

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

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

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

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

Plan Description (continued)

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

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

Funding Policy

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. General Employees Retirement Fund Coordinated Plan members were required to contribute 6.0 percent of their annual covered salary in 2010. Public Employees Police and Fire Fund members were required to contribute 9.4 percent of their annual covered salary in 2010.

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

General Employees Retirement Fund	
Coordinated Plan members	6.75 %
Public Employees Police and Fire Fund	14.10 %

The City contributions for the years ending December 31, 2008, 2009, and 2010 for the General Employees Retirement Fund and the Public Employees Police and Fire Fund were:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Employees Retirement Fund	\$ 8,986	\$ 9,327	\$ 8,781
Public Employees Police and Fire Fund	\$ 13,884	\$ 13,867	\$ 12,243

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

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

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

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

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

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

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

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

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

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

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

Funding Policy

Minnesota Statutes Chapter 422A sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. Employees contribute 9.25% of salary into the Deposit Accumulation Reserve and .50% of salary (subject to annual adjustment) into the Survivor Benefits Reserve. Employers, including the City contribute any excess of normal cost contributions of 10.09% of salary. The unfunded actuarial liability is funded partially by payments each year of 2.68% of salary plus \$3,900 from all employers. MERF has a target date of June 30, 2020 to fully amortize the unfunded liability. The City levies taxes to finance the employer’s share of pension costs for the General Fund.

The City’s contributions for the years ended June 30, 2008, 2009, and 2010 for the MERF were:

2008	\$5,824
2009	\$4,740
2010	\$4,145

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

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

Plan Description

Firefighters and police officers hired prior to June 15, 1980, are members of their respective relief associations. Each Association is the administrator of a single-employer defined benefit pension plan. The Minneapolis Firefighter’s Relief Association (MFRA) was established November 24, 1886. It operates under the provisions its bylaws and Minnesota State Law. The Minneapolis Police Relief Association (MPRA) was established on August 23, 1905, and it operates under the provisions of Minnesota Statutes, sections 423B.01-.18 and 69.80.

Each member who is at least 50 years of age and has five years of service with the Minneapolis Fire Department or the Minneapolis Police Department is eligible to receive a service pension, monthly, for the remainder of the member’s life. All benefits are based on a plan of a number of units. A unit is 1/80th of the maximum current monthly salary of a first grade firefighter (MFRA) or a first grade patrol officer (MPRA). Pensions are based on current Minneapolis Fire Department payroll or Minneapolis Police Department payroll and are fully escalated for all persons receiving a pension benefit. Each vested MFRA member also receives a lump sum amount, at the time of separation, from the MFRA’s General Fund based on the number of years the member has belonged to the MFRA.

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

The MFRA issues a publicly available financial report that includes financial statements and required supplementary information for the MFRA. The most recent report, dated December 31, 2009 may be obtained by writing to the Minneapolis Firefighter’s Relief Association at 2021 East Hennepin Avenue, Suite 360, Minneapolis, Minnesota 55413. The MPRA issues a publicly available financial report that includes financial statements and required supplementary information for the MPRA. The most recent report, dated December 31, 2009, may be obtained by writing to the Minneapolis Police Relief Association, 10 - Second Street Northeast, Suite 103, Minneapolis, Minnesota, 55413.

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

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

Funding Policy

Authority for contributions to the MFRA and the MPRA pension plans is established by Minnesota Statutes, section 69.77 and may be amended only by the Minnesota State Legislature. The MFRA and the MPRA funding policies provide for contributions from the City, the State of Minnesota, and active plan members. City contributions are actuarially determined and requires full funding of the MFRA's accrued liability with a 15-year amortization of any unfunded liabilities and full funding of the MPRA's accrued liability by the year 2020. The City contributed \$4,123 to MFRA and \$5,506 to MPRA for the fiscal year ended December 31, 2009. Employees under these plans contribute annually an amount equal to eight percent of the maximum first grade firefighter's salary or eight percent of the maximum top grade patrol officer's salary from which pension benefits are determined. The State of Minnesota annually contributes two percent fire premium insurance aid and the amortization state aid to the MFRA and two percent peace officers' state aid to the MPRA.

The City's annual pension cost for the fiscal year ended December 31, 2009, and related information for each plan is as follows:

	<u>MFRA</u>	<u>MPRA</u>
Contributions made	\$ 4,123	\$ 5,506
Actuarial valuation date	12/31/2009	12/31/2009
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll
Remaining amortization period	15 years, closed	15 years, closed
Asset valuation method	Book value plus the average unrealized gain for the last three years minus excess investment income as defined by state law.	Book value plus the average unrealized gain for the last three years minus excess investment income as defined by state law.
Actuarial assumptions:		
Investment rate of return	6% per annum	6% per annum
Projected salary increases:	4% per annum	4% per annum
Inflation	NA	NA
Cost-of-living adjustments	NA	NA

Three-Year Trend Information:

	<u>Year</u>	<u>Annual</u>	<u>Percentage</u>	<u>Net</u>
	<u>Ending</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
		<u>Cost (APC)</u>	<u>Contributed (%)</u>	<u>Obligation</u>
MFRA	2007	\$ 4,290	100	-
	2008	\$ 4,750	100	-
	2009	\$ 4,123	100	-
MPRA	2007	\$ 6,814	100	-
	2008	\$ 5,811	100	-
	2009	\$ 5,506	100	-

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

Funding Policy (continued)

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

Schedules of Funding Progress:

MFRA:

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) --Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (%) (a/b)	Annual Covered Payroll (Previous Fiscal Year) (c)	UAAL as a Percentage of Covered Payroll (%) ((b - a)/c)
2007	\$ 270,096	\$ 291,078	\$ 20,982	92.8	\$ 2,236	938.4
2008	\$ 237,401	\$ 280,312	\$ 42,911	84.7	\$ 2,325	1845.6
2009	\$ 201,087	\$ 254,317	\$ 53,231	79.1	\$ 1,896	2807.2

MPRA:

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Liability (AAL) --Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (%) (a/b)	Annual Covered Payroll (Previous Fiscal Year) (c)	UAAL as a Percentage of Covered Payroll (%) ((b - a)/c)
2007	\$ 376,466	\$ 428,281	\$ 51,815	87.9	\$ 1,186	4368.9
2008	\$ 324,723	\$ 506,949	\$ 182,226	64.1	\$ 1,249	1458.9
2009	\$ 277,847	\$ 415,484	\$ 137,637	66.9	\$ 923	1491.2

NOTE 18 - DEFINED CONTRIBUTION PLAN – CPED

Plan Description

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

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

The payroll for employees covered by the CPED's defined contribution plan for the year ended December 31, 2010, was \$2,497 and the CPED's total payroll was \$9,973.

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

NOTE 18 - DEFINED CONTRIBUTION PLAN – CPED (continued)**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 \$138 and \$127 respectively to the plan during the year, which amounts represented 5.53% and 5.1% respectively of the covered payroll.

NOTE 19 – POSTEMPLOYMENT HEALTHCARE PLAN**Plan Description**

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

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

Funding Policy

Retirees and their spouses contribute to the healthcare plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with Medica and Delta Dental. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2010, the City contributed \$4,041 to the plan. As of January 1, 2010, there were approximately 1,018 retirees receiving health benefits from the City's health plan.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 7,397
Interest on net OPEB obligation	339
Adjustment to annual required contribution	(324)
Annual OPEB cost (expense)	<u>7,412</u>
Contributions made	<u>4,041</u>
Increase in net OPEB obligation	3,371
Net OPEB obligation – beginning of year	<u>8,473</u>
Net OPEB obligation – end of year	<u>\$ 11,844</u>

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

NOTE 19 – POSTEMPLOYMENT HEALTHCARE PLAN**Annual OPEB Cost and Net OPEB Obligation (continued)**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010, 2009, and 2008 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2010	\$ 7,412	54.6%	\$ 11,844
12/31/2009	7,428	51.0%	8,473
12/31/2008	6,028	56.6%	4,830

Funded Status and Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the City had no assets deposited to fund the plan. The actuarial accrued liability for benefits was \$75,901 and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$75,901. The covered payroll (annual payroll of active employees covered by the plan) was \$374,550, and the ratio of the UAAL to the covered payroll was 20%.

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

Actuarial Methods and Assumptions

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

In the January 1, 2009, actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.0% discount rate, which is based on the investment yield expected to finance benefits depending on whether the plan is funded in a separate trust (about 7% to 8.5%, long-term, similar to a pension plan) or unfunded (3.5% to 5%, shorter term, based on City's general assets). The City currently does not plan to prefund for this benefit. At the actuarial valuation date, the annual healthcare cost trend rate was calculated to be 10% initially, reduced incrementally to an ultimate rate of 5% after eight years. Both rates included a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The original amortization period was 30 years, as of January 1, 2010, 27 years remain.

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

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

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

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

NOTE 21 - RISK MANAGEMENT & CLAIMS

The City is self insured and exposed to a variety of risks related to liability claims; theft of, damage to, and destruction of assets, bodily injuries, and accidents. The City is self-insured for workers' compensation, general liability, and re-employment. Claims under \$25 and unrepresented are handled by Risk Management & Claims. Claims represented and over \$25 are handled by the City Attorneys' Office. The workers' compensation program includes the BET and all City departments. The Park Board and MBC maintained their own workers' compensation programs. The City, CPED, and the BET are self-insured for general liability. The MBC, and the Park Board maintain their separate liability programs. The City, including all discrete and blended component units of government, also maintains a self-funded dental plan for covered employees. The claims liability of \$47,292 million is reported in the Self-Insurance Internal Service Fund at December 31, 2010, is based on the requirements of GASB Statement No. 10-Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, and covers the exposures of workers' compensation, liability, dental and re-employment. An actuarial study completed December 31, 2009 for claim exposure and settlements payments, forecast that the claims liability at December 31, 2010 would be \$47,292 million, an increase of \$4,779 million from the liability amount of \$42,513 at December 31, 2009.

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

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

Changes in the claims liabilities during fiscal 2009 and 2010 are:

	2009	2010
Liability balance – January 1	\$ 31,773	\$ 42,513
Current year claims and changes in estimates	22,550	14,151
Claim payments	(11,810)	(9,372)
Liability balance – December 31	\$ 42,513	\$ 47,292

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

NOTE 22 – CLEANUP OF HAZARDOUS MATERIALS

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

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

NOTE 23 – OTHER COMMITMENTS AND CONTINGENCIES

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

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

- The City settled a lawsuit alleging breach of contract on April 29, 2011. The City settled with Pall Corporation for \$3.2 million.
- The City is a defendant in three cases that allege wrongful death, as a result of police misconduct.
- A notice of claim has been filed against the city by one of the major corporations arising from damage to property caused by water infiltration due to a water main break.

NOTE 24 – SUBSEQUENT EVENTS

The City has issued the following Bonds since December 31, 2010.

In March 2011, the City issued \$33,800 of General Obligation Convention Center Refunding Bonds, Series 2011 and \$71,250 of Taxable General Obligation Convention Center Refunding Bonds, Series 2011. A portion of the proceeds from these refunding bonds along with funds on hand will be used on April 14, 2011 to complete a current refunding of the remaining maturities of the General Obligation Convention Center Bonds, Series 2002 in the amount of \$80,900 and the General Obligation Convention Center Bonds, Series 2002A in the amount of \$9,785. The remaining proceeds will be used on May 2, 2011 to prepay a portion of the variable rate General Obligation Convention Center Bonds, Series 1999 in the amount of \$8,650 and a portion of the variable rate General Obligation Convention Center Bonds, Series 2000 in the amount of \$8,000. As a result of these refunding transactions, the City will realize an estimated combined net present value savings of \$11,043. For purposes of the net present value savings calculation, the City used estimated variable interest rates for 2011 and budgeted rates of 5.00% for the future years and used the actual fixed rates in effect for the 2002 bond series. The \$33,800 tax-exempt Series 2011 refunding bonds were issued with 3.00% interest coupons and maturities from 12/1/11 to 12/1/2017. The \$71,250 taxable Series 2011 refunding bonds had interest rates ranging from 3.25% - 3.80% and maturities from 12/1/2018 to 12/1/2020.



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**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2010					2009 Actual
	Budgeted Amounts		Actual	Variance		
	Original	Final				
REVENUES:						
Taxes	\$ 202,031	\$ 196,832	\$ 198,020	\$ 1,188	\$ 194,622	
Licenses and permits	28,902	27,559	26,541	(1,018)	27,576	
Intergovernmental revenues	71,382	68,045	69,480	1,435	85,301	
Charges for services and sales	34,711	37,120	37,303	183	37,717	
Fines and forfeits	9,830	9,830	8,825	(1,005)	8,529	
Special assessments	2,545	2,485	2,792	307	3,248	
Interest	1,503	1,503	1,844	341	1,087	
Miscellaneous revenues	1,373	1,446	1,314	(132)	1,175	
Total revenues	<u>352,277</u>	<u>344,820</u>	<u>346,119</u>	<u>1,299</u>	<u>359,255</u>	
CURRENT EXPENDITURES:						
Current:						
General government:						
Mayor	1,482	1,531	1,493	38	1,500	
Council & Clerk	6,341	6,281	5,908	373	6,201	
Assessor	3,986	4,146	3,933	213	3,826	
Attorney	7,731	7,809	7,498	311	7,521	
Civil rights	2,029	2,035	2,269	(234)	2,715	
Clerk-Elections and registration	1,268	1,284	1,190	94	1,470	
Coordinator	1,411	1,451	1,348	103	1,650	
Coordinator - 311	3,020	3,146	3,072	74	-	
Coordinator-Communications	2,424	2,429	2,382	47	2,484	
Coordinator-Finance	19,253	19,740	19,462	278	19,189	
Coordinator-Human resources	5,788	6,074	5,805	269	6,190	
Coordinator-Intergovernmental relations	1,564	1,376	1,244	132	1,453	
Coordinator-Neighborhood and community relations	1,286	1,501	1,104	397	181	
Internal audit	200	320	212	108	-	
Contingency	6,574	2,574	1,846	728	643	
Total general government	<u>64,357</u>	<u>61,697</u>	<u>58,766</u>	<u>2,931</u>	<u>55,023</u>	
Public safety:						
Regulatory services and Emergency preparedness	37,157	36,471	36,475	(4)	34,754	
Fire	53,767	54,417	53,805	612	52,286	
Police	123,619	123,826	124,021	(195)	126,892	
Total public safety	<u>214,543</u>	<u>214,714</u>	<u>214,301</u>	<u>413</u>	<u>213,932</u>	
Public works:						
Administration	2,689	2,685	2,589	96	2,571	
Engineering design	1,973	1,973	1,846	127	1,461	
Field services	23,351	26,259	28,297	(2,038)	25,601	
Transportation and special projects	11,692	11,892	11,910	(18)	11,483	
Solid waste	-	-	-	-	75	
Total public works	<u>39,705</u>	<u>42,809</u>	<u>44,642</u>	<u>(1,833)</u>	<u>41,191</u>	
Culture and recreation - Library	<u>6,721</u>	<u>6,747</u>	<u>6,747</u>	<u>-</u>	<u>7,750</u>	
Health and welfare - Health and family support	<u>3,389</u>	<u>3,319</u>	<u>3,313</u>	<u>6</u>	<u>4,464</u>	
Community & economic development	<u>3,549</u>	<u>3,534</u>	<u>3,527</u>	<u>7</u>	<u>3,729</u>	
Total expenditures	<u>332,264</u>	<u>332,820</u>	<u>331,296</u>	<u>1,524</u>	<u>326,089</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>20,013</u>	<u>12,000</u>	<u>14,823</u>	<u>2,823</u>	<u>33,166</u>	
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	19,926	20,076	22,673	2,597	28,036	
Transfers to other funds	(39,738)	(44,498)	(44,401)	97	(42,623)	
Total other financing sources (uses)	<u>(19,812)</u>	<u>(24,422)</u>	<u>(21,728)</u>	<u>2,694</u>	<u>(14,587)</u>	
Net change in fund balance	201	(12,422)	(6,905)	5,517	18,579	
Fund balance - January 1	<u>68,267</u>	<u>68,267</u>	<u>68,267</u>	<u>-</u>	<u>49,688</u>	
Fund balance - December 31	<u>\$ 68,468</u>	<u>\$ 55,845</u>	<u>\$ 61,362</u>	<u>\$ 5,517</u>	<u>\$ 68,267</u>	

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

COMMUNITY PLANNING AND ECONOMIC DEVELOPMENT CITY OF MINNEAPOLIS, MINNESOTA
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2010 **(In Thousands)**

	2010				2009 Actual
	Budgeted Amounts		Actual	Variance	
	Original	Final			
REVENUES:					
Taxes:					
Property tax increment	\$ 48,380	\$ 48,380	\$ 41,844	\$ (6,536)	\$ 70,302
Intergovernmental revenues:					
State grants and shared revenues	2,000	2,000	177	(1,823)	37
County grants	-	-	3	3	160
Other local grants	-	-	-	-	611
Total intergovernmental revenues	2,000	2,000	180	(1,820)	808
Charges for services and sales	6,732	6,732	9,057	2,325	9,725
Interest	447	447	2,776	2,329	3,663
Miscellaneous revenues:					
Rents and commissions	4,356	4,356	5,128	772	4,771
Sale of land	1,231	1,231	1,010	(221)	690
Loan recapture	3,085	3,085	3,265	180	3,490
Other	30	30	136	106	857
Total miscellaneous revenues	8,702	8,702	9,539	837	9,808
Total revenues	66,261	66,261	63,396	(2,865)	94,306
EXPENDITURES:					
Current:					
Community & economic development	46,799	127,451	45,287	82,164	50,378
Capital Outlay	-	-	1,106	(1,106)	4,530
Total expenditures	46,799	127,451	46,393	81,058	54,908
Excess (deficiency) of revenues over (under) expenditures	19,462	(61,190)	17,003	78,193	39,398
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	5,146	5,367	1,904	(3,463)	30,585
Transfers to other funds	(37,311)	(37,311)	(33,332)	3,979	(62,920)
Total other financing sources (uses)	(32,165)	(31,944)	(31,428)	516	(32,335)
Net change in fund balance	(12,703)	(93,134)	(14,425)	78,709	7,063
Fund balance - January 1	229,226	229,226	229,226	-	222,163
Fund balance - December 31	\$ 216,523	\$ 136,092	\$ 214,801	\$ 78,709	\$ 229,226

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

**CONVENTION CENTER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2010					2009 Actual
	Budgeted Amount		Actual	Variance		
	Original	Final				
REVENUES:						
Taxes:						
Sales and use tax	\$ 30,237	\$ 30,237	\$ 27,266	\$ (2,971)	\$ 26,470	
Entertainment tax	11,753	11,753	13,175	1,422	9,071	
Food tax	10,300	10,300	10,491	191	9,887	
Liquor tax	3,966	3,966	4,586	620	3,769	
Lodging tax	6,180	6,180	5,790	(390)	5,671	
Total taxes	62,436	62,436	61,308	(1,128)	54,868	
Charges for services and sales	5,585	5,585	4,500	(1,085)	4,583	
Interest	1,153	1,153	744	(409)	836	
Miscellaneous revenues:						
Rents and commissions	6,432	6,432	6,203	(229)	6,410	
Private contributions	-	-	-	-	75	
Privileges	2,750	2,750	2,163	(587)	2,367	
Other	20	20	328	308	192	
Total miscellaneous revenues	9,202	9,202	8,694	(508)	9,044	
Total revenues	78,376	78,376	75,246	(3,130)	69,331	
CURRENT EXPENDITURES:						
Community & economic development	45,222	43,722	39,633	4,089	34,574	
Excess (deficiency) of revenues over (under) expenditures	33,154	34,654	35,613	959	34,757	
OTHER FINANCING SOURCES (USES):						
Transfers from other funds	1,000	1,000	1,000	-	1,000	
Transfers to other funds	(42,263)	(44,720)	(45,228)	(508)	(35,440)	
Total other financing sources (uses)	(41,263)	(43,720)	(44,228)	(508)	(34,440)	
Net change in fund balance	(8,109)	(9,066)	(8,615)	451	317	
Fund balance - January 1	48,624	48,624	48,624	-	48,307	
Fund balance - December 31	\$ 40,515	\$ 39,558	\$ 40,009	\$ 451	\$ 48,624	

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

For the fiscal year ended December 31, 2010

(Dollar amounts Expressed in Thousands)

NOTE 1 – BUDGETS

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

NOTE 2 – POSTEMPLOYMENT BENEFITS PLAN

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2007	\$ -	\$ 61,251	\$ 61,251	0.0%	\$ 288,996	21.2%
1/1/2008	\$ -	\$ 61,198	\$ 61,198	0.0%	\$ 383,114	16.0%
1/1/2009	\$ -	\$ 72,210	\$ 72,210	0.0%	\$ 401,097	18.0%
1/1/2010	\$ -	\$ 75,901	\$ 75,901	0.0%	\$ 374,550	20.0%

Non-Major Special Revenue Funds

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

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

HUD Consolidated Plan – This fund (previously reported as the Community Development Block Grant Fund) accounts for federal formula-based grants received from the U.S. Department of Housing & Urban Development's Community Planning and Development Office.

