# City of Minneapolis
# 2013 Budget

## Background Information

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**Community Profile** ..... **B2**

**Communities and Neighborhoods Map** ..... **B7**

**Form of Government** ..... **B8**

**Chronology of Financial Decision Making** ..... **B11**

**Fund Descriptions** ..... **B12**

# City of Minneapolis
# 2013 Budget
# Background Information

## Community Profile

Minneapolis combines the Dakota word for water ("minne") with the Greek word for city ("polis"), a fitting name for the City with 22 of Minnesota's 12,034 lakes. Minneapolis is renowned for combining the best of urban life with the neighborhoods and quality of life found in smaller towns. Residents enjoy exciting cultural and recreational opportunities in beautiful natural surroundings.

### History

In the mid-17th Century, French explorers searching for the Northwest Passage were the first Europeans to visit the region. In the 1820s, at the confluence of the Minnesota and Mississippi rivers, soldiers from Fort Snelling constructed a saw-mill and a flour mill at the St. Anthony Falls. By the 1850s, the village of St. Anthony had been established on the east bank of the Mississippi and the village of Minneapolis on the west bank. The two towns were soon linked by a suspension bridge. Minneapolis' first volunteer fire company was organized in 1862, and the community was incorporated as a city in 1867. In 1872, Minneapolis and St. Anthony were united to form one city.

### Location

Minneapolis is the largest city in Minnesota and the center of finance, industry, trade and transportation for the Upper Midwest. At 44.58°– north latitude and 93.15°–west longitude, Minneapolis is 59 square miles (153 square kilometers), including 3.6 square miles (9.4 square kilometers) of inland water. It drapes along the banks of the nation's largest river, the Mississippi.

### Climate

Minneapolis has an average summer temperature of 70° F, and an average winter temperature of 16° F.[1] Minneapolis has four distinct seasons, with moderate spring and fall weather. Summer is comfortable because lakes and trees serve as natural air conditioners.

### Population

Minneapolis is home to approximately 390,000 people. Males and females each make up approximately 50% of the population. Children and youth under 18 make up 20% of the population. Seniors aged 65 and above, are 8% of the population. African Americans comprise 19% of the population, with Hispanics making up 11% of the population. People of American Indian and Alaska Native descent comprise 2% of the population and people of Asian ethnicity make up 6% of the population. People of another race, or those of two or more races, make up 4% of the population.[2]

[1] Source: Minnesota DNR, www.dnr.state.mn.us/faq/mnfacts/climate.html
[2] Source: US Census Bureau 2011 estimates, http://quickfacts.census.gov/qfd/states/27/2743000.html

## Economy

In the early years, Minneapolis' economy was based on a booming lumber industry and the processing of Minnesota grain with the tremendous power-generating capabilities of St. Anthony Falls. Large flourmills along the river evolved into the international corporations of Pillsbury, Washburn Crosby (General Mills) and Cargill. In 2010, the ten largest Fortune 500 Companies headquartered in the metro area were as follows:[3]

| Employer | Revenue ($ in millions) |
|---|---|
| United Health Group | 101,862 |
| Target | 69,865 |
| Best Buy | 50,272 |
| Super Valu | 37,534 |
| CHS | 36,916 |
| 3M | 29,611 |
| U.S. Bancorp | 21,399 |
| Medtronic | 15,933 |
| General Mills | 14,880 |
| Land O'Lakes | 12,849 |

As of the third quarter 2011, the City's largest employment sectors were health care and social assistance (17%), educational service (11%), professional and technical assistance (10%), and finance and insurance (10%), and accommodation and food service (8%). The fastest growing employment sectors from first quarter of 2010 to first quarter of 2012 were real estate and rental and leasing, administrative and waste services, and accommodation and food services.[4] With twenty-one accredited colleges and universities in the Minneapolis-St. Paul area, and four ABA-accredited law schools, the City's highly educated workforce continues