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

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

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

Grants – Federal – This fund is used to account for all federal grants, except for those included in the HUD Consolidated Plan Fund.

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

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

Non-Major Debt Service Funds

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

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

**GOVERNMENTAL FUNDS
BALANCE SHEET - NONMAJOR FUNDS
December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

<u>ASSETS</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental</u>
Cash and cash equivalents	\$ 19,306	\$ 48,328	\$ 67,634
Deposits with fiscal agents	243	-	243
Investments with trustees	1	3,218	3,219
Receivables:			
Accounts - net	879	-	879
Taxes	238	670	908
Special assessments	1,375	-	1,375
Intergovernmental	23,008	-	23,008
Notes	104	-	104
Accrued interest	41	144	185
Due from other funds	12,127	-	12,127
Land held for development	9,537	-	9,537
Total assets	\$ 66,859	\$ 52,360	\$ 119,219
<u>LIABILITIES and FUND BALANCES</u>			
Liabilities:			
Salaries payable	\$ 438	\$ -	\$ 438
Accounts payable	6,039	18	6,057
Intergovernmental payable	47	-	47
Due to other funds	13,856	-	13,856
Due to component units	146	-	146
Deferred Revenue - unavailable	1,349	469	1,818
Deferred Revenue - unearned	7,666	-	7,666
Total liabilities	29,541	487	30,028
Fund balances:			
Reserved for:			
Reserved			
Land held for development	9,537	-	9,537
Encumbrances	8	-	8
Pension liability	10,092	-	10,092
Unreserved			
Designated for debt service	-	51,873	51,873
Unreserved, reported in:			
Special Revenue Fund	17,681	-	17,681
Total fund balances	37,318	51,873	89,191
Total liabilities and fund balances	\$ 66,859	\$ 52,360	\$ 119,219

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR FUNDS
For the Fiscal Year Ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental</u>
REVENUES:			
Taxes	\$ 15,749	\$ 25,345	\$ 41,094
Licenses and permits	2,482	-	2,482
Intergovernmental revenues	96,451	23	96,474
Charges for services and sales	2,713	-	2,713
Fines and forfeits	1,109	-	1,109
Special assessments	11,732	-	11,732
Interest	290	409	699
Miscellaneous revenues	3,015	11,291	14,306
	<u>133,541</u>	<u>37,068</u>	<u>170,609</u>
EXPENDITURES:			
Current:			
General government	12,978	-	12,978
Public safety	44,206	-	44,206
Public works	5,523	-	5,523
Health and welfare	10,509	-	10,509
Community & economic development	57,635	-	57,635
Debt Service:			
Principal retirement	-	65,067	65,067
Interest and fiscal charges	-	13,573	13,573
	<u>130,851</u>	<u>78,640</u>	<u>209,491</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,690</u>	<u>(41,572)</u>	<u>(38,882)</u>
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	4,267	33,256	37,523
Transfers to other funds	(2,947)	(2,891)	(5,838)
Premium (discount)	-	986	986
Refunding bonds issued	-	19,560	19,560
	<u>1,320</u>	<u>50,911</u>	<u>52,231</u>
Net change in fund balance	4,010	9,339	13,349
Fund balances - January 1	<u>33,308</u>	<u>42,534</u>	<u>75,842</u>
Fund balances - December 31	<u>\$ 37,318</u>	<u>\$ 51,873</u>	<u>\$ 89,191</u>

SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET - NONMAJOR FUNDS
December 31, 2010

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Arena Reserve	Board of Estimate and Taxation	HUD Consolidated Plan	Convention Facilities Reserve	Downtown Improvement District	Employee Retirement	Grants-Federal	Grants-Other	Police	2010		2009 Total
										Total	Total	
ASSETS												
Cash and cash equivalents	\$ 1,302	\$ 301	\$ 141	\$ 6,100	\$ 454	\$ 9,837	\$ 58	\$ 91	\$ 1,022	\$ 19,306	\$ 21,502	
Deposits with fiscal agents	-	-	-	-	-	-	-	243	-	243	342	
Investments with trustees	1	-	-	-	-	-	-	-	-	1	1	
Receivables:												
Accounts - net	-	-	38	-	-	-	8	17	816	879	440	
Taxes	-	6	-	-	-	232	-	-	-	238	165	
Special assessments	-	-	25	-	30	-	-	1,320	-	1,375	795	
Intergovernmental	-	-	7,569	-	-	253	12,096	2,876	214	23,008	16,679	
Loans	-	-	-	-	-	-	-	-	-	-	4,765	
Notes	-	-	-	-	104	-	-	-	-	104	-	
Accrued interest	4	-	27	-	-	37	-	-	-	41	41	
Due from other funds	-	-	-	-	-	-	-	12,100	-	12,127	8,611	
Land held for development	-	-	6,434	-	-	-	906	2,197	-	9,537	7,501	
Total assets	\$ 1,307	\$ 307	\$ 14,234	\$ 6,100	\$ 588	\$ 10,359	\$ 13,068	\$ 18,844	\$ 2,052	\$ 66,859	\$ 60,842	

LIABILITIES AND FUND BALANCES

Liabilities:												
Salaries payable	\$ -	\$ 5	\$ 53	\$ -	\$ -	\$ -	\$ 107	\$ 149	\$ 124	\$ 438	\$ 599	
Accounts payable	10	3	1,323	-	6	-	1,884	2,619	194	6,039	2,821	
Intergovernmental payable	-	-	1	-	-	-	12	34	-	47	43	
Due to other funds	-	-	6,398	-	-	-	7,316	142	-	13,856	9,231	
Due to component units	-	-	-	-	-	146	-	-	-	146	-	
Deferred Revenue - unavailable	-	4	25	-	-	121	-	1,199	-	1,349	712	
Deferred Revenue - unearned	-	-	-	-	-	-	2,843	4,815	8	7,666	14,128	
Total liabilities	10	12	7,800	-	6	267	12,162	8,958	326	29,541	27,534	

Fund balances:

Reserved for:												
Land held for development	-	-	6,434	-	-	-	906	2,197	-	9,537	7,501	
Encumbrances	-	-	-	-	-	-	-	-	8	8	8	
Pension liability	-	-	-	-	-	10,092	-	-	-	10,092	10,965	
Unreserved:												
Undesignated	1,297	295	-	6,100	582	-	-	7,689	1,718	17,681	14,834	
Total fund balances	1,297	295	6,434	6,100	582	10,092	906	9,886	1,726	37,318	33,308	
Total liabilities and fund balances	\$ 1,307	\$ 307	\$ 14,234	\$ 6,100	\$ 588	\$ 10,359	\$ 13,068	\$ 18,844	\$ 2,052	\$ 66,859	\$ 60,842	

CITY OF MINNEAPOLIS, MINNESOTA

SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES - NONMAJOR FUNDS
 For the Fiscal Year Ended December 31, 2010

	Arena Reserve	Board of Estimate and Taxation	HUD Consolidated Plan	Convention Facilities Reserve	Downtown Improvement District	Employee Retirement	Grants-Federal	Grants-Other	Police	2010 Total	2009 Total
REVENUES:											
Taxes	\$ -	270	\$ -	\$ -	\$ -	15,312	\$ -	23	144	\$ 15,749	\$ 7,426
Licenses and permits	-	-	-	-	-	-	-	1,577	905	2,482	1,438
Intergovernmental revenues	-	-	30,762	-	-	4,744	39,673	21,272	-	96,451	58,336
Charges for services and sales	-	-	6	-	-	-	-	719	1,988	2,713	3,715
Fines and forfeits	-	-	-	-	-	-	-	220	889	1,109	1,092
Special assessments	-	-	91	-	6,407	-	-	5,234	-	11,732	7,924
Interest	14	-	154	-	-	117	5	-	-	290	218
Miscellaneous revenues	-	6	220	-	199	1,433	17	1,128	12	3,015	4,667
Total revenues	14	276	31,233	-	6,606	21,606	39,695	30,173	3,938	133,541	84,816
CURRENT EXPENDITURES:											
General government	-	171	2,687	-	5,755	3,532	587	246	-	12,978	9,287
Public safety	-	-	2,518	-	-	18,639	10,748	8,639	3,662	44,206	28,129
Public works	-	-	254	-	-	-	4,019	1,250	-	5,523	2,304
Health and welfare	-	-	1,416	-	-	-	4,250	4,843	-	10,509	9,489
Community & economic development	1,766	-	23,974	-	-	-	18,699	13,196	-	57,635	26,703
Total expenditures	1,766	171	30,849	-	5,755	22,171	38,303	28,174	3,662	130,851	75,912
Excess (deficiency) of revenues over (under) expenditures	(1,752)	105	384	-	851	(565)	1,392	1,999	276	2,690	8,904
OTHER FINANCING SOURCES (USES):											
Transfers from other funds	3,039	78	-	1,150	-	-	-	-	-	4,267	4,940
Transfers to other funds	-	(149)	-	(1,000)	-	(308)	(790)	(700)	-	(2,947)	(7,633)
Total other financing sources (uses)	3,039	(71)	-	150	-	(308)	(790)	(700)	-	1,320	(2,693)
Net change in fund balances	1,287	34	384	150	851	(873)	602	1,299	276	4,010	6,211
Fund balances - January 1	10	261	6,050	5,950	(269)	10,965	304	8,587	1,450	33,308	27,097
Fund balances - December 31	\$ 1,297	\$ 295	\$ 6,434	\$ 6,100	\$ 582	\$ 10,092	\$ 906	\$ 9,886	\$ 1,726	\$ 37,318	\$ 33,308

**DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - NONMAJOR FUNDS
DECEMBER 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Community Planning and Economic Development	General Debt Service	2010 Total	2009 Total
ASSETS				
Cash and cash equivalents	\$ 195	\$ 48,133	\$ 48,328	\$ 37,957
Investments with trustees	3,218	-	3,218	4,134
Receivables:				
Accounts - net	-	-	-	2
Taxes:				
Current	-	153	153	207
Delinquent	-	517	517	448
Accrued Interest	4	140	144	177
Total assets	\$ 3,417	\$ 48,943	\$ 52,360	\$ 42,925
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 18	\$ 18	\$ 15
Deferred revenue - unavailable	-	469	469	376
Total liabilities	-	487	487	391
Fund balances:				
Unreserved:				
Designated for debt service	3,417	48,456	51,873	42,534
Total liabilities and fund balances	\$ 3,417	\$ 48,943	\$ 52,360	\$ 42,925

DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - NONMAJOR FUNDS
For the Fiscal Year Ended December 31, 2010

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Community Planning and Economic Development	General Debt Service	2010 Total	2009 Total
REVENUES:				
Taxes:				
General property tax	\$ -	\$ 23,171	\$ 23,171	\$ 27,788
Fiscal disparities	-	2,174	2,174	2,917
Total taxes	<u>-</u>	<u>25,345</u>	<u>25,345</u>	<u>30,705</u>
Intergovernmental revenues	-	23	23	592
Interest	5	404	409	701
Miscellaneous revenues:				
Rents and commissions	-	10,412	10,412	653
Other	-	879	879	8,165
Total miscellaneous revenues	<u>-</u>	<u>11,291</u>	<u>11,291</u>	<u>8,818</u>
Total revenues	<u>5</u>	<u>37,063</u>	<u>37,068</u>	<u>40,816</u>
EXPENDITURES:				
Principal retirement on bonds	9,280	52,332	61,612	45,732
Principal retirement on notes	2,750	705	3,455	3,251
Interest and fiscal charges	2,242	11,331	13,573	39,759
Total expenditures	<u>14,272</u>	<u>64,368</u>	<u>78,640</u>	<u>88,742</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,267)</u>	<u>(27,305)</u>	<u>(41,572)</u>	<u>(47,926)</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	14,856	18,400	33,256	46,802
Transfers to other funds	(1,500)	(1,391)	(2,891)	(2,803)
Premium (Discount)	-	986	986	-
Refunding bonds issued	-	19,560	19,560	-
Total other financing sources (uses)	<u>13,356</u>	<u>37,555</u>	<u>50,911</u>	<u>43,999</u>
Net change in fund balances	(911)	10,250	9,339	(3,927)
Fund balances - January 1	<u>4,328</u>	<u>38,206</u>	<u>42,534</u>	<u>46,461</u>
Fund balances - December 31	<u>\$ 3,417</u>	<u>\$ 48,456</u>	<u>\$ 51,873</u>	<u>\$ 42,534</u>

**ARENA RESERVE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2010				2009 Actual
	Budgeted Amounts		Actual	Variance	
	Original	Final			
REVENUES:					
Interest	\$ -	\$ -	\$ 14	\$ 14	\$ -
CURRENT EXPENDITURES:					
General government	-	-	-	-	10
Community & economic development	1,935	3,693	1,766	1,927	-
Total expenditures	1,935	3,693	1,766	1,927	10
Excess (deficiency) of revenues over (under) expenditures	(1,935)	(3,693)	(1,752)	1,941	(10)
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	3,833	3,833	3,039	(794)	3,696
Transfers to other funds	-	-	-	-	(5,325)
Total other financing sources (uses)	3,833	3,833	3,039	(794)	(1,629)
Net change in fund balance	1,898	140	1,287	1,147	(1,639)
Fund balance - January 1	10	10	10	-	1,649
Fund balance - December 31	\$ 1,908	\$ 150	\$ 1,297	\$ 1,147	\$ 10

BOARD OF ESTIMATE AND TAXATION SPECIAL REVENUE FUND CITY OF MINNEAPOLIS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2010 **(In Thousands)**

	2010				2009 Actual
	Budgeted Amount		Actual	Variance	
	Original	Final			
REVENUES:					
Taxes:					
General property tax	\$ 265	\$ 265	\$ 233	\$ (32)	\$ 218
Fiscal disparities	-	-	37	37	34
Total taxes	265	265	270	5	252
Intergovernmental revenues:					
State grants and shared revenues	-	-	-	-	7
Miscellaneous revenues:					
Other	-	-	6	6	-
Total revenues	265	265	276	11	259
CURRENT EXPENDITURES:					
General government	345	195	171	24	297
Excess (deficiency) of revenues over (under) expenditures	(80)	70	105	35	(38)
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	80	80	78	(2)	94
Transfers to other funds	-	(150)	(149)	1	-
Total other financing sources (uses)	80	(70)	(71)	(1)	94
Net change in fund balance	-	-	34	34	56
Fund balance - January 1	261	261	261	-	205
Fund balance - December 31	\$ 261	\$ 261	\$ 295	\$ 34	\$ 261

**HUD CONSOLIDATED PLAN
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2010				2009 Actual
	Budgeted Amounts		Actual	Variance	
	Original	Final			
REVENUES:					
Intergovernmental revenues:					
Federal grantor agencies	\$ 19,210	\$ 19,210	\$ 30,762	\$ 11,552	\$ 16,616
Charges for services and sales	300	300	6	(294)	872
Special assessments	-	-	91	91	376
Interest	-	-	154	154	34
Miscellaneous revenues:					
Other	600	600	220	(380)	231
Total revenues	20,110	20,110	31,233	11,123	18,129
CURRENT EXPENDITURES:					
General government	2,164	2,782	2,687	95	2,239
Public safety	2,500	3,609	2,518	1,091	1,351
Public works	-	385	254	131	87
Health and welfare	1,049	2,005	1,416	589	1,123
Community & economic development	14,097	24,358	23,974	384	12,599
Total expenditures	19,810	33,139	30,849	2,290	17,399
Excess (deficiency) of revenues over (under) expenditures	300	(13,029)	384	13,413	730
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	-	-	-	-	(1)
Net change in fund balance	300	(13,029)	384	13,413	729
Fund balance - January 1	6,050	6,050	6,050	-	5,321
Fund balance - December 31	\$ 6,350	\$ (6,979)	\$ 6,434	\$ 13,413	\$ 6,050

CONVENTION FACILITIES RESERVE SPECIAL REVENUE FUND CITY OF MINNEAPOLIS, MINNESOTA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2010 **(In Thousands)**

	2010				2009 Actual
	Budgeted Amounts		Actual	Variance	
	Original	Final			
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	\$ 1,150	\$ 1,150	\$ 1,150	\$ -	\$ 1,150
Transfers to other funds	(1,000)	(1,000)	(1,000)	-	(1,000)
Total other financing sources (uses)	150	150	150	-	150
Net change in fund balance	150	150	150	-	150
Fund balance - January 1	5,950	5,950	5,950	-	5,800
Fund balance - December 31	<u>6,100</u>	<u>6,100</u>	<u>6,100</u>	<u>-</u>	<u>5,950</u>

**DOWNTOWN IMPROVEMENT DISTRICT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2010				
	Budgeted Amounts		Actual	Variance	2009 Actual
	Original	Final			
REVENUES:					
Special assessments	\$ 5,789	\$ 5,789	\$ 6,407	\$ 618	\$ 1,199
Miscellaneous revenues:					
Other	-	-	199	199	1,417
Total revenues	<u>5,789</u>	<u>5,789</u>	<u>6,606</u>	<u>817</u>	<u>2,616</u>
CURRENT EXPENDITURES:					
General government	<u>5,789</u>	<u>5,789</u>	<u>5,755</u>	<u>34</u>	<u>2,885</u>
Net change in fund balance	-	-	851	851	(269)
Fund balance - January 1	<u>(269)</u>	<u>(269)</u>	<u>(269)</u>	<u>-</u>	<u>-</u>
Fund balance - December 31	<u>\$ (269)</u>	<u>\$ (269)</u>	<u>\$ 582</u>	<u>\$ 851</u>	<u>\$ (269)</u>

**EMPLOYEE RETIREMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2010				2009 Actual
	Budgeted Amounts		Actual	Variance	
	Original	Final			
REVENUES:					
Taxes:					
General property tax	\$ 4,806	\$ 4,806	\$ 13,196	\$ 8,390	\$ 6,026
Property tax increment	-	-	22	22	9
Fiscal disparities	-	-	2,092	2,092	936
Other taxes	-	-	2	2	-
Total taxes	<u>4,806</u>	<u>4,806</u>	<u>15,312</u>	<u>10,506</u>	<u>6,971</u>
Intergovernmental revenues:					
State grants and shared revenues	5,578	5,578	4,744	(834)	4,530
Fines and forfeits	-	-	-	-	330
Interest	-	-	117	117	171
Miscellaneous revenues:					
Other	1,382	1,382	1,433	51	1,770
Total revenues	<u>11,766</u>	<u>11,766</u>	<u>21,606</u>	<u>9,840</u>	<u>13,772</u>
CURRENT EXPENDITURES:					
General government	14,231	3,532	3,532	-	3,327
Public safety	-	18,639	18,639	-	8,679
Total expenditures	<u>14,231</u>	<u>22,171</u>	<u>22,171</u>	<u>-</u>	<u>12,006</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,465)</u>	<u>(10,405)</u>	<u>(565)</u>	<u>9,840</u>	<u>1,766</u>
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	(308)	(308)	(308)	-	(508)
Net change in fund balance	(2,773)	(10,713)	(873)	9,840	1,258
Fund balance - January 1	10,965	10,965	10,965	-	9,707
Fund balance - December 31	<u>\$ 8,192</u>	<u>\$ 252</u>	<u>\$ 10,092</u>	<u>\$ 9,840</u>	<u>\$ 10,965</u>

**GRANTS - FEDERAL SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2010				2009 Actual
	Budgeted Amounts		Actual	Variance	
	Original	Final			
REVENUES:					
Intergovernmental revenues:					
Federal grantor agencies	\$ 20,015	\$ 54,015	\$ 39,673	\$ (14,342)	\$ 23,529
Charges for services and sales	-	-	-	-	307
Interest	-	-	5	5	10
Miscellaneous revenues:					
Loan recapture	-	-	17	17	51
Other	-	-	-	-	33
Total miscellaneous revenues	-	-	17	17	84
Total revenues	<u>20,015</u>	<u>54,015</u>	<u>39,695</u>	<u>(14,320)</u>	<u>23,930</u>
CURRENT EXPENDITURES:					
General government	626	959	587	372	430
Public safety	10,490	14,232	10,748	3,484	9,541
Public works	-	3,613	4,019	(406)	2,215
Health and welfare	3,360	6,655	4,250	2,405	4,641
Community & economic development	5,456	31,923	18,699	13,224	6,700
Total expenditures	<u>19,932</u>	<u>57,382</u>	<u>38,303</u>	<u>19,079</u>	<u>23,527</u>
Excess (deficiency) of revenues over (under) expenditures	<u>83</u>	<u>(3,367)</u>	<u>1,392</u>	<u>4,759</u>	<u>403</u>
OTHER FINANCING SOURCES (USES):					
Transfers to other funds	<u>(55)</u>	<u>(55)</u>	<u>(790)</u>	<u>(735)</u>	<u>(99)</u>
Net change in fund balance	28	(3,422)	602	4,024	304
Fund balance - January 1	<u>304</u>	<u>304</u>	<u>304</u>	<u>-</u>	<u>-</u>
Fund balance - December 31	<u>\$ 332</u>	<u>\$ (3,118)</u>	<u>\$ 906</u>	<u>\$ 4,024</u>	<u>\$ 304</u>

**GRANTS - OTHER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2010					2009 Actual
	Budgeted Amounts		Actual	Variance		
	Original	Final				
REVENUES:						
Taxes:						
Other taxes	\$ 20	\$ 20	\$ 23	\$ 3	\$ 61	
Licenses and Permits	612	1,956	1,577	(379)	464	
Intergovernmental revenues:						
State grants and shared revenues	8,589	14,918	18,742	3,824	11,884	
Other local grants	232	1,079	2,530	1,451	1,763	
Total intergovernmental revenues	8,821	15,997	21,272	5,275	13,647	
Charges for services	470	649	719	70	629	
Fines and forfeits	15	15	220	205	177	
Special assessments	3,894	3,894	5,234	1,340	6,349	
Interest	-	-	-	-	3	
Miscellaneous revenues:						
Private contributions	872	1,325	1,059	(266)	1,074	
Other	48	48	69	21	33	
Total miscellaneous revenues	920	1,373	1,128	(245)	1,107	
Total revenues	14,752	23,904	30,173	6,269	22,437	
CURRENT EXPENDITURES:						
General government	35	371	246	125	99	
Public safety	6,651	10,044	8,639	1,405	5,230	
Public works	-	2,000	1,250	750	2	
Health and welfare	4,486	4,897	4,843	54	3,725	
Community & economic development	2,500	9,167	13,196	(4,029)	7,404	
Total expenditures	13,672	26,479	28,174	(1,695)	16,460	
Excess (deficiency) of revenues over (under) expenditures	1,080	(2,575)	1,999	4,574	5,977	
OTHER FINANCING SOURCES (USES):						
Transfers to other funds	(700)	(700)	(700)	-	(700)	
Net change in fund balance	380	(3,275)	1,299	4,574	5,277	
Fund balance - January 1	8,587	8,587	8,587	-	3,310	
Fund balance - December 31	\$ 8,967	\$ 5,312	\$ 9,886	\$ 4,574	\$ 8,587	

**POLICE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2010				2009 Actual
	Budgeted Amounts		Actual	Variance	
	Original	Final			
REVENUES:					
Taxes:					
Lawful gambling	\$ 122	\$ 122	\$ 144	\$ 22	\$ 142
Licenses and permits	541	541	905	364	974
Intergovernmental revenues:					
State grants and shared revenues	-	-	-	-	7
Charges for services and sales	2,153	2,872	1,988	(884)	1,907
Fines and forfeits	416	416	889	473	585
Miscellaneous revenues:					
Other	-	-	12	12	58
Total revenues	<u>3,232</u>	<u>3,951</u>	<u>3,938</u>	<u>(13)</u>	<u>3,673</u>
CURRENT EXPENDITURES:					
Public safety	<u>3,275</u>	<u>4,081</u>	<u>3,662</u>	<u>419</u>	<u>3,328</u>
Net change in fund balance	(43)	(130)	276	406	345
Fund balance - January 1	<u>1,450</u>	<u>1,450</u>	<u>1,450</u>	<u>-</u>	<u>1,105</u>
Fund balance - December 31	<u>\$ 1,407</u>	<u>\$ 1,320</u>	<u>\$ 1,726</u>	<u>\$ 406</u>	<u>\$ 1,450</u>

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Engineering Materials & Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	2010 Total	2009 Total
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 802	\$ 8,438	\$ 126	\$ 8,235	\$ 9	\$ 41,245	\$ 58,855	\$ 28,804
Receivables:								
Accounts - net	9	2	86	20	1	15	133	178
Intergovernmental	-	-	-	252	-	182	434	384
Notes	-	6,557	-	-	-	-	6,557	7,604
Due from other funds	-	-	-	-	-	835	835	4,184
Inventories	-	-	14	1,007	4,548	-	5,569	5,810
Properties held for resale	-	-	-	-	-	433	433	433
Prepaid items	-	527	-	-	-	667	1,194	147
Total current assets	811	15,524	226	9,514	4,558	43,377	74,010	47,544
Long-term assets:								
Deferred charges	-	75	33	120	-	-	228	117
Capital assets:								
Land, leaseholds and easements	-	-	21,117	2,186	-	-	23,303	23,303
Construction in progress	-	12,141	17	243	-	-	12,401	7,855
Buildings and structures	-	-	25,588	30,061	-	-	55,649	55,649
Less accumulated depreciation	-	-	(20,316)	(6,636)	-	-	(26,952)	(26,076)
Public improvements	-	-	2,726	330	-	-	3,056	3,056
Less accumulated depreciation	-	-	(2,590)	(203)	-	-	(2,793)	(2,731)
Machinery and equipment	287	1,652	12,586	65,479	132	-	80,136	81,068
Less accumulated depreciation	(275)	(1,496)	(5,593)	(41,084)	(132)	-	(48,580)	(44,884)
Computer equipment	61	60,508	162	37	7	-	60,775	60,380
Less accumulated depreciation	(61)	(49,777)	(162)	(37)	(7)	-	(50,044)	(46,080)
Software	-	45,263	8	-	9	-	45,280	43,360
Less accumulated depreciation	-	(22,214)	(8)	-	(9)	-	(22,231)	(15,208)
Other capital outlay	15	-	21	-	14	-	50	50
Less accumulated depreciation	(15)	-	(21)	-	(14)	-	(50)	(50)
Total long-term assets	12	46,152	33,568	50,496	-	-	130,228	139,809
Total assets	\$ 823	\$ 61,676	\$ 33,794	\$ 60,010	\$ 4,558	\$ 43,377	\$ 204,238	\$ 187,353
LIABILITIES AND NET ASSETS								
Current liabilities:								
Salaries payable	\$ 14	\$ 134	\$ 153	\$ 265	\$ 13	\$ 204	\$ 783	\$ 1,135
Accounts payable	18	1,180	598	1,264	413	1,834	5,307	3,162
Intergovernmental payable	-	7	9	2	18	-	36	22
Due to other funds	-	-	-	-	835	-	835	2,548
Interest payable	-	57	16	70	-	-	143	212
Unearned revenue	1	11,739	-	-	-	157	11,897	5,854
Bonds payable-current portion	-	9,025	695	2,155	-	-	11,875	11,305
Compensated absences payable-current portion	9	99	92	172	8	83	463	691
Total current liabilities	42	22,241	1,563	3,928	1,287	2,278	31,339	24,929
Long-term liabilities:								
Bonds payable	-	11,055	5,475	23,535	-	-	40,065	49,540
Unamortized premium (discounts)	-	894	285	1,027	-	-	2,206	2,032
Advances from other funds	-	10,114	-	-	-	-	10,114	10,114
Compensated absences payable	21	230	215	400	19	193	1,078	1,614
Other postemployment benefits	26	239	265	512	28	202	1,272	915
Unpaid claims payable	-	-	-	-	-	47,292	47,292	42,513
Total long-term liabilities	47	22,532	6,240	25,474	47	47,687	102,027	106,728
Total liabilities	89	44,773	7,803	29,402	1,334	49,965	133,366	131,657
Net Assets:								
Invested in capital assets, net of related debt	12	26,122	27,080	23,659	-	-	76,873	76,815
Unrestricted	722	(9,219)	(1,089)	6,949	3,224	(6,588)	(6,001)	(21,119)
Total net assets	734	16,903	25,991	30,608	3,224	(6,588)	70,872	55,696
Total liabilities and net assets	\$ 823	\$ 61,676	\$ 33,794	\$ 60,010	\$ 4,558	\$ 43,377	\$ 204,238	\$ 187,353

CITY OF MINNEAPOLIS, MINNESOTA

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

For the Fiscal Year Ended December 31, 2010

(In Thousands)

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	2010 Total	2009 Total
Operating revenues:								
Charges for services and sales	\$ 1,563	\$ 31,275	\$ 6,493	\$ 11,436	\$ 1,211	\$ 24,615	\$ 76,593	\$ 84,622
Rents and commissions	-	-	12,428	22,378	-	-	34,806	33,450
Total operating revenues	1,563	31,275	18,921	33,814	1,211	24,615	111,399	118,072
Operating expenses:								
Personnel costs	761	6,930	7,734	14,547	730	11,012	41,714	44,150
Contractual services	383	19,063	10,052	3,226	333	14,440	47,497	53,177
Materials, supplies, services and other	102	1,685	1,179	6,811	52	6,435	16,264	20,648
Rent	6	222	-	1,103	43	182	1,556	1,637
Depreciation	10	11,044	1,140	6,471	-	-	18,665	15,714
Total operating expenses	1,262	38,944	20,105	32,158	1,158	32,069	125,696	135,326
Operating income (loss)	301	(7,669)	(1,184)	1,656	53	(7,454)	(14,297)	(17,254)
Non-operating revenue (expenses)								
Interest expense	-	(878)	(183)	(1,500)	-	-	(2,561)	(3,125)
Gain (loss) on disposal of capital assets	-	(78)	-	169	-	-	91	(40)
Damages/losses recovered	-	-	-	-	-	-	-	12
Other revenues	-	-	122	136	1	5,629	5,888	5,843
Total non-operating revenues (expenses)	-	(956)	(61)	(1,195)	1	5,629	3,418	2,690
Income (loss) before operating transfers	301	(8,625)	(1,245)	461	54	(1,825)	(10,879)	(14,564)
Transfers in (out):								
Transfers from other funds	-	12,245	951	4,180	-	10,810	28,186	27,865
Transfers to other funds	(57)	(395)	(925)	(581)	(33)	(140)	(2,131)	(1,113)
Total transfers	(57)	11,850	26	3,599	(33)	10,670	26,055	26,752
Change in net assets	244	3,225	(1,219)	4,060	21	8,845	15,176	12,188
Net assets - January 1	490	13,678	27,210	26,548	3,203	(15,433)	55,696	43,508
Net assets - December 31	\$ 734	\$ 16,903	\$ 25,991	\$ 30,608	\$ 3,224	\$ (6,588)	\$ 70,872	\$ 55,696

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	2010 Total	2009 Total
Cash flows from operating activities:								
Cash received from customers and users	\$ 1,556	\$ 38,476	\$ 18,962	\$ 33,603	\$ 1,246	\$ 26,307	\$ 120,150	\$ 117,642
Payments to suppliers	(489)	(22,084)	(10,726)	(10,572)	(464)	(16,580)	(60,915)	(69,156)
Payments to employees	(768)	(7,097)	(7,860)	(14,712)	(745)	(11,290)	(42,472)	(44,269)
Other non-operating revenue	-	-	122	136	1	5,629	5,888	5,843
Net Cash Provided (used) by operating Activities	299	9,295	498	8,455	38	4,066	22,651	10,060
Cash flows from non-capital financing activities:								
Transfers from other funds	-	12,245	951	4,180	-	10,810	28,186	27,865
Transfers to other funds	(57)	(395)	(925)	(581)	(33)	(140)	(2,131)	(1,113)
Net cash provided (used) by non-capital financing activities	(57)	11,850	26	3,599	(33)	10,670	26,055	26,752
Cash flows from capital and related financing activities								
Bonds issued	-	2,407	-	22,230	-	-	24,637	1,115
Refunding bonds issued	-	4,560	6,825	-	-	-	11,385	16,800
Principal paid on bonds	-	(13,127)	(7,480)	(24,320)	-	-	(44,927)	(28,735)
Interest paid on bonds	-	(1,222)	(356)	(2,313)	-	-	(3,891)	(3,405)
Premium (discount)	-	355	303	833	-	-	1,491	852
Acquisition and construction of capital assets	-	(7,276)	(10)	(1,688)	-	-	(8,974)	(11,953)
Bond issuance costs	-	(25)	-	(107)	-	-	(132)	(60)
Proceeds from sale of capital assets	-	(78)	(33)	169	-	-	58	325
Net cash provided (used) by capital and related financing activities	-	(14,406)	(751)	(5,196)	-	-	(20,353)	(25,061)
Net increase (decrease) in cash and cash equivalents	242	6,739	(227)	6,858	5	14,736	28,353	11,751
Cash and cash equivalents, beginning of year	560	1,699	353	1,377	4	26,509	30,502	17,053
Cash and cash equivalents, end of year	\$ 802	\$ 8,438	\$ 126	\$ 8,235	\$ 9	\$ 41,245	\$ 58,855	\$ 28,804
Reconciliation of operating income to net cash provided (used) by operating activities								
Operating income (loss)	\$ 301	\$ (7,669)	\$ (1,184)	\$ 1,656	\$ 53	\$ (7,454)	\$ (14,297)	\$ (17,254)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:								
Depreciation	10	11,044	1,140	6,471	-	-	18,665	15,714
Accounts receivable	(9)	58	(69)	34	30	1	45	(539)
Intergovernmental receivable	-	51	106	(248)	-	41	(50)	(123)
Notes receivable	-	1,047	-	-	-	-	1,047	-
Inventories	-	-	4	(62)	298	-	240	1,225
Property held for resale	-	-	-	-	-	-	-	(433)
Prepaid items	-	(527)	-	-	-	(520)	(1,047)	(104)
Due from other funds	-	-	-	-	-	1,651	1,651	(685)
Salaries payable	(4)	(106)	(66)	(94)	(7)	(75)	(352)	(508)
Accounts payable	3	330	501	632	401	278	2,145	(5,318)
Due to other funds	-	(916)	-	-	(735)	(62)	(1,713)	68
Intergovernmental payable	-	2	4	2	6	-	14	(7)
Unearned revenue	1	6,042	-	-	-	-	6,043	1,040
Compensated absences payable	(10)	(125)	(130)	(225)	(17)	(257)	(764)	7
Other postemployment benefits	7	64	70	153	8	55	357	382
Unpaid claims	-	-	-	-	-	4,779	4,779	10,740
Damages/Losses recovered	-	-	-	-	-	-	-	12
Other non-operating revenue	-	-	122	136	1	5,629	5,888	5,843
Net cash provided (used) by operating activities	\$ 299	\$ 9,295	\$ 498	\$ 8,455	\$ 38	\$ 4,066	\$ 22,651	\$ 10,060
Non-cash investing, capital and financing activities:								
Gain (Loss) on disposal of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (40)

**ENGINEERING MATERIALS AND TESTING
INTERNAL SERVICE FUND
STATEMENT OF NET ASSETS
December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2010</u>	<u>2009</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 802	\$ 560
Receivables:		
Accounts - net	9	-
Total current assets	<u>811</u>	<u>560</u>
Capital assets:		
Machinery and equipment	287	286
Less accumulated depreciation	(275)	(264)
Computer equipment	61	61
Less accumulated depreciation	(61)	(61)
Other capital outlay	15	15
Less accumulated depreciation	(15)	(15)
Total capital assets	<u>12</u>	<u>22</u>
Total assets	<u><u>\$ 823</u></u>	<u><u>\$ 582</u></u>
LIABILITIES AND FUND EQUITY		
Current liabilities:		
Salaries payable	\$ 14	\$ 18
Accounts payable	18	15
Unearned revenue	1	-
Compensated absences payable-current portion	9	12
Total current liabilities	<u>42</u>	<u>45</u>
Long-term liabilities:		
Compensated absences payable	21	28
Other postemployment benefits	26	19
Total long-term liabilities	<u>47</u>	<u>47</u>
Total liabilities	<u>89</u>	<u>92</u>
Net Assets		
Invested in capital assets, net of related debt	12	22
Unrestricted	722	468
Total net assets	<u>734</u>	<u>490</u>
Total liabilities and net assets	<u><u>\$ 823</u></u>	<u><u>\$ 582</u></u>

ENGINEERING MATERIALS AND TESTING
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the fiscal year ended December 31, 2010

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Charges for services and sales	\$ 1,563	\$ 1,590
Operating expenses:		
Personnel costs	761	748
Contractual services	383	212
Materials, supplies, services and other	102	36
Rent	6	61
Depreciation	10	13
Total operating expenses	<u>1,262</u>	<u>1,070</u>
Operating income (loss)	<u>301</u>	<u>520</u>
Transfers in (out):		
Transfers to other funds	<u>(57)</u>	<u>(58)</u>
Change in net assets	244	462
Net assets - January 1	<u>490</u>	<u>28</u>
Net assets - December 31	<u>\$ 734</u>	<u>\$ 490</u>

ENGINEERING MATERIALS AND TESTING
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended December 31, 2010

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 1,556	\$ 1,675
Payments to suppliers	(489)	(303)
Payments to employees	(768)	(757)
Net Cash Provided (used) by operating activities	<u>299</u>	<u>615</u>
Cash flows from non-capital financing activities:		
Transfers to other funds	(57)	(58)
Net increase (decrease) in cash and cash equivalents	242	557
Cash and cash equivalents, beginning of year	560	3
Cash and cash equivalents, end of year	<u>\$ 802</u>	<u>\$ 560</u>
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	\$ 301	\$ 520
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	10	13
Accounts receivable	(9)	214
Salaries payable	(4)	(17)
Accounts payable	3	9
Due to other funds	-	(130)
Intergovernmental payable	-	(1)
Unearned revenue	1	-
Compensated absences payable	(10)	-
Other postemployment benefits	7	7
Net cash provided (used) by operating activities	<u>\$ 299</u>	<u>\$ 615</u>

**INTERGOVERNMENTAL SERVICES
INTERNAL SERVICE FUND
STATEMENT OF NET ASSETS
December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2010</u>	<u>2009</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,438	\$ 1,699
Receivables:		
Accounts - net	2	60
Intergovernmental	-	51
Notes	6,557	7,604
Prepaid items	527	-
Total current assets	<u>15,524</u>	<u>9,414</u>
Deferred charges	75	77
Capital assets:		
Construction in progress	12,141	7,116
Machinery and equipment	1,652	1,828
Less accumulated depreciation	(1,496)	(1,551)
Computer equipment	60,508	60,113
Less accumulated depreciation	(49,777)	(45,813)
Software	45,263	43,343
Less accumulated depreciation	(22,214)	(15,191)
Total capital assets	<u>46,077</u>	<u>49,845</u>
Total assets	<u><u>\$ 61,676</u></u>	<u><u>\$ 59,336</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Salaries payable	\$ 134	\$ 240
Accounts payable	1,180	850
Intergovernmental payable	7	5
Due to other funds	-	916
Interest payable	57	78
Unearned revenue	11,739	5,697
Bonds payable-current portion	9,025	8,560
Compensated absences payable-current portion	99	136
Total current liabilities	<u>22,241</u>	<u>16,482</u>
Long-term liabilities:		
Bonds payable	11,055	17,680
Unamortized premium (discounts)	894	889
Advances from other funds	10,114	10,114
Compensated absences payable	230	318
Other postemployment benefits	239	175
Total long-term liabilities	<u>22,532</u>	<u>29,176</u>
Total liabilities	<u>44,773</u>	<u>45,658</u>
Net Assets:		
Invested in capital assets, net of related debt	26,122	22,716
Unrestricted	(9,219)	(9,038)
Total net assets	<u>16,903</u>	<u>13,678</u>
Total liabilities and net assets	<u><u>\$ 61,676</u></u>	<u><u>\$ 59,336</u></u>

**INTERGOVERNMENTAL SERVICES
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the fiscal year ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Charges for services and sales	\$ 31,275	\$ 32,258
Operating expenses:		
Personnel costs	6,930	7,735
Contractual services	19,063	19,884
Materials, supplies, services and other	1,685	1,498
Rent	222	163
Depreciation	11,044	8,380
Total operating expenses	38,944	37,660
Operating income (loss)	<u>(7,669)</u>	<u>(5,402)</u>
Non-operating revenues (expenses):		
Interest expense	(878)	(1,527)
Gain (loss) on disposal of capital assets	(78)	(99)
Total non-operating revenues (expenses)	<u>(956)</u>	<u>(1,626)</u>
Income (loss) before transfers	<u>(8,625)</u>	<u>(7,028)</u>
Transfers in (out):		
Transfers from other funds	12,245	16,115
Transfers to other funds	<u>(395)</u>	<u>(277)</u>
Total transfers	<u>11,850</u>	<u>15,838</u>
Change in net assets	<u>3,225</u>	<u>8,810</u>
Net assets - January 1	<u>13,678</u>	<u>4,868</u>
Net assets - December 31	<u>\$ 16,903</u>	<u>\$ 13,678</u>

INTERGOVERNMENTAL SERVICES
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended December 31, 2010

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2010	2009
Cash flows from operating activities:		
Cash received from customers and users	\$ 38,476	\$ 32,634
Payments to suppliers	(22,084)	(24,980)
Payments to employees	(7,097)	(7,739)
Net Cash Provided (used) by operating activities	<u>9,295</u>	<u>(85)</u>
Cash flows from non-capital financing activities:		
Transfers from other funds	12,245	16,115
Transfers to other funds	(395)	(277)
Net cash provided (used) by non-capital financing activities	<u>11,850</u>	<u>15,838</u>
Cash Flows from capital and related financing activities		
Bonds issued	2,407	1,115
Refunding bonds issued	4,560	16,800
Principal paid on bonds	(13,127)	(26,090)
Interest paid on bonds	(1,222)	(1,691)
Premium (discount)	355	852
Acquisition and construction of capital assets	(7,276)	(6,098)
Bond issuance costs	(25)	(60)
Proceeds from sale of capital assets	(78)	6
Net cash provided (used) by capital and related financing activities	<u>(14,406)</u>	<u>(15,166)</u>
Net increase (decrease) in cash and cash equivalents	6,739	587
Cash and cash equivalents, beginning of year	1,699	1,112
Cash and cash equivalents, end of year	<u>\$ 8,438</u>	<u>\$ 1,699</u>
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	\$ (7,669)	\$ (5,402)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	11,044	8,380
Accounts receivable	58	(16)
Notes Receivable	1,047	(706)
Intergovernmental receivable	51	11
Prepaid items	(527)	20
Salaries payable	(106)	(108)
Accounts payable	330	(4,372)
Due to other funds	(916)	916
Intergovernmental payable	2	-
Unearned revenue	6,042	1,088
Compensated absences payable	(125)	35
Other postemployment benefits	64	69
Net cash provided (used) by operating activities	<u>\$ 9,295</u>	<u>\$ (85)</u>
Non-cash investing, capital and financing activities:		
(Loss) on disposal of capital assets	\$ -	\$ (99)

**PROPERTY SERVICES
INTERNAL SERVICE FUND
STATEMENT OF NET ASSETS
December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 126	\$ 353
Receivables:		
Accounts - net	86	17
Intergovernmental	-	106
Inventories	14	19
Total current assets	<u>226</u>	<u>495</u>
Deferred charges	33	8
Capital assets:		
Land, leaseholds and easements	21,117	21,117
Construction in progress	17	7
Buildings and structures	25,588	25,588
Less accumulated depreciation	(20,316)	(20,043)
Public improvements	2,726	2,726
Less accumulated depreciation	(2,590)	(2,547)
Machinery and equipment	12,586	12,586
Less accumulated depreciation	(5,593)	(4,770)
Computer equipment	162	162
Less accumulated depreciation	(162)	(162)
Software	8	8
Less accumulated depreciation	(8)	(8)
Other capital outlay	21	21
Less accumulated depreciation	(21)	(21)
Total capital assets	<u>33,535</u>	<u>34,664</u>
Total assets	<u>\$ 33,794</u>	<u>\$ 35,167</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Salaries payable	\$ 153	\$ 219
Accounts payable	598	97
Intergovernmental payable	9	5
Interest payable	16	24
Bonds payable-current portion	695	655
Compensated absences payable-current portion	92	131
Total current liabilities	<u>1,563</u>	<u>1,131</u>
Long-term liabilities:		
Bonds payable	5,475	6,170
Unamortized premium (discounts)	285	155
Compensated absences payable	215	306
Other postemployment benefits	265	195
Total long-term liabilities	<u>6,240</u>	<u>6,826</u>
Total liabilities	<u>7,803</u>	<u>7,957</u>
Net Assets:		
Invested in capital assets, net of related debt	27,080	27,685
Unrestricted	(1,089)	(475)
Total net assets	<u>25,991</u>	<u>27,210</u>
Total liabilities and net assets	<u>\$ 33,794</u>	<u>\$ 35,167</u>

**PROPERTY SERVICES
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the fiscal year ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Charges for services and sales	\$ 6,493	\$ 8,227
Rents and commissions	12,428	12,669
Total operating revenues	<u>18,921</u>	<u>20,896</u>
Operating expenses:		
Personnel costs	7,734	8,079
Contractual services	10,052	10,839
Materials, supplies, services and other	1,179	1,508
Depreciation	1,140	1,156
Total operating expenses	<u>20,105</u>	<u>21,582</u>
Operating income (loss)	<u>(1,184)</u>	<u>(686)</u>
Non-operating revenues (expenses):		
Interest expense	(183)	(287)
Other revenues	122	189
Total non-operating revenues (expenses)	<u>(61)</u>	<u>(98)</u>
Income (loss) before transfers	<u>(1,245)</u>	<u>(784)</u>
Transfers in (out):		
Transfers from other funds	951	655
Transfers to other funds	(925)	(97)
Total transfers	<u>26</u>	<u>558</u>
Change in net assets	<u>(1,219)</u>	<u>(226)</u>
Net assets - January 1	<u>27,210</u>	<u>27,436</u>
Net assets - December 31	<u>\$ 25,991</u>	<u>\$ 27,210</u>

PROPERTY SERVICES
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended December 31, 2010

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2010	2009
Cash flows from operating activities:		
Cash received from customers and users	\$ 18,962	\$ 20,844
Payments to suppliers	(10,726)	(12,390)
Payments to employees	(7,860)	(8,142)
Other non-operating revenue	122	189
Net Cash Provided (used) by operating activities	<u>498</u>	<u>501</u>
Cash flows from non-capital financing activities:		
Transfers from other funds	951	655
Transfers to other funds	(925)	(97)
Net cash provided (used) by non-capital financing activities	<u>26</u>	<u>558</u>
Cash Flows from capital and related financing activities		
Refunding bonds issued	6,825	-
Principal paid on bonds	(7,480)	(590)
Interest paid on bonds	(356)	(307)
Acquisition and construction of capital assets	(10)	(401)
Premium (discount)	303	-
Bond issuance costs	(33)	-
Net cash provided (used) by capital and related financing activities	<u>(751)</u>	<u>(1,298)</u>
Net increase (decrease) in cash and cash equivalents	(227)	(239)
Cash and cash equivalents, beginning of year	353	592
Cash and cash equivalents, end of year	<u>\$ 126</u>	<u>\$ 353</u>
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	\$ (1,184)	\$ (686)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,140	1,156
Accounts receivable	(69)	1
Intergovernmental receivable	106	(106)
Inventories	4	408
Due from other funds	-	60
Salaries payable	(66)	(118)
Accounts payable	501	(451)
Intergovernmental payable	4	(7)
Compensated absences payable	(130)	(21)
Other postemployment benefits	70	76
Other non-operating revenues	122	189
Net cash provided (used) by operating activities	<u>\$ 498</u>	<u>\$ 501</u>

**EQUIPMENT SERVICES
INTERNAL SERVICE FUND
STATEMENT OF NET ASSETS
December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,235	\$ 1,377
Receivables:		
Accounts - net	20	54
Intergovernmental	252	4
Inventories	1,007	945
Total current assets	<u>9,514</u>	<u>2,380</u>
Deferred charges	120	32
Capital assets:		
Land, leaseholds and easements	2,186	2,186
Construction in progress	243	732
Buildings and structures	30,061	30,061
Less accumulated depreciation	(6,636)	(6,033)
Public improvements	330	330
Less accumulated depreciation	(203)	(184)
Machinery and equipment	65,479	66,236
Less accumulated depreciation	(41,084)	(38,167)
Computer equipment	37	37
Less accumulated depreciation	(37)	(37)
Total capital assets	<u>50,376</u>	<u>55,161</u>
Total assets	<u><u>\$ 60,010</u></u>	<u><u>\$ 57,573</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Salaries payable	\$ 265	\$ 359
Accounts payable	1,264	632
Intergovernmental payable	2	-
Interest payable	70	110
Bonds payable-current portion	2,155	2,090
Compensated absences payable-current portion	172	239
Total current liabilities	<u>3,928</u>	<u>3,430</u>
Long-term liabilities:		
Bonds payable	23,535	25,690
Unamortized premium (discounts)	1,027	988
Compensated absences payable	400	558
Other postemployment benefits	512	359
Total long-term liabilities	<u>25,474</u>	<u>27,595</u>
Total liabilities	<u>29,402</u>	<u>31,025</u>
Net Assets:		
Invested in capital assets, net of related debt	23,659	26,392
Unrestricted	6,949	156
Total net assets	<u>30,608</u>	<u>26,548</u>
Total liabilities and net assets	<u><u>\$ 60,010</u></u>	<u><u>\$ 57,573</u></u>

**EQUIPMENT SERVICES
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the fiscal year ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Charges for services and sales	\$ 11,436	\$ 10,882
Rents and commissions	22,378	20,781
Total operating revenues	<u>33,814</u>	<u>31,663</u>
Operating expenses:		
Personnel costs	14,547	14,727
Contractual services	3,226	3,525
Materials, supplies, services and other	6,811	5,955
Rent	1,103	1,072
Depreciation	6,471	6,165
Total operating expenses	<u>32,158</u>	<u>31,444</u>
Operating income (loss)	<u>1,656</u>	<u>219</u>
Non-operating revenues (expenses):		
Interest expense	(1,500)	(1,311)
Gain (loss) on disposal of capital assets	169	59
Damages/losses recovered	-	12
Other revenues	136	107
Total non-operating revenues (expenses)	<u>(1,195)</u>	<u>(1,133)</u>
Income (loss) before transfers	<u>461</u>	<u>(914)</u>
Transfers in (out):		
Transfers from other funds	4,180	4,180
Transfers to other funds	(581)	(502)
Total transfers	<u>3,599</u>	<u>3,678</u>
Change in net assets	4,060	2,764
Net assets - January 1	<u>26,548</u>	<u>23,784</u>
Net assets - December 31	<u>\$ 30,608</u>	<u>\$ 26,548</u>

**EQUIPMENT SERVICES
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 33,603	\$ 31,673
Payments to suppliers	(10,572)	(10,706)
Payments to employees	(14,712)	(14,789)
Other non-operating revenues	136	107
Net Cash Provided (used) by operating activities	<u>8,455</u>	<u>6,285</u>
Cash flows from non-capital financing activities:		
Transfers from other funds	4,180	4,180
Transfers to other funds	(581)	(502)
Net cash provided (used) by non-capital financing activities	<u>3,599</u>	<u>3,678</u>
Cash Flows from capital and related financing activities		
Bonds issued	22,230	-
Principal paid on bonds	(24,320)	(2,055)
Interest paid on bonds	(2,313)	(1,407)
Premium (discount)	833	-
Acquisition and construction of capital assets	(1,688)	(5,454)
Bond issuance costs	(107)	-
Proceeds from sale of capital assets	169	319
Net cash provided (used) by capital and related financing activities	<u>(5,196)</u>	<u>(8,597)</u>
Net increase (decrease) in cash and cash equivalents	6,858	1,366
Cash and cash equivalents, beginning of year	1,377	11
Cash and cash equivalents, end of year	<u>\$ 8,235</u>	<u>\$ 1,377</u>
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	\$ 1,656	\$ 219
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	6,471	6,165
Accounts receivable	34	(3)
Intergovernmental receivable	(248)	7
Inventories	(62)	242
Salaries payable	(94)	(232)
Accounts payable	632	(336)
Due to other funds	-	(60)
Intergovernmental payable	2	(6)
Compensated absences payable	(225)	6
Other postemployment benefits	153	164
Damages/Losses recovered	-	12
Other non-operating revenues	136	107
Net cash provided (used) by operating activities	<u>\$ 8,455</u>	<u>\$ 6,285</u>
Non-cash investing, capital and financing activities:		
(Loss) on disposal of capital assets	\$ -	\$ 59

**PUBLIC WORKS STORES
INTERNAL SERVICE FUND
STATEMENT OF NET ASSETS
December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2010</u>	<u>2009</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9	\$ 4
Receivables:		
Accounts - net	1	31
Inventories	4,548	4,846
Total current assets	<u>4,558</u>	<u>4,881</u>
Capital assets:		
Machinery and equipment	132	132
Less accumulated depreciation	(132)	(132)
Computer equipment	7	7
Less accumulated depreciation	(7)	(7)
Software	9	9
Less accumulated depreciation	(9)	(9)
Other capital outlay	14	14
Less accumulated depreciation	(14)	(14)
Total capital assets	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 4,558</u></u>	<u><u>\$ 4,881</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Salaries payable	\$ 13	\$ 20
Accounts payable	413	12
Intergovernmental payable	18	12
Due to other funds	835	1,570
Compensated absences payable-current portion	8	13
Total current liabilities	<u>1,287</u>	<u>1,627</u>
Long-term liabilities:		
Compensated absences payable	19	31
Other postemployment benefits	28	20
Total long-term liabilities	<u>47</u>	<u>51</u>
Total liabilities	<u>1,334</u>	<u>1,678</u>
Net Assets:		
Unrestricted	<u>3,224</u>	<u>3,203</u>
Total liabilities and net assets	<u><u>\$ 4,558</u></u>	<u><u>\$ 4,881</u></u>

**PUBLIC WORKS STORES
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the fiscal year ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Charges for services and sales	\$ 1,211	\$ 1,555
Operating expenses:		
Personnel costs	730	811
Contractual services	333	308
Materials, supplies, services and other	52	55
Rent	43	34
Total operating expenses	<u>1,158</u>	<u>1,208</u>
Operating income (loss)	<u>53</u>	<u>347</u>
Non-operating revenues (expenses):		
Other revenues	<u>1</u>	<u>5</u>
Income (loss) before transfers	<u>54</u>	<u>352</u>
Transfers in (out):		
Transfers to other funds	<u>(33)</u>	<u>(34)</u>
Change in net assets	<u>21</u>	<u>318</u>
Net assets - January 1	<u>3,203</u>	<u>2,885</u>
Net assets - December 31	<u>\$ 3,224</u>	<u>\$ 3,203</u>

**PUBLIC WORKS STORES
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 1,246	\$ 1,548
Payments to suppliers	(464)	(703)
Payments to employees	(745)	(818)
Other non-operating revenue	1	5
Net Cash Provided (used) by operating activities	<u>38</u>	<u>32</u>
Cash flows from non-capital financing activities:		
Transfers to other funds	(33)	(34)
Net increase (decrease) in cash and cash equivalents	5	(2)
Cash and cash equivalents, beginning of year	4	6
Cash and cash equivalents, end of year	<u>\$ 9</u>	<u>\$ 4</u>
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	\$ 53	\$ 347
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Accounts receivable	30	(18)
Intergovernmental Receivable	-	4
Inventories	298	575
Salaries payable	(7)	(16)
Accounts payable	401	(161)
Due to other funds	(735)	(720)
Intergovernmental payable	6	7
Compensated absences payable	(17)	1
Other postemployment benefits	8	8
Other non-operating revenues	1	5
Net cash provided (used) by operating activities	<u>\$ 38</u>	<u>\$ 32</u>

**SELF-INSURANCE
INTERNAL SERVICE FUND
STATEMENT OF NET ASSETS
December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2010</u>	<u>2009</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 41,245	\$ 26,509
Receivables:		
Accounts - net	15	16
Intergovernmental	182	223
Due from other funds	835	2,486
Properties held for resale	433	433
Prepaid items	667	147
Total current assets	<u>43,377</u>	<u>29,814</u>
Total assets	<u>\$ 43,377</u>	<u>\$ 29,814</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Salaries payable	\$ 204	\$ 279
Accounts payable	1,834	1,556
Due to other funds	-	62
Unearned revenue	157	157
Compensated absences payable-current portion	83	160
Total current liabilities	<u>2,278</u>	<u>2,214</u>
Long-term liabilities:		
Compensated absences payable	193	373
Other postemployment benefits	202	147
Unpaid claims payable	47,292	42,513
Total long-term liabilities	<u>47,687</u>	<u>43,033</u>
Total liabilities	<u>49,965</u>	<u>45,247</u>
Net Assets:		
Unrestricted	<u>(6,588)</u>	<u>(15,433)</u>
Total liabilities and net assets	<u>\$ 43,377</u>	<u>\$ 29,814</u>

**SELF-INSURANCE
INTERNAL SERVICE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
For the fiscal year ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2010</u>	<u>2009</u>
Operating revenues:		
Charges for services and sales	\$ 24,615	\$ 30,110
Operating expenses:		
Personnel costs	11,012	12,050
Contractual services	14,440	18,409
Materials, supplies, services and other	6,435	11,596
Rent	182	307
Total operating expenses	<u>32,069</u>	<u>42,362</u>
Operating income (loss)	<u>(7,454)</u>	<u>(12,252)</u>
Non-operating revenues (expenses):		
Other revenues	<u>5,629</u>	<u>5,542</u>
Income (loss) before transfers	<u>(1,825)</u>	<u>(6,710)</u>
Transfers in (out):		
Transfers from other funds	10,810	6,915
Transfers to other funds	<u>(140)</u>	<u>(145)</u>
Total transfers	<u>10,670</u>	<u>6,770</u>
Change in net assets	8,845	60
Net assets - January 1	<u>(15,433)</u>	<u>(15,493)</u>
Net assets - December 31	<u>\$ (6,588)</u>	<u>\$ (15,433)</u>

SELF-INSURANCE
INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
For the fiscal year ended December 31, 2010

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Cash received from customers and users	\$ 26,307	\$ 29,948
Payments to suppliers	(16,580)	(20,074)
Payments to employees	(11,290)	(12,024)
Other non-operating revenue	5,629	5,542
Net Cash Provided (used) by operating Activities	<u>4,066</u>	<u>3,392</u>
Cash flows from non-capital financing activities:		
Transfers from other funds	10,810	6,915
Transfers to other funds	(140)	(145)
Net cash provided (used) by non-capital financing activities	<u>10,670</u>	<u>6,770</u>
Net increase (decrease) in cash and cash equivalents	14,736	10,162
Cash and cash equivalents, beginning of year	26,509	16,347
Cash and cash equivalents, end of year	<u>\$ 41,245</u>	<u>\$ 26,509</u>
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	\$ (7,454)	\$ (12,252)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Accounts receivable	1	(10)
Intergovernmental Receivable	41	(39)
Property held for resale	-	(433)
Prepaid items	(520)	(124)
Due from other funds	1,651	(66)
Salaries payable	(75)	(17)
Accounts payable	278	(7)
Due to other funds	(62)	62
Unearned revenue	-	(48)
Compensated absences payable	(257)	(14)
Other postemployment benefits	55	58
Unpaid claims	4,779	10,740
Other non-operating revenues	5,629	5,542
Net cash provided (used) by operating activities	<u>\$ 4,066</u>	<u>\$ 3,392</u>

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 December 31, 2010

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Minneapolis Agency	Skyway Debt Service	Youth Coordinating Board	Neighborhood Revitalization Program Board	Minneapolis Public Housing Authority	Joint Board	Total
ASSETS							
Cash and cash equivalents	\$ 31	\$ 122	\$ 1,553	\$ 689	\$ 35	\$ 94	\$ 2,524
Receivables:							
Accounts-net	1,269	-	91	91	614	68	2,133
Total assets	\$ 1,300	\$ 122	\$ 1,644	\$ 780	\$ 649	\$ 162	\$ 4,657
LIABILITIES							
Accounts payable	-	-	1,644	780	-	162	2,586
Intergovernmental payable	1,300	-	-	-	649	-	1,949
Deposits held for others	-	122	-	-	-	-	122
Total liabilities	\$ 1,300	\$ 122	\$ 1,644	\$ 780	\$ 649	\$ 162	\$ 4,657

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

CITY OF MINNEAPOLIS, MINNESOTA

For the fiscal year ended December 31, 2010

(In Thousands)

	Balance January 1, 2010	Additions	Deductions	Balance December 31, 2010
MINNEAPOLIS AGENCY				
Assets:				
Cash and cash equivalents	\$ 39	\$ 100,764	\$ 100,772	\$ 31
Receivables:				
Accounts-net	2,361	1,379	2,471	1,269
Total assets	<u>2,400</u>	<u>102,143</u>	<u>103,243</u>	<u>1,300</u>
Liabilities:				
Intergovernmental payable	<u>2,400</u>	<u>1,300</u>	<u>2,400</u>	<u>1,300</u>
SKYWAY DEBT SERVICE				
Assets:				
Cash and cash equivalents	<u>122</u>	<u>-</u>	<u>-</u>	<u>122</u>
Liabilities:				
Deposits held for others	<u>122</u>	<u>-</u>	<u>-</u>	<u>122</u>
YOUTH COORDINATING BOARD				
Assets:				
Cash and cash equivalents	2,113	9,574	10,134	1,553
Receivables:				
Accounts-net	618	706	1,233	91
Total assets	<u>2,731</u>	<u>10,280</u>	<u>11,367</u>	<u>1,644</u>
Liabilities:				
Accounts payable	<u>2,731</u>	<u>10,280</u>	<u>11,367</u>	<u>1,644</u>
NEIGHBORHOOD REVITALIZATION PROGRAM BOARD				
Assets:				
Cash and cash equivalents	994	1,394	1,699	689
Receivables:				
Accounts-net	41	55	5	91
Total assets	<u>1,035</u>	<u>1,449</u>	<u>1,704</u>	<u>780</u>
Liabilities:				
Accounts payable	<u>1,035</u>	<u>1,449</u>	<u>1,704</u>	<u>780</u>
MINNEAPOLIS PUBLIC HOUSING AUTHORITY				
Assets:				
Cash and cash equivalents	956	23,089	24,010	35
Receivables:				
Accounts-net	1,559	614	1,559	614
Total assets	<u>2,515</u>	<u>23,703</u>	<u>25,569</u>	<u>649</u>
Liabilities:				
Accounts payable	1,415	-	1,415	-
Intergovernmental payable	1,100	649	1,100	649
Total liabilities	<u>2,515</u>	<u>649</u>	<u>2,515</u>	<u>649</u>

FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the fiscal year ended December 31, 2010

CITY OF MINNEAPOLIS, MINNESOTA

(Continued)
(In Thousands)

	<u>Balance</u> <u>January 1,</u> <u>2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31,</u> <u>2010</u>
JOINT BOARD				
Assets:				
Cash and cash equivalents	126	43	75	94
Receivables:				
Accounts-net	65	3	-	68
Total assets	<u>191</u>	<u>46</u>	<u>75</u>	<u>162</u>
Liabilities:				
Accounts payable	<u>191</u>	<u>46</u>	<u>75</u>	<u>162</u>
TOTAL ALL AGENCY FUNDS				
Assets:				
Cash and cash equivalents	4,350	134,864	136,690	2,524
Receivables:				
Accounts-net	4,644	2,757	5,268	2,133
Total assets	<u>8,994</u>	<u>137,621</u>	<u>141,958</u>	<u>4,657</u>
Liabilities:				
Accounts payable	5,372	11,775	14,561	2,586
Intergovernmental payable	3,500	1,949	3,500	1,949
Deposits held for others	122	-	-	122
Total liabilities	<u>\$ 8,994</u>	<u>\$ 13,724</u>	<u>\$ 18,061</u>	<u>\$ 4,657</u>

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2010		(In Thousands)						
Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2011	Interest Due in 2011
<u>Property Tax Supported General Obligation Bonds</u>								
<u>General Infrastructure Bonds</u>								
Bridges	2.00%	06/03/10	12/01/10	300	300	-	-	-
Libraries	2.00%	06/03/10	12/01/10	1,900	1,900	-	-	-
Park Improvements	2.00%	06/03/10	12/01/10	930	930	-	-	-
Parkway Improvements	2.00%	06/03/10	12/01/10	1,900	1,900	-	-	-
Public Buildings	4.00% to 5.00%	05/29/08	12/01/11	7,800	5,400	2,400	2,400	120
	2.00% to 4.00%	05/21/09	12/01/14	9,493	2,893	6,600	-	264
	2.00%	06/03/10	12/01/12	2,891	-	2,891	891	122
Municipal Buildings	2.00%	06/03/10	12/01/11	1,160	51	1,109	1,109	28
Street Improvements	3.00% to 4.00%	07/11/02	12/01/11	9,596	9,596	-	-	-
	3.00%	06/24/10	12/01/11	800	400	400	400	12
	4.00% to 5.00%	05/29/08	12/01/11	5,971	5,571	400	400	20
	2.00% to 4.00%	05/21/09	12/01/14	9,633	2,513	7,120	-	285
	2.00% to 5.00%	06/03/10	12/01/15	7,915	1,380	6,535	3,275	245
	2.00%	06/03/10	12/01/10	891	891	-	-	-
Public Safety Capital Initiative	3.00% to 4.60%	07/11/02	12/01/19	4,735	4,735	-	-	-
	2.00% to 4.25%	06/25/03	12/01/25	9,655	9,655	-	-	-
	3.00%	06/24/10	12/01/15	12,965	225	12,740	745	382
Sub-total General Infrastructure Bonds				88,535	48,340	40,195	9,220	1,478
Library Referendum Bonds	3.00% to 5.00%	12/19/02	12/01/25	9,500	2,000	7,500	500	337
	Variable	10/30/03	12/01/32	57,000	12,525	44,475	250	2,224
	3.00% to 5.00%	12/01/04	12/01/25	28,000	3,800	24,200	800	1,165
	4.00% to 4.375%	06/30/05	12/01/25	29,915	6,240	23,675	975	987
	3.00% to 3.50%	05/29/08	12/01/16	11,605	2,805	8,800	1,400	294
Sub-total Library Referendum Bonds				136,020	27,370	108,650	3,925	5,007

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2010		(In Thousands)						
Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2011	Interest Due in 2011
<u>Property Tax Supported General Obligation Bonds (continued)</u>								
Pension Obligation Bonds								
Pension Bonds (MERF)	5.80% to 5.85%	12/19/02	12/01/26	25,000	-	25,000	-	1,450
	4.70% to 5.00%	06/25/03	12/01/26	36,000	-	36,000	-	1,745
Pension Bonds (MPRA)	2.00% to 4.98%	12/19/02	12/01/14	10,600	5,875	4,725	1,260	224
	5.00% to 5.30%	12/01/04	12/01/21	24,970	2,970	22,000	-	1,134
Sub-total Pension Obligation Bonds				96,570	8,845	87,725	1,260	4,553
Total Property Tax Supported General Obligation Bonds				321,125	84,555	236,570	14,405	11,038
<u>Self-Supporting General Obligation Bonds</u>								
Convention Center								
	Variable	06/24/99	12/01/18	88,400	62,450	25,950	-	1,298
	4.00%	11/19/09	12/01/15	9,250	-	9,250	-	370
	Variable	09/21/00	12/01/18	80,000	50,000	30,000	-	1,500
	4.00%	11/19/09	12/01/15	10,000	-	10,000	-	400
	3.00% to 5.00%	07/11/02	12/01/13	13,180	8,680	4,500	-	225
	3.00% to 5.00%	07/11/02	12/01/20	76,400	-	76,400	-	3,820
	4.00% to 5.00%	11/07/02	12/01/13	48,400	31,630	16,770	6,985	838
	5.00%	06/24/04	12/01/14	39,740	20,635	19,105	4,365	846
Park Acquisition	4.00% to 5.00%	08/29/01	12/01/19	11,270	11,270	-	-	-
	3.00% to 4.00%	07/11/02	12/01/21	2,200	2,200	-	-	-
	3.00%	06/24/10	12/01/20	5,795	440	5,355	455	161
Park Board Energy Efficiency Project	2.00% to 5.00%	06/03/10	12/01/17	450	-	450	25	22
Library Parking Ramp	3.25% to 4.75%	12/19/02	12/01/28	10,100	10,100	-	-	-
Total Self-Supporting General Obligation Bonds				395,185	197,405	197,780	11,830	9,480
<u>Special Assessment General Obligation Bonds</u>								
Improvements								
	3.50% to 4.50%	11/17/05	12/01/16	815	210	605	105	26
	3.50% to 4.50%	11/17/05	12/01/17	960	175	785	170	35
	4.00% to 5.00%	08/29/01	12/01/21	9,245	9,245	-	-	-
	3.00%	06/24/10	12/01/18	1,970	485	1,485	150	45
	4.00% to 4.10%	11/07/02	12/01/22	5,890	5,890	-	-	-

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2010

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal		Interest	
							Due in 2011	Due in 2011	Due in 2011	Due in 2011
<u>Special Assessment General Obligation Bonds</u>										
Improvements (continued)										
	3.00%	06/24/10	12/01/18	3,380	-	3,380	300	300	101	101
	2.50% to 4.50%	11/06/03	12/01/23	6,130	6,130	-	-	-	-	-
	Variable	10/30/03	12/01/13	1,460	1,015	445	145	145	22	22
	3.00%	06/24/10	12/01/18	3,375	-	3,375	445	445	101	101
	2.50% to 4.375%	12/01/04	12/01/24	9,740	3,950	5,790	595	595	226	226
	3.50% to 4.00%	10/20/05	12/01/10	1,155	1,155	-	-	-	-	-
	3.50% to 4.00%	10/20/05	12/01/10	860	860	-	-	-	-	-
	4.00% to 4.375%	11/30/05	12/01/25	4,610	1,860	2,750	250	250	115	115
	4.00% to 4.50%	11/16/06	12/01/26	3,780	990	2,790	240	240	115	115
	4.00% to 4.50%	11/28/07	12/01/27	5,400	1,105	4,295	360	360	175	175
	3.25% to 4.75%	11/26/08	12/01/28	7,725	1,565	6,160	770	770	231	231
	2.00% to 4.00%	11/19/09	12/01/29	9,800	960	8,840	860	860	345	345
	2.00% to 4.00%	11/22/10	12/01/25	5,950	-	5,950	1,015	1,015	148	148
Nicollet Mall Improvement	3.50% to 5.00%	06/30/05	03/01/10	6,255	6,255	-	-	-	-	-
Northrop Lane Improvement (refunding)	4.00% to 5.00%	11/17/05	12/01/18	36	-	36	-	-	2	2
Park Diseased Trees	3.00% to 4.00%	06/30/05	12/01/10	500	500	-	-	-	-	-
	4.00% to 5.00%	07/12/07	12/01/12	500	320	180	80	80	9	9
	4.00% to 5.00%	05/29/08	12/01/13	500	200	300	100	100	15	15
	2.00% to 4.00%	05/21/09	12/01/14	300	60	240	60	60	9	9
	2.00% to 5.00%	06/03/10	12/01/15	400	-	400	80	80	18	18
Total Special Assessment General Obligation Bonds				90,736	42,930	47,806	5,725	5,725	1,738	1,738
<u>Tax Increment General Obligation Bonds</u>										
Laurel Village Tax Increment										
	2.00% to 4.20%	01/29/03	03/01/16	26,350	26,350	-	-	-	-	-
	2.00% to 2.50%	06/24/10	03/01/15	4,360	-	4,360	660	660	90	90
	4.00% to 4.85%	03/11/08	03/01/18	12,360	500	11,860	400	400	546	546
Nicollet Mall Tax Increment										
	3.50% to 5.00%	06/30/05	03/01/10	765	765	-	-	-	-	-
Tax Increment										
	3.50% to 5.00%	06/30/05	03/01/13	36,260	22,050	14,210	5,375	5,375	645	645

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2010

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2011	Interest Due in 2011
<u>Tax Increment General Obligation Bonds (continued)</u>								
Tax Redevelopment - Arena Acquisition	4.25% to 5.20%	01/15/96	10/01/24	67,555	67,555	-	-	-
Tax Redevelopment - Arena Acquisition	2.50% to 4.90%	12/30/09	03/01/25	57,480	-	57,480	1,355	2,331
West Side Milling District Tax Increment	4.90% to 6.055%	11/15/01	02/01/26	15,275	15,275	-	-	-
	2.00% to 4.40%	06/24/10	03/01/23	14,900	-	14,900	850	512
	4.25% to 5.00%	11/15/01	02/01/26	1,100	-	1,100	1,100	27
	2.00% to 3.50%	06/25/03	03/01/15	1,725	750	975	225	27
Block E Development	Variable	10/26/00	03/01/27	10,610	4,450	6,160	340	308
Block E Development - Taxable	4.60% to 5.30%	10/20/05	03/01/27	14,000	3,575	10,425	650	518
Milwaukee Depot Development (Refunding)	2.00% to 3.50%	10/01/09	03/01/28	5,400	150	5,250	180	156
Humboldt Greenway	4.00% to 5.00%	11/15/01	02/01/28	4,500	4,500	-	-	-
	2.00% to 4.00%	06/24/10	03/01/30	4,170	-	4,170	120	131
Heritage Park	2.15% to 4.25%	06/25/03	03/01/25	6,900	615	6,285	260	243
Midtown Exchange	4.00% to 5.00%	03/11/08	03/01/32	2,770	115	2,655	60	123
Total Tax Increment General Obligation Bonds				286,480	146,650	139,830	11,575	5,657
<u>Revenue Bonds</u>								
Arena Acquisition Project Series B	Variable	03/01/95	10/01/24	6,100	6,100	-	-	-
Arena Acquisition Project Series A	5.50%	03/01/95	10/01/24	6,550	6,550	-	-	-
2004 Village at St. Anthony Falls-Tax Exempt	2.35% to 5.75%	03/01/04	03/01/27	7,470	930	6,540	185	357
2005 Village at St. Anthony Falls-Tax Exempt	4.00% to 5.65%	12/13/05	02/01/27	4,430	400	4,030	100	216
2005 Ivy Tower	5.10% to 5.70%	12/20/05	02/01/29	4,935	100	4,835	110	266
2006 Grant Park TI Revenue Refunding	5.00% to 5.35%	09/26/06	02/01/30	10,545	830	9,715	275	502
2007 East River Unocal Site	4.50% to 5.40%	07/12/07	02/01/31	1,750	170	1,580	40	82
Total Revenue Bonds				41,780	15,080	26,700	710	1,423
Total General Government Bonds				1,135,306	486,620	648,686	44,245	29,336

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2010		(In Thousands)						
Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2011	Interest Due in 2011
<u>Revenue Notes</u>								
Community Health and Education	5.86%	08/05/97	08/05/12	680	350	330	39	19
Tax Increment-								
College of St. Thomas District	6.93%	04/01/91	02/01/16	9,200	-	9,200	-	-
Urban Village - 2001A	Variable	11/19/01	12/01/31	3,000	3,000	-	-	-
Section 108 - Portland Place	7.6%	08/01/00	08/01/17	610	610	-	-	-
Section 108 - Midtown Exchange	Variable	12/01/04	08/01/24	6,500	445	6,055	270	305
Total Revenue Notes				19,990	4,405	15,585	309	324
Total General Government Bonds and Notes				1,155,296	491,025	664,271	44,554	29,660
<u>Internal Service Fund General Obligation Bonds</u>								
<u>Equipment Fund General Obligation Bonds</u>								
Currie Facility	4.00% to 5.00%	08/29/01	12/01/22	26,150	26,150	-	-	-
Currie Facility (Refunding)	3.00%	06/24/10	12/01/18	16,640	-	16,640	285	499
Currie Facility (Refunding)	3.00%	06/24/10	12/01/11	1,120	650	470	470	14
Equipment Purchases 2003	2.00% to 4.00%	06/25/03	12/01/18	9,630	9,630	-	-	-
Equipment Purchases 2003 (Refunding)	3.00%	06/24/10	12/01/18	4,470	645	3,825	645	115
Equipment Purchases 2004	4.00% to 5.00%	06/24/04	12/01/19	5,450	3,210	2,240	370	112
Equipment Purchases 2005	3.00% to 4.00%	06/30/05	12/01/20	5,540	3,025	2,515	385	101
Sub-total Equipment Fund General Obligation Bonds				69,000	43,310	25,690	2,155	841
<u>Property Fund General Obligation Bonds</u>								
	3.00% to 4.60%	07/11/02	12/01/19	6,425	6,425	-	-	-
	3.00%	06/24/10	12/01/18	4,290	355	3,935	370	118
	2.00% to 4.00%	06/25/03	12/01/17	4,560	4,560	-	-	-
	3.00%	06/24/10	12/01/17	2,535	300	2,235	325	67
Sub-total Property Fund General Obligation Bonds				17,810	11,640	6,170	695	185

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2010

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2011	Interest Due in 2011
<u>Internal Service Fund General Obligation Bonds (continued)</u>								
<u>Information & Technology Services Fund General Obligation Bonds</u>								
	3.00%	10/01/09	12/01/12	16,800	5,800	11,000	5,300	330
	4.00% to 5.00%	08/29/01	12/01/12	5,518	5,518	-	-	-
	3.00%	06/24/10	12/01/12	4,560	925	3,635	1,785	109
	3.50% to 4.00%	10/20/05	12/01/12	4,370	3,025	1,345	660	52
	4.00% to 5.00%	07/12/07	12/01/12	1,450	850	600	300	30
	4.00% to 5.00%	05/29/08	12/01/11	1,560	1,060	500	500	25
	2.00% to 4.00%	05/21/09	12/01/14	1,115	515	600	-	24
	2.00% to 5.00%	06/03/10	12/01/15	2,407	7	2,400	480	108
				37,780	17,700	20,080	9,025	678
Sub-total Information & Technology Services Fund General Obligation Bonds								
				124,590	72,650	51,940	11,875	1,704
Total Internal Service Fund General Obligation Bonds								
				1,279,886	563,675	716,211	56,429	31,364
Total General Governmental Activity Bonds and Notes								

SCHEDULE OF BUSINESS -TYPE ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2010 (In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2011	Interest Due in 2011
<u>Stormwater Sewer Fund General Obligation Bonds</u>								
	4.70% to 5.75%	06/01/93	12/01/15	3,856	2,585	1,271	285	521
	2.00% to 4.00%	05/21/09	12/01/16	6,910	-	6,910	-	276
	2.00% to 4.00%	06/25/03	12/01/10	8,590	8,590	-	-	-
	4.00% to 5.00%	06/01/07	12/01/12	6,304	2,304	4,000	2,000	200
	4.00% to 5.00%	05/29/08	12/01/15	3,635	1,135	2,500	500	125
	2.00% to 4.00%	05/21/09	12/01/14	2,500	410	2,090	500	79
	2.00% to 2.50%	06/03/10	12/01/11	2,440	940	1,500	1,500	38
Total Stormwater Sewer Fund Bonds				34,235	15,964	18,271	4,785	1,239
<u>Sanitary Sewer Fund General Obligation Bonds</u>								
	4.00% to 5.00%	07/12/07	12/01/12	6,250	3,950	2,300	1,000	115
	4.00% to 5.00%	05/29/08	12/01/14	5,500	1,500	4,000	1,000	200
	2.00% to 4.00%	05/21/09	12/01/16	5,800	1,000	4,800	500	187
	2.00% to 5.00%	06/03/10	12/01/15	3,650	250	3,400	600	155
Total Sanitary Sewer Fund Bonds				21,200	6,700	14,500	3,100	657
<u>Water Fund General Obligation Bonds</u>								
	4.70% to 5.75%	06/01/93	12/01/15	6,715	4,769	1,947	401	732
	2.00% to 4.00%	05/21/09	12/01/25	12,615	-	12,615	-	505
	2.00% to 4.00%	06/25/03	12/01/10	8,350	8,350	-	-	-
	4.00% to 5.00%	05/29/08	12/01/15	10,250	2,750	7,500	1,500	375
	2.00% to 4.00%	05/21/09	12/01/17	4,000	615	3,385	200	133
	2.00% to 5.00%	06/03/10	12/01/17	3,366	41	3,325	150	162
Drinking Water Program - Notes Payable				27,400	4,400	23,000	1,000	648
	2.800%	02/21/04	08/20/23	25,000	2,250	22,750	500	637
	2.530%	03/23/05	08/20/19	12,500	975	11,525	1,375	292
	2.600%	08/23/06	08/20/26	13,500	1,125	12,375	400	322
	2.688%	12/09/09	08/20/27	9,261	40	9,221	20	248
	1.000%	03/02/10	08/20/21	5,990	340	5,650	360	57
Total Water Fund General Obligation Bonds and Notes				138,947	25,655	113,293	5,906	4,111

SCHEDULE OF BUSINESS -TYPE ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2010 (In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2011	Interest Due in 2011
<u>Municipal Parking Fund General Obligation Bonds</u>								
	4.70% to 5.75%	06/01/93	12/01/15	4,530	3,145	1,385	315	576
	3.50% to 5.00%	06/30/05	03/01/12	12,400	8,355	4,045	1,945	153
	4.00% to 5.00%	11/17/05	12/01/18	685	-	685	-	30
	2.00% to 4.00%	05/21/09	12/01/12	4,350	2,025	2,325	1,150	82
	2.00% to 4.00%	05/21/09	12/01/24	19,200	275	18,925	135	756
	3.50% to 5.00%	11/17/05	12/01/17	5,340	25	5,315	15	245
	5.25% to 6.00%	01/12/00	12/01/25	10,800	10,800	-	-	-
	3.00% to 4.00%	06/24/10	12/01/26	10,325	200	10,125	225	326
	3.00% to 5.00%	07/11/02	12/01/12	11,485	11,485	-	-	-
	3.00% to 5.00%	07/11/02	12/01/12	7,135	7,135	-	-	-
	4.00% to 5.00%	11/07/02	12/01/26	25,000	2,050	22,950	400	1,146
	Variable	10/30/03	12/01/18	10,525	3,715	6,810	-	341
	Variable	12/11/03	12/01/28	16,100	490	15,610	-	781
	2.00% to 4.00%	11/19/09	12/01/14	11,245	2,185	9,060	2,085	342
	Variable	03/17/05	12/01/33	16,400	3,100	13,300	-	665
	3.50% to 4.00%	07/12/07	12/01/14	1,700	-	1,700	-	85
	4.00% to 5.00%	05/21/09	12/01/14	1,400	280	1,120	280	42
	2.00% to 4.00%	05/21/09	12/01/14	2,000	400	1,600	400	60
	2.00% to 5.00%	06/03/10	12/01/13	1,700	400	1,300	400	55
<u>Municipal Parking Fund General Obligation/Tax Increment Bonds</u>								
	2.50% to 4.25%	11/23/09	12/01/24	6,125	550	5,575	625	205
	3.50% to 5.00%	11/17/05	12/01/21	7,100	50	7,050	25	320
	5.00% to 5.25%	06/29/00	12/01/15	5,000	5,000	-	-	-
	3.00%	06/24/10	12/01/15	2,700	400	2,300	400	69
	2.00% to 3.25%	10/01/09	03/01/26	13,675	1,700	11,975	6,200	270
	3.50% to 5.00%	11/17/05	12/01/21	15,355	50	15,305	20	750
	Variable	03/17/05	03/01/32	4,250	390	3,860	-	193
Total Municipal Parking Fund General Obligation Bonds				226,525	64,205	162,320	14,620	7,492
Total Business-Type Activity General Obligation Bonds				420,907	112,524	308,384	28,411	13,499

SCHEDULE OF BUSINESS -TYPE ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2010 (In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2011	Interest Due in 2011
Community Development Agency Fund - General Agency Reserve Fund System Bonds								
Carlson Companies	4.85% to 6.00%	03/01/96	02/01/11	8,370	7,965	405	405	12
Halper Box	5.10% to 6.15%	04/01/97	06/01/17	2,400	1,285	1,115	140	64
Baker Bearing	5.10% to 6.20%	05/01/97	12/01/16	2,900	1,735	1,165	165	67
Laurel Village Alden Limited Partnership II	4.30% to 5.75%	10/01/97	06/01/27	2,515	600	1,915	65	108
100 East 22nd Associates - A	4.00% to 5.50%	10/01/97	06/01/12	2,820	2,400	420	275	19
Cord Sets	4.10% to 5.50%	07/01/98	06/01/18	1,500	745	755	80	40
Discount Steel - A	5.00% to 5.25%	12/01/99	06/01/19	1,900	205	1,695	160	83
Pajor and Associates	4.75% to 6.75%	03/01/00	12/01/25	1,505	355	1,150	45	77
Resource Inc	4.65% to 6.00%	08/01/00	12/01/20	1,650	1,650	-	-	-
Bridgerail Properties (All-Weather Roofing)	4.31% to 7.00%	09/01/02	06/01/22	2,750	755	1,995	115	132
Kristol Properties	2.45% to 5.12%	11/20/03	12/01/23	3,300	1,415	1,885	155	91
Infinite Graphics	2.25% to 5.50%	07/14/04	12/01/24	2,475	685	1,790	130	96
Theatres Bonds, Series 2005-1	5.23% to 6.30%	12/20/05	12/01/35	21,055	1,525	19,530	355	1,209
Ambassador Press Refunding	4.27% to 6.50%	6/26/06	12/01/26	8,400	1,490	6,910	520	371
Quality Resource Group	5.28% to 5.84%	03/04/07	12/01/27	3,100	285	2,815	105	159
New French Bakery (Taxable)	5.70%	07/01/07	06/01/12	1,000	610	390	330	13
New French Bakery (Tax-Exempt)	5.00% to 5.25%	07/01/07	06/01/28	8,990	-	8,990	-	463
Open Systems International, Inc	2.29% to 6.60%	06/16/10	06/01/40	18,000	-	18,000	-	1,097
Open Access Technology Intl, Inc (Taxable)	1.25% to 3.00%	12/29/10	12/01/13	1,930	-	1,930	895	38
Open Access Technology Intl, Inc (Tax Exempt)	3.25% to 6.25%	12/29/10	12/01/40	23,070	-	23,070	-	1,131
				119,630	23,705	95,925	3,940	5,270
Total Community Development Agency Fund - General Agency Reserve Fund System Bonds								
Community Development Agency Fund - Revenue Notes								
Economic Development Program								
Federal Home Loan Note		12/14/97	12/14/12	440	355	85	41	4
Federal Home Loan Note		04/01/99	04/01/14	1,200	830	370	103	20
				1,640	1,185	455	144	24
Total Community Development Agency Fund - Revenue Notes								
				542,177	137,414	404,764	32,495	18,793
Total Business-Type Activity Bonds and Notes								

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF MINNEAPOLIS, MINNESOTA

ALL FUND TYPES

For the fiscal year ended December 31, 2010

(In Thousands)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Treasury		
Passed Through Minnesota Housing Finance Agency Tax Credit Exchange 1602 Program Funds - ARRA	Not Assigned	<u>\$ 2,559</u>
U.S. Department of Housing and Urban Development		
Direct		
Community Development Block Grants/Entitlement Grants Cluster		
Community Development Block Grants/Entitlement Grants	14.218	\$ 22,814
Community Development Block Grants/Entitlement Grants - ARRA	14.253	1,478
Emergency Shelter Grants Program	14.231	670
HOME Investment Partnerships Program	14.239	3,596
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	933
Empowerment Zones Program	14.244	450
Neighborhood Stabilization Program - ARRA	14.256	529
Homelessness Prevention and Rapid Re-Housing Program - ARRA	14.257	1,675
Healthy Homes Demonstration Grants	14.901	948
Lead Technical Studies Grants	14.902	105
Passed Through Minnesota Housing Finance Agency		
Community Development Block Grants/States Program and Non-Entitlement Grants in Hawaii		
	14.228	4,325
Tax Credit Assistance Program - ARRA	14.258	2,432
Passed Through Hennepin County		
Lead Based Paint Hazard Control in Privately-Owned Housing		
	14.900	61
Lead Hazard Reduction Demonstration Grant Program	14.905	719
Total U.S. Department of Housing and Urban Development		<u>\$ 40,735</u>
U.S. Department of the Interior - National Park Service		
Passed Through Minnesota Historical Society		
Historic Preservation Fund Grants-In-Aid	15.904	<u>\$ 23</u>
U.S. Department of Justice		
Direct		
National Institute of Justice Research, Evaluation, and Development Project Grants		
	16.560	\$ 154
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	404
Public Safety Partnership and Community Policing Grants Cluster		
Public Safety Partnership and Community Policing Grants	16.710	197
Public Safety Partnership and Community Policing Grants - ARRA	16.710	873
Gang Resistance Education and Training	16.737	96
Edward Byrne Memorial Competitive Grant Program - ARRA	16.808	168

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF MINNEAPOLIS, MINNESOTA

ALL FUND TYPES

For the fiscal year ended December 31, 2010

(In Thousands)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Justice (Continued)		
Passed Through Minnesota Department of Public Safety		
Juvenile Justice and Delinquency Prevention-Allocation to States	16.540	41
Enforcing Underage Drinking Laws Program	16.727	4
Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories - ARRA	16.803	246
Passed Through the City of St. Paul		
Missing Children's Assistance	16.543	15
Passed Through Fox Valley Technical College		
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	108
Passed Through Hennepin County		
Edward Byrne Memorial Justice Assistance (JAG) Grant Program	16.738	518
Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government - ARRA	16.804	562
Total U.S. Department of Justice		\$ 3,386
U.S. Department of Labor		
Direct		
Workforce Investment Act Pilots, Demonstrations, and Research Projects	17.261	\$ 35
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - ARRA	17.275	1,404
Passed Through Minnesota Department of Employment and Economic Development		
Workforce Investment Act (WIA) Cluster		
WIA - Adult Program	17.258	654
WIA - Adult Program - ARRA	17.258	615
WIA - Youth Activities	17.259	1,141
WIA - Youth Activities - ARRA	17.259	667
WIA - Dislocated Workers	17.260	1,255
WIA - Dislocated Workers - ARRA	17.260	673
Total U.S. Department of Labor		\$ 6,444

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF MINNEAPOLIS, MINNESOTA

ALL FUND TYPES

For the fiscal year ended December 31, 2010

(In Thousands)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Transportation		
Passed Through Metropolitan Council		
Federal Transit Cluster		
Federal Transit Capital Investment Grants	20.500	\$ 1,360
Federal Transit Formula Grants	20.507	295
Passed Through Metropolitan Council		
Highway Planning and Construction	20.205	3
Passed Through Minnesota Department of Transportation		
Highway Planning and Construction Cluster		
Highway Planning and Construction	20.205	10,331
Highway Planning and Construction - ARRA	20.205	6,140
Passed Through Minnesota Department of Public Safety		
Highway Safety Cluster		
State and Community Highway Safety	20.600	13
Occupant Protection Incentive Grants	20.602	10
Safety Belt Performance Grants	20.609	3
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	47
Total U.S. Department of Transportation		\$ 18,202
Equal Employment Opportunity Commission		
Direct		
Employment Discrimination - State and Local Fair Employment Practices Agency		
Contracts	30.002	\$ 129
U.S. Environmental Protection Agency		
Direct		
Congressionally Mandated Projects	66.202	\$ 661
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	3
Passed Through Minnesota Public Facilities Authority		
Capitalization Grants for Drinking Water Cluster		
Capitalization Grants for Drinking Water State Revolving Funds	66.468	10,907
Capitalization Grants for Drinking Water State Revolving Funds - ARRA	66.468	2,197
Total U.S. Environmental Protection Agency		\$ 13,768
U.S. Department of Energy		
Direct		
Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA	81.128	\$ 1,133
Passed Through Minnesota Department of Commerce		
State Energy Program - ARRA	81.041	12
Total U.S. Department of Energy		\$ 1,145

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF MINNEAPOLIS, MINNESOTA

ALL FUND TYPES

For the fiscal year ended December 31, 2010

(In Thousands)

Federal Grantor Pass-Through Agency Grant Program Title	Federal CFDA Number	Expenditures
U.S. Department of Health and Human Services		
Direct		
Maternal and Child Health Federal Consolidated Programs	93.110	\$ 171
Healthy Start Initiative	93.926	857
Passed Through Hennepin County		
Temporary Assistance for Needy Families (TANF)	93.558	438
Passed Through Minnesota Department of Employment and Economic Development		
Temporary Assistance for Needy Families (TANF) - ARRA	93.558	441
Passed Through Minnesota Department of Health		
Public Health Emergency Preparedness	93.069	518
Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead		
Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	2
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	412
Temporary Assistance for Needy Families (TANF)	93.558	855
Immunization - ARRA	93.712	17
Prevention and Wellness - Communities Putting Prevention to Work Funding		
Opportunities Announcement (FOA) - ARRA	93.724	163
Maternal and Child Health Services Block Grant to the States	93.994	843
Passed Through the University of Minnesota		
Innovations in Applied Public Health Research	93.061	1
National Community Centers of Excellence in Women's Health	93.290	1
Total U.S. Department of Health and Human Services		\$ 4,719
U.S. Department of Homeland Security		
Direct		
Assistance to Firefighters Grant	97.044	\$ 120
Port Security Grant Program	97.056	1,443
Passed Through Minnesota Department of Public Safety		
Emergency Management Performance Grants	97.042	30
Port Security Grant Program	97.056	46
Homeland Security Grant Program	97.067	4,183
Buffer Zone Protection Program (BZPP)	97.078	132
Total U.S. Department of Homeland Security		\$ 5,954
Total Federal Awards		\$ 97,064

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
CITY OF MINNEAPOLIS, MINNESOTA**

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

1. Reporting Entity

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the City of Minneapolis. The City’s reporting entity is defined in Note 1 to basic financial statements. This schedule does not include \$962 in federal awards expended by the Minneapolis Park and Recreation Board component unit, which had a separate single audit.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Minneapolis under programs of the federal government for the year ended December 31, 2010. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City of Minneapolis, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Minneapolis.

3. Summary of Significant Accounting Policies

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

4. Subrecipients

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

CFDA Number	Program Name	Amount Provided to Subrecipients
14.218	Community Development Block Grants/Entitlement Grants	\$ 4,436
14.218	Community Development Block Grants/Entitlement Grants – ARRA	41
14.241	Housing Opportunities for Persons with AIDS (HOPWA)	907
14.244	Empowerment Zones Program	449
14.257	Homelessness Prevention and Rapid Re-Housing Program - ARRA	1,627
14.900	Lead Based Paint Hazard Control in Privately-Owned Housing	49
14.905	Lead Hazard Reduction Demonstration Grant Program	59
15.904	Historic Preservation Fund Grants-In-Aid	23
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders	166
16.540	Juvenile Justice and Delinquency Prevention Allocation to the States	41

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
CITY OF MINNEAPOLIS, MINNESOTA**

For the fiscal year ended December 31, 2010

(Dollar Amounts Expressed in Thousands)

4. Subrecipients (Continued)

CFDA Number	Program Name	Amount Provided to Subrecipients
17.261	Workforce Investment Act Pilots, Demonstrations, and Research Projects	33
17.275	Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors - ARRA	755
17.258	Workforce Investment Act - Adult Program	375
17.258	Workforce Investment Act - Adult Program - ARRA	595
17.259	Workforce Investment Act - Youth Activities	794
17.259	Workforce Investment Act - Youth Activities - ARRA	585
17.260	Workforce Investment Act - Dislocated Workers	737
17.260	Workforce Investment Act - Dislocated Workers - ARRA	213
20.507	Federal Transit Formula Grants	295
81.128	Energy Efficiency and Conservation Block Grant Program (EECBG) - ARRA	715
93.926	Healthy Start Initiative	380
93.558	Temporary Assistance for Needy Families (TANF)	305
93.558	Temporary Assistance for Needy Families (TANF)	441
93.069	Public Health Emergency Preparedness	38
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	45
93.558	Temporary Assistance for Needy Families (TANF)	780
93.724	Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement (FOA) - ARRA	34
93.994	Maternal and Child Health Services Block Grant to the States	486
	Total	\$ 15,404

5. American Recovery and Reinvestment Act

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

**MUNICIPAL BUILDING COMMISSION
BALANCE SHEET
December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	General Fund	Capital Projects Fund	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,138	\$ 188	\$ 1,326
Receivables:			
Intergovernmental	526	263	789
Total assets	\$ 1,664	\$ 451	\$ 2,115
<u>LIABILITIES and FUND BALANCES</u>			
Liabilities:			
Salaries payable	\$ 76	\$ -	\$ 76
Accounts payable	459	212	671
Intergovernmental payable	1	-	1
Deferred revenue	-	99	99
Total liabilities	536	311	847
Fund balances:			
Reserved for:			
Encumbrances	9	-	9
Unreserved, reported in			
General Fund	1,119	-	1,119
Capital Project Fund	-	140	140
Total fund balances	1,128	140	1,268
Total liabilities and fund balances	\$ 1,664	\$ 451	\$ 2,115

**MUNICIPAL BUILDING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the fiscal year ended December 31, 2010**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
REVENUES:			
Intergovernmental revenues	\$ 146	\$ -	\$ 146
Charges for services and sales	7,998	1,754	9,752
Miscellaneous revenues	170	1,005	1,175
	<u>8,314</u>	<u>2,759</u>	<u>11,073</u>
EXPENDITURES:			
Current:			
General government	8,150	-	8,150
Capital outlay	-	3,004	3,004
	<u>8,150</u>	<u>3,004</u>	<u>11,154</u>
Net change in fund balance	164	(245)	(81)
Fund balances - January 1	<u>964</u>	<u>385</u>	<u>1,349</u>
Fund balances - December 31	<u><u>\$ 1,128</u></u>	<u><u>\$ 140</u></u>	<u><u>\$ 1,268</u></u>



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STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	172 - 175
Revenue Capacity These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	376-379
Debt Capacity These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	37-387
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	388-389
Operation Information These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	38-393

Schedule 1
City of Minneapolis
Net Assets by Component (In Thousands)
Last 8 Fiscal Years
December 31, 2010

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

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

Schedule 2
City of Minneapolis
Changes in Net Assets (In Thousands)
Last 8 Fiscal Years
December 31, 2010

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

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

Schedule 3
City of Minneapolis
Fund Balance, Governmental Funds (In Thousands)
Last 8 Fiscal Years
December 31, 2010

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	\$ 436	\$ 880	\$ 2,724	\$ 2,471	\$ 1,394	\$ 1,073	\$ 927	\$ 1,270
Unreserved	53,111	60,472	50,838	52,641	53,851	48,615	67,340	60,092
Total general fund	\$ 53,547	\$ 61,352	\$ 53,562	\$ 55,112	\$ 55,245	\$ 49,688	\$ 68,267	\$ 61,362
All Other Government Funds								
Reserved	\$ 241,008	\$ 230,653	\$ 201,202	\$ 206,285	\$ 210,056	\$ 213,450	\$ 205,490	\$ 227,174
Unreserved								
Special revenue funds	90,422	93,908	96,828	77,561	79,230	84,491	106,681	65,760
Debt Service funds	47,504	42,419	42,667	47,526	54,226	58,989	112,895	60,814
Capital project funds	67,658	49,028	21,283	5,445	1,192	20,994	17,364	20,024
Total all other governmental funds	\$ 446,592	\$ 416,008	\$ 361,980	\$ 336,817	\$ 344,704	\$ 377,924	\$ 442,430	\$ 373,772

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

Schedule 4
City of Minneapolis
Changes in Fund Balance, Governmental Funds (In Thousands)
Last 8 Fiscal Years
December 31, 2010

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Revenues								
Taxes	\$ 248,584	\$ 265,672	\$ 277,411	\$ 300,893	\$ 326,187	\$ 362,553	\$ 359,500	\$ 343,956
Licenses and permits	22,915	24,780	25,835	25,838	26,407	27,118	29,348	29,301
Intergovernmental revenues	164,600	161,820	169,558	175,981	160,384	151,308	179,880	189,510
Charges for services and sales	34,192	43,798	52,590	55,112	53,778	62,186	59,340	56,776
Fines and forfeits	8,704	9,641	10,680	9,249	9,397	9,700	9,621	9,934
Special assessments	10,921	11,091	11,503	12,363	13,555	18,018	20,897	23,849
Interest	14,455	6,141	13,292	14,517	19,075	13,660	7,037	6,269
Miscellaneous revenues	31,603	32,042	34,696	34,001	29,626	29,420	35,542	35,366
Total Revenues	535,974	554,985	595,565	627,954	638,409	673,963	701,165	694,961
Expenditures								
General government	98,201	57,557	58,880	66,803	55,581	59,567	65,357	72,746
Public safety	160,750	190,638	209,453	220,346	222,823	237,692	242,061	258,507
Public works	33,542	40,049	39,204	39,171	41,892	43,893	43,495	50,165
Culture and recreation	26,346	49,968	48,744	15,851	5,279	29,607	13,424	13,808
Health and welfare	22,856	9,403	13,258	14,613	14,193	13,309	13,953	13,822
Community and economic development	110,576	106,348	128,464	112,103	116,348	117,396	115,384	146,082
Capital outlay	59,714	63,365	46,141	45,447	43,846	39,160	83,656	60,659
Debt Service:								
Principal retirement	67,329	76,175	90,825	72,768	66,744	68,617	102,518	179,242
Interest and fiscal charges	52,263	57,462	62,456	63,490	62,424	60,191	56,924	30,505
Total expenditures	631,577	650,965	697,425	650,592	629,130	669,432	736,772	825,536
Excess (deficiency) of revenues over (under) expenditures	(95,603)	(95,980)	(101,860)	(22,638)	9,279	4,531	(35,607)	(130,575)
Other Financing Sources (Uses)								
Transfers from other funds	118,655	112,918	159,664	157,161	129,321	133,635	151,259	115,103
Transfers to other funds	(149,381)	(147,725)	(179,836)	(185,576)	(151,672)	(152,056)	(154,190)	(139,658)
Bonds issued	160,229	84,770	59,356	26,835	20,344	39,965	35,280	24,687
Premium (discount)	1,736	4,898	4,293	49	478	1,490	4,213	3,165
Refunding bonds issued	31,810	51,210	71,385	10,545	1,750	12,360	82,130	51,715
Loans and notes issued	1,725	6,500	-	-	-	-	-	-
Payments to escrow agents	(31,625)	(39,370)	(74,820)	(9,989)	(1,480)	(12,262)	-	-
Total other financing sources (uses)	133,149	73,201	40,042	(975)	(1,259)	23,132	118,692	55,012
Net change in fund balance	\$ 37,546	\$ (22,779)	\$ (61,818)	\$ (23,613)	\$ 8,020	\$ 27,663	\$ 83,085	\$ (75,563)
Debt service as a percentage of noncapital expenditures	20.0%	23.8%	24.0%	22.4%	21.1%	20.4%	24.1%	28.0%

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

(UNAUDITED)

Schedule 5
City of Minneapolis
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2010

Fiscal Year Ended December 31,	Commercial Property	Apartment Property	Residential Property	Industrial Property	Personal & Other Property	Tax-Exempt Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate	Estimated Actual Taxable Value ²	Taxable Assessed Value as a % of Actual Taxable Value
2001	\$ 4,566,619	\$ 1,774,766	\$ 11,702,958	\$ 1,030,649	\$ 295,151	\$ 7,024,416	\$ 19,370,143	\$ 5.93	\$ 22,694,511	85%
2002	4,996,989	2,262,704	14,445,648	1,147,733	309,224	7,834,331	23,162,298	8.28	26,594,230	87%
2003	4,895,935	2,633,849	16,664,348	1,314,200	363,997	8,160,621	25,872,329	8.78	29,315,775	88%
2004	4,670,904	3,005,654	19,172,856	1,302,065	372,891	8,739,232	28,524,370	8.50	33,473,533	85%
2005	4,646,615	3,199,757	21,504,339	1,347,262	392,195	10,351,037	31,090,168	8.19	35,289,521	88%
2006	5,282,718	3,393,675	24,309,842	1,392,094	413,521	8,426,487	34,791,850	7.75	39,067,565	89%
2007	6,141,186	3,341,167	25,883,768	1,305,858	424,587	8,465,785	37,096,566	7.55	39,943,095	93%
2008	6,869,181	1,341,775	26,571,451	3,448,334	415,390	9,549,066	38,646,131	7.52	43,857,249	88%
2009	7,295,669	1,459,942	25,461,784	3,499,200	401,699	9,025,112	38,118,294	7.68	43,473,340	88%
2010	7,020,347	1,474,662	24,611,900	3,556,811	393,785	8,777,609	37,057,504	7.81	39,746,514	93%

Source: Finance Department calculations, using Assessor data

Notes:

¹Total of the first five property types.

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

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

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

(UNAUDITED)

Schedule 6
City of Minneapolis
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
December 31, 2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
City Direct Rates										
<i>Tax Capacity Based Rates</i>										
General	2.81	3.12	3.63	4.13	4.40	4.27	4.24	4.80	4.86	5.04
Estimate and Taxation	0.00	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Building Commission	0.11	0.18	0.19	0.17	0.16	0.14	0.13	0.13	0.13	0.13
Permanent Improvement	0.11	0.14	0.14	0.10	0.08	0.07	0.05	0.05	0.05	0.05
Bond Redemption	0.95	1.53	1.69	1.25	0.97	0.74	0.63	0.57	0.69	0.47
Firefighter's Relief Association	0.01	-	-	-	-	0.05	0.10	0.11	0.06	0.04
Police Relief Association	-	0.16	0.16	0.14	-	0.08	0.12	0.11	0.09	0.35
Minneapolis Employees Retirement Fund	0.14	0.24	0.21	0.19	0.13	0.11	0.08	0.09	0.07	0.07
Parks	1.21	1.86	1.75	1.65	1.55	1.42	1.34	1.29	1.35	1.33
Libraries	0.45	0.63	0.60	0.56	0.52	0.48	0.45	-	-	-
Community Development	-	0.26	0.21	-	-	-	-	-	-	-
Public Housing	0.04	0.05	0.05	0.05	0.05	0.04	0.04	0.04	0.04	-
Teacher's Retirement Association	0.08	0.11	0.12	0.11	0.09	0.08	0.07	0.07	0.07	0.07
<i>Market Value Based Rates</i>										
Library Referendum	-	-	0.02	0.14	0.24	0.27	0.27	0.25	0.25	0.25
Total City Direct Rates	5.91	8.29	8.78	8.50	8.20	7.76	7.55	7.52	7.67	7.81
Overlapping Rates										
<i>Tax Capacity Based Rates</i>										
Watershed Districts	0.18	0.36	0.16	0.10	0.16	0.13	0.14	0.18	0.19	0.21
Hennepin County	4.52	5.95	5.93	5.33	4.94	4.59	4.40	4.38	5.09	5.38
Minneapolis Public Schools	6.98	4.39	4.40	4.17	3.39	3.23	3.06	2.78	3.15	2.57
Other Special Taxing Districts	0.31	0.63	0.67	0.62	0.59	0.52	0.54	0.54	0.49	0.52
<i>Market Value Based Rates</i>										
Minneapolis Public Schools Referendum	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.02	0.02
Total Overlapping Rates	12.01	11.34	11.17	10.23	9.09	8.48	8.15	7.90	8.94	8.70
Grand Total	17.92	19.63	19.95	18.73	17.29	16.24	15.70	15.42	16.61	16.51

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

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

n/a=not available

Source: Finance Department

(UNAUDITED)

Schedule 7
City of Minneapolis
Principal Property Tax Payers
Current Year and Nine Years Ago
(in thousands of dollars)
December 31, 2010

<u>Taxpayer</u>	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Northern States Power	\$ 303,867	1	2.20%	\$ 165,326	2	1.81%
Target Corporation	256,110	2	2.01%	158,100	6	1.65%
MB Mpls. 8th St LLC	209,300	3	1.65%	-	-	-
Minneapolis 225 Holdings LLC	208,400	4	1.64%	-	-	-
NWC Limited Partnership	188,800	5	1.48%	173,800	1	1.92%
First Minneapolis - Hines	159,600	6	1.26%	152,300	5	1.68%
Wells Operating Partnership LP	157,000	7	1.23%	-	-	-
City Center Associates	146,100	8	1.18%	124,000	7	1.48%
Fifth Street Owner Corp.	139,900	9	1.10%	-	-	-
American Express Financial Corp.	137,874	10	1.06%	-	-	-
601 Second Avenue Ltd. Partnership	-	-	-	162,000	3	1.79%
Eighth Street	-	-	-	153,000	4	1.69%
Property Minnesota One LLC	-	-	-	128,600	8	1.42%
Byte Investment Partnership	-	-	-	126,381	9	1.24%
CPP 800 Nicollet Mall LLC	-	-	-	114,800	10	1.12%
Total	<u>\$ 1,906,951</u>		<u>14.81%</u>	<u>\$ 1,458,307</u>		<u>15.80%</u>

Source: Bond Issue Report 5/14/10 and 10/25/2001

(UNAUDITED)

Schedule 8
City of Minneapolis
Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2010

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 163,751	\$ 161,188	98.43%	\$ 19	\$ 161,207	98.45%
2002	146,852	144,386	98.32%	(102)	144,284	98.25%
2003	158,819	156,550	98.57%	680	157,230	99.00%
2004	176,066	173,565	98.58%	359	173,924	98.78%
2005	190,375	187,271	98.37%	1,408	188,679	99.11%
2006	205,830	201,794	98.04%	1,562	203,356	98.80%
2007	222,523	217,841	97.90%	3,212	221,053	99.34%
2008	240,553	234,736	97.58%	3,956	238,691	99.23%
2009	245,003	239,060	97.57%	5,088	244,148	99.65%
2010	264,805	252,586	95.39%	4,973	257,559	97.26%

Source: Minneapolis Finance Department - Controller Division

(UNAUDITED)

Schedule 9
City of Minneapolis
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(in thousands of dollars, except per capita)
 December 31, 2010

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Revenue Bonds	Notes Payable	General Obligation Bonds & Notes	Revenue Bonds	Notes Payable	Total Primary Government				
2001	\$ 756,500	\$ 103,726	\$ 32,488	\$ 417,672	\$ 102,765	\$ 7,406	\$ 1,420,557	15.45%	\$ 3,714		
2002	738,379	90,643	49,091	380,645	91,885	3,502	1,354,145	16.78%	3,538		
2003	857,358	77,102	48,422	390,135	82,117	1,248	1,456,382	16.32%	3,810		
2004	891,678	74,682	41,998	407,280	71,390	1,155	1,488,183	16.99%	3,892		
2005	865,011	67,085	41,252	410,263	61,631	1,056	1,446,298	15.36%	3,730		
2006	817,771	65,756	26,709	396,019	57,985	950	1,365,190	14.50%	3,521		
2007	777,385	56,306	22,735	368,335	63,695	837	1,289,293	12.10%	3,323		
2008	755,946	45,647	22,291	338,188	60,730	718	1,223,520	11.48%	3,153		
2009	772,936	35,980	19,040	310,607	57,365	591	1,196,519	10.87%	3,067		
2010	673,926	26,700	15,585	308,383	95,925	455	1,120,974	12.19%	2,930		

Notes:

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

(1) See Schedule 14 for personal income and population data.

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

Schedule 10
City of Minneapolis
Ratios Of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

(in thousands of dollars, except per capita)
 December 31, 2010

Fiscal Year	Net General Bonded Debt Outstanding						Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
	Governmental	Business-type		Less Assets Reserved for Debt Service	Total			
	General Obligation Bonds	General Obligation Bonds & Notes						
2001	\$ 756,500	\$ 417,672	\$ 33,059	\$ 1,141,113	5.89%	\$ 2,984		
2002	738,379	380,645	32,453	1,086,571	4.69%	2,839		
2003	857,358	390,135	34,451	1,213,042	4.69%	3,173		
2004	891,678	407,280	35,753	1,263,205	4.43%	3,303		
2005	865,011	410,263	27,704	1,247,570	4.01%	3,218		
2006	817,771	396,019	30,978	1,182,812	3.40%	3,051		
2007	777,385	368,335	36,559	1,109,161	2.99%	2,859		
2008	755,946	338,188	40,196	1,053,938	2.73%	2,701		
2009	772,936	310,607	108,567	974,976	2.56%	2,569		
2010	673,926	308,383	57,397	924,912	2.50%	2,418		

Notes:

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

(1) See Schedule 5 for property value data. Assessed value used is consistent with valuations on the legal debt margin schedule.

(2) Population data can be found in Schedule 14.

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

Schedule 11
City of Minneapolis
Direct and Overlapping Governmental Activities Debt
(in thousands of dollars)
December 31, 2010

Governmental Unit	Net General Obligation Governmental Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
City of Minneapolis - Direct Debt	\$ 379,830 (3)	100.00%	\$ 379,830
<u>Overlapping Debt:</u>			
Special School District No. 1	238,238	100.00%	238,238
Hennepin County	683,934 (4)	25.55%	174,745
Hennepin County Regional Railroad Authority	39,571	25.55%	10,110
Metropolitan Council	181,079	10.78%	19,520
Subtotal, Overlapping Debt			\$ 442,613
Total Direct and Overlapping Debt			\$ 822,443

Notes:

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

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

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

(3) Total excludes \$197,780 of self supporting debt, \$47,806 of special assessment debt and all governmental activity revenue bonds and notes which are not principally paid by the general taxpayer base.

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

Sources:

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

(UNAUDITED)

Schedule 12
City of Minneapolis
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2010

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt Limit	\$784,051	\$875,204	\$967,210	\$1,054,780	\$1,182,794	\$1,159,728	\$1,253,051	\$1,306,194	\$1,282,797	\$1,254,206
Total net debt applicable to limit	146,911	193,639	319,436	362,739	369,842	339,712	313,129	302,772	270,629	246,979
Legal debt margin	<u>\$637,140</u>	<u>\$681,565</u>	<u>\$647,774</u>	<u>\$692,041</u>	<u>\$812,952</u>	<u>\$820,016</u>	<u>\$939,922</u>	<u>\$1,003,422</u>	<u>\$1,012,168</u>	<u>\$1,007,227</u>
Total net debt applicable to limit as a percentage of debt limit	18.74%	22.13%	33.03%	34.39%	31.27%	29.29%	24.99%	23.18%	21.10%	19.69%

Legal Debt Margin Calculation for Fiscal Year 2010

Real Property (2010 Assessed Market Value)	\$36,688,594
Personal Property (2010 Assessed Market Value)	368,660
Adjustment for Exempt Personal Property (1966 Market Value)	298,030
Adjustment for Net Fiscal Disparities (Contribution)/Distribution	270,910
Total 2010 Assessed Market Value	<u>37,626,194</u>
Debt Limit (3-1/3% of Market Value Applicable to Debt Limit)	1,254,206
Debt applicable to limit:	
General Obligation Bonds Subject to Debt Limit.	295,435
Less: Assets in General Debt Service Funds	-48,456
Total Net Debt Applicable to Limit	<u>246,979</u>
Legal Debt Margin	<u>\$1,007,227</u>

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2010

WATER WORKS BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
2001	\$ 55,385	\$ 37,154	\$ 18,231	\$ 9,879	\$ 2,392	1.49
2002	57,378	40,161	17,217	13,192	2,796	1.08
2003	62,581	40,178	22,403	12,759	2,836	1.44
2004	63,449	46,205	17,244	11,930	3,221	1.14
2005	61,946	44,116	17,830	10,819	4,078	1.20
2006	64,786	46,704	18,082	8,659	4,371	1.39
2007	66,439	44,838	21,601	8,419	4,481	1.67
2008	64,130	47,208	16,922	6,930	3,406	1.64
2009	67,575	47,195	20,380	6,076	3,656	2.09
2010	67,129	47,507	19,622	5,646	3,872	2.06

Notes:

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

Source: Minneapolis Finance Department - Capital and Debt Management
(UNAUDITED)

MUNICIPAL PARKING BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Debt Service Transfers (3) (4)	Net Revenue Available for Debt Service	Debt Service Requirements			
					Principal	Interest	Total	
2001	\$ 56,889	\$ 35,227	\$ 8,757	\$ 30,419	\$ 31,329	\$ 12,734	\$ 44,063	0.69
2002	55,010	35,462	8,235	27,783	13,439	13,205	26,644	1.04
2003	53,401	44,507	13,941	22,836	10,129	12,616	22,745	1.00
2004	55,604	47,409	13,993	22,188	11,434	13,226	24,660	0.90
2005	55,600	39,535	13,474	29,539	12,834	12,127	24,961	1.18
2006	58,349	39,431	16,816	35,734	14,174	13,186	27,360	1.31
2007	60,554	39,548	18,361	39,367	16,924	12,882	29,806	1.32
2008	52,752	35,383	17,219	34,588	16,239	10,047	26,286	1.32
2009	52,521	37,564	22,923	37,880	30,165	8,870	39,035	0.97
2010	58,155	43,101	14,777	29,831	14,740	6,232	20,972	1.42

Notes:

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

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2010

(Continued)

SANITARY SEWER BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements		
				Principal	Interest	Total Coverage
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006 (3)	\$ 39,342	\$ 38,542	\$ 800	\$ 72	\$ 9	\$ 81
2007	41,915	39,954	1,961	767	137	904
2008	41,615	38,216	3,399	1,200	378	1,578
2009	43,963	38,388	5,575	2,436	500	2,936
2010	49,292	40,584	8,708	2,850	701	3,551
						2.45

Notes:

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

Source: Minneapolis Finance Department - Capital and Debt Management

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2010

(Continued)

STORMWATER BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
2001	\$ 63,301	\$ 42,429	\$ 20,872	\$ 10,187	\$ 2,017	1.71
2002	66,347	45,785	20,562	6,690	2,092	2.34
2003	63,846	47,010	16,836	9,026	2,135	1.51
2004	67,458	55,619	11,839	9,120	2,292	1.04
2005 (3)	31,435	20,080	11,355	9,609	2,352	0.95
2006	30,575	18,250	12,325	8,360	2,483	1.14
2007	33,008	19,348	13,660	7,797	2,563	1.32
2008	35,824	19,738	16,086	8,620	1,564	1.58
2009	39,381	19,279	20,102	9,959	1,753	1.72
2010	39,542	21,310	18,232	5,345	1,405	2.70

Notes:

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

Source: Minneapolis Finance Department - Capital and Debt Management
(UNAUDITED)

Schedule 14
City of Minneapolis
Demographic and Economic Statistics
Last 10 Fiscal Years
December 31, 2010

Year	Population (1)	Aggregate Income (3)	Per Capita Income	Median Age (4)	School Enrollment (5)	Annual average Unemployment Rate (6)
2001	382,446	\$ 9,194,419,953	\$ 24,041	32.1	47,824	3.9%
2002	382,700	8,069,589,052	21,086	32.0	45,651	4.9%
2003	382,295	8,924,153,419	23,344	33.4	42,900	5.2%
2004	382,400	8,759,647,300	22,907	33.9	40,051	5.0%
2005	387,711	9,417,158,500	24,289	32.1	37,865	4.2%
2006	387,970	10,144,150,100	27,487	33.6	36,428	3.8%
2007	388,020	10,656,131,500	30,343	35.3	34,570	4.2%
2008	390,131	11,006,550,500	30,825	34.2	33,789	5.1%
2009	379,499	9,196,353,584	29,249	32.1	33,584	7.4%
2010	382,578	N/A	N/A	N/A	33,995	6.6%

Sources:

- (1) Population 2001-2009 - Metropolitan Council, Population 2010 US Census
- (2) Population and aggregate income for 2001-2009 - US Census of Population and Housing-American Community Survey began counting population in group totals as part the total population estimates in 2006.
- (3) Aggregate income (for population 15+) - US Census Bureau - American Community Survey
- (4) Median age - US Census Bureau - American Community Survey
- (5) School enrollment - Minneapolis School System
- (6) Annual average unemployment rate - Minnesota Department of Employment and Economic Development

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

Definitions:

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

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

(UNAUDITED)

Schedule 15
City of Minneapolis
Principal Employers
Current Year and Five Years Ago
December 31, 2010

<u>Employer - Metro Region</u>	2010			2006		
	Approximate Number of Employees	Rank	Percentage of Total City Employment	Approximate Number of Employees	Rank	Percentage of Total City Employment
University of Minnesota	17,100	1	8.47%	30,240	1	14.29%
Target Corporation	10,000	2	4.96%	24,294	2	11.48%
Allina Health System	-		-	22,500	3	10.64%
Wells Fargo Bank Minnesota	9,100	3	4.51%	19,100	4	9.03%
Hennepin County	5,800	4	2.87%	12,459	6	5.89%
Abbott Northwestern Hospital	5,200	5	2.58%	-		-
City of Minneapolis	5,000	6	2.48%	-		-
Hennepin Health Care Systems (HCMC)	4,500	7	2.23%	-		-
Ameriprise Financial Services	3,300	8	1.64%	6,500	8	3.07%
Children's Hospitals and Clinics	3,100	9	1.54%	-		-
Fairview Health Services	3,000	10	1.49%	18,500	5	8.74%
US Bankcorp	-		-	9,442	7	4.46%
Xcel Energy Inc.	-		-	5,356	9	2.53%
United Parcel Services	-		-	5,329	10	2.52%
Total	66,100		32.77%	153,720		72.65%

Note:

Information Prior to 2006 is not available
Source 2010: CPED use the following link http://www.ci.minneapolis.mn.us/cped/docs/Minneapolis_Fast_Facts_Labor_Force_and_Jobs.pdf
Source 2006: Minnesota Department of Employment and Economic Development

(UNAUDITED)

Schedule 16
City of Minneapolis
Full-time Equivalent City Government Employees by Function
Last 10 Fiscal Years
December 31, 2010

Function Program	Full-time Equivalent Employees as of December 31, 2010									
	2001	2002	2003	2004	2005	2006	2007	2008	2009*	2010*
General Government										
Assessor	37.00	35.50	35.50	34.50	34.50	34.50	37.00	37.00	36.50	36.50
Attorney	113.50	111.50	110.63	101.13	101.00	106.50	108.00	108.00	105.50	102.00
City Clerk/Council	90.00	92.25	85.50	85.20	65.50	66.50	66.00	67.00	65.50	65.50
City Coordinator	852.80	969.20	969.59	929.75	929.08	911.03	917.00	941.00	919.10	949.80
Civil Rights	29.00	29.00	27.50	24.00	27.00	26.00	26.00	26.00	21.00	19.00
Civilian Review	5.00	5.00	-	-	-	-	-	-	-	-
Community Planning and Economic Development	211.75	204.38	206.48	144.00	139.00	142.00	141.00	139.00	141.00	135.00
Fire	483.00	482.50	469.50	444.50	444.50	444.50	447.00	449.00	444.00	438.00
Health & Family Support	64.15	69.15	75.40	73.90	69.00	66.30	66.00	66.00	67.00	60.00
Mayor	13.00	12.00	11.00	11.00	11.00	11.00	12.00	12.00	12.00	10.00
Police	1,182.50	1,093.00	1,060.50	966.05	942.00	1,058.00	1,088.00	1,093.00	1,092.00	999.20
Public Works	1,195.34	1,227.04	1,256.54	1,211.19	1,206.39	1,206.59	1,197.00	1,203.00	1,189.20	1,024.50
Planning	4,277.04	4,330.52	4,308.14	4,030.22	3,968.97	4,072.92	4,105.00	4,141.00	4,092.80	3,839.50
Independent Boards										
Board of Estimate & Taxation	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00
Library	357.99	368.00	363.40	242.00	246.50	261.90	273.00	-	-	-
Park	951.23	946.94	936.27	907.47	907.91	909.55	902.00	886.00	859.00	827.00
Community Development	-	-	-	-	-	-	-	-	-	-
Building Commission	66.50	66.50	64.00	62.00	61.00	61.00	62.00	62.00	62.00	62.00
Youth Coordinating Board	30.00	39.00	26.50	4.50	4.50	4.50	5.00	5.00	5.00	5.00
NRP	15.00	14.00	12.00	12.00	11.00	10.00	10.00	9.00	9.00	7.00
	1,422.72	1,436.44	1,404.17	1,229.97	1,232.91	1,248.95	1,254.00	964.00	937.00	902.00
Total	5,699.76	5,766.96	5,712.31	5,260.19	5,201.88	5,321.87	5,359.00	5,105.00	5,029.80	4,741.50

* 2009 and 2010 are revised budgets

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

Source: City Management and Budget

(UNAUDITED)

Schedule 17
City of Minneapolis
Operating Indicators by Function/Program - Last 10 Fiscal Years
December 31, 2010

Function/Description	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Assessor										
Sales ratio, all classes aggregated	85%	87%	88%	85%	88%	89%	93%	94%	97%	98%
Number of parcels' valuations petitioned in tax court	621	834	745	967	822	900	1,431	2,235	2,304	N/A
Attorney - City litigation										
Liability payouts, millions \$	3	2	10	4	3	2	9	1	3	2
Civil litigation caseload	697	683	724	904	1,142	999	1,226	1,107	1,028	1,036
City Clerk - Elections										
Number of registered voters	223,778	219,834	217,131	287,459	235,172	226,585	220,740	240,022	231,078	227,024
Number of votes cast in election	89,927	150,192	2,284	201,672	70,987	149,318	no election	209,000	45,968	140,363
Voter turnout, percentage of registered voters	40.19%	68.32%	16.49%	70.16%	30.19%	65.90%	no election	87.08%	19.89%	55.59%
Type of election, highest level of government	municipal	state	3rd ward only	federal	municipal	state	no election	federal	municipal	State
Number of new voters registered at the polls	5,976	32,869	41	48,611	5,579	28,907	no election	50,505	2,950	25,471
Number of spoiled ballots	1,162	4,309	3	3,909	755	2,284	no election	NA	1,888	N/A
Number of absentee ballots	2,681	5,272	173	14,147	2,506	7,410	no election	17,100	1,619	6,405
Coordinator - Finance										
Bond rating - Fitch	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Bond rating - Moody's	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1
Bond rating - Standard & Poor's	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Collections Effectiveness Indicator, Utility revenues	NA	NA	81%	79%	68%	70%	74%	78%		
Civil Rights										
Number of new civil rights complaints	140	161	165	125	121	250	232	294	254	158
Number of new complaints of police misconduct	NA	NA	157	128	85	89	75	68	114	89
Community and Economic Development & Planning										
Number of jobs added by City assisted businesses (projected)	1,771	1,445	1,554	378	659	2,115	318	NAP	NA	434
Multifamily housing investment: City funds, millions \$	9	27	11	23	33	12	10	6	9	16
Multifamily housing investment: Other public funds, millions \$	15	26	39	38	19	14	12	4	8	34
Multifamily housing investment: Private funds, millions \$	120	285	130	145	225	165	57	14	46	21
Business finance loans: City funds, millions \$	3	2	2	2	3	4	2	3	3	4
Number of foreclosure sales	NA	NA	NA	NA	863	1,610	5,563	3,077	2,233	2,308
Convention Center										
Occupancy rate	NA	60%	55%	56%	66%	62%	61%	61%	57%	51%
Total attendance	NA	1,111,513	917,821	903,330	784,250	836,000	782,000	753,000	637,218	661,461
Health & Family Support										
Number of three-year old screenings conducted by the schools	NA	195	601	647	740	837	828	989	NA	NA
Number of homicide deaths in Minneapolis, ages 0-24	NA	NA	28	7	11	22	10	14	5	NA
Percent of one and two year olds tested for lead	50%	55%	58%	63%	65%	69%	71%	74%	66%	NA
Number of children under age 6 with elevated lead levels	846	516	463	384	374	351	282	217	170	NA
Public Safety										
Coordinator - 311 - 911										
911 answer time, seconds	NA	NA	6.09	6.51	6.40	7.53	7.90	7.10	6.23	5.98
911 pending time to dispatch, high priority calls, minutes	NA	NA	2.32	2.28	2.85	2.97	3.17	1.82	1.24	1.14
Percent of 311 calls answered in 20 seconds or less	NAP	NAP	NAP	NAP	NAP	90%	74%	80%	82%	71%
Percent of 311 calls resolved at first call	NAP	NAP	NAP	NAP	NAP	70%	76%	80%	83%	83%
Attorney - Criminal Prosecution										
Number of chronic offenders convicted	NA	NA	82	83	81	129	130	145	136	134
Domestic violence conviction rate	NA	NA	48%	48%	48%	58%	54%	61%	66%	70%
Prosecution caseload	44,970	43,981	35,393	29,117	21,688	27,195	27,377	32,076	30,467	28,352
Fire										
Number of emergency responses	24,542	21,745	21,879	21,433	22,423	22,199	34,019	34,146	32,165	33,561
Number of fires extinguished (all non EMS runs prior to 2002)	10,260	2,238	2,194	2,068	1,775	1,808	1,859	1,489	1,401	1,373
Number of hazard, false alarms, and other non EMS/ fire runs	NA	9,471	8,940	9,129	9,672	9,638	9,961	10,165	9,403	10,410
Number of inspections	9,528	6,736	9,782	9,460	7,802	8,271	7,337	7,337	10,447	10,298
Percent of time response is five minutes or less	NA	NA	88.1%	88.1%	85.8%	84.8%	83.0%	86.5%	86.1%	84.0%
Lives lost due to fires	7	5	8	6	5	2	2	6	2	13
Civilian injuries due to fire	30	51	28	37	31	29	21	21	15	29

Schedule 17
 City of Minneapolis
 Operating Indicators by Function/Program - Last 10 Fiscal Years
 December 31, 2010

Function/Description	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety -Continued										
Police										
Number of major crimes	27,199	27,200	25,427	25,457	28,941	29,474	28,458	25,894	22,478	22,701
Number of Involuntary crimes	45,385	42,405	38,926	37,000	36,676	40,294	38,184	35,135	33,168	27,546
Number of violent crimes (subset of major crimes)	4,140	4,204	4,594	4,825	5,572	6,480	5,660	4,884	4,331	4,135
Number of guns seized	763	813	822	1,093	1,032	1,458	1,087	1,002	929	867
Regulatory Services - Building permits										
Permits issued	32,823	21,228	20,277	13,497	45,163	34,587	10,787	11,022	12,200	13,249
Estimated value, in millions \$	163	90	100	927	777	840	761	773	778	548
Public Works										
Refuse Collection										
Refuse collected, tons	175,712	174,146	174,491	175,887	169,220	164,180	153,687	163,084	152,886	149,096
Recyclables, tons	58,958	58,320	59,742	61,267	56,479	54,649	47,976	53,552	53,323	49,212
Percent of solid waste stream recycled, by weight	NA	NA	34.2%	34.8%	33.4%	34.0%	31.2%	32.8%	34.9%	33.0%
Water										
Average daily consumption, thousands of gallons	65,380	61,160	57,960	57,343	56,864	52,156	52,198	49,407	49,639	46,005
Sewer										
Number of residential sanitary sewer backups	35	29	24	20	21	21	16	NA	NA	15
Volume of combined sewer overflow, millions of gallons	57	40	1	8	2	3	none	none	none	??
Streets										
Safety and ride-ability pavement condition index (PCI), average of all city streets	78	77	76	75	74	74	73	73	73	72
Number of traffic crashes	8,079	7,442	7,018	6,802	6,443	5,712	6,170	5,640	NA	N/A
Number of injuries in traffic crashes	3,626	3,297	3,052	3,144	2,844	2,535	2,383	2,171	NA	N/A

Notes:

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

Source: Prepared by finance department using City department reports

(UNAUDITED)

Schedule 18
City of Minneapolis
Capital Assets Statistics by Function/Program
Last 10 Fiscal Years
December 31, 2010

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Primary Government										
Public Safety:										
Police stations	5	5	5	5	5	5	5	5	5	5
Patrol units	225	225	225	218	220	206	222	215	203	192
Unmarked, trucks, trailers, scooters, motorcycles	286	267	254	275	279	299	299	299	286	225
Fire Stations	19	19	19	19	19	19	19	19	19	19
Fire Trucks/Pumpers/Ladders/Engines/Cars	58	59	59	110	115	114	116	123	129	115
Regulatory Services Fleet	191	114	130	139	137	117	130	150	127	165
Public Works:										
Refuse collection trucks, heavy equipment, dumpsters	114	106	105	121	134	138	135	135	144	144
Streets (miles)	1,071	1,071	1,070	1,070	1,070	896	896	896	896	896
Alleys (miles)	455	374	376	379	379	380	380	380	380	380
Sidewalks (miles)	1,900	1,900	1,900	1,900	1,900	2,000	2,000	2,000	2,000	2,000
Streetlights	13,300	16,000	17,000	17,500	17,750	18,000	18,500	19,000	19,000	19,000
Traffic signals	855	884	884	884	916	916	916	916	916	916
Buildings/Plants/Garages	34	29	28	28	31	31	31	31	31	31
Equipment, Cars, Trucks, Tractors, Vans	1,090	931	909	1,469	1,440	1,443	1,448	1,436	1,471	1,141
Business-type Activities										
Water:										
Water mains (miles)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Fire hydrants	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084	8,084
Storage capacity (thousands of gallons)	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
Buildings	13	13	13	14	14	14	13	13	13	13
Water basins	3	3	3	3	3	3	3	3	3	3
Sanitary sewers (miles)	877	852	835	845	838	838	830	830	830	830
Stormwater:										
Storm sewers (miles)	533	569	583	536	581	571	522	522	522	522
Holding Ponds	3	3	3	3	3	3	3	3	3	3
Number of parking ramps	18	19	21	22	22	24	15	14	14	14
Convention Center	1	1	1	1	1	1	1	1	1	1

(UNAUDITED)

Source: Minneapolis Finance Department - Controller Division



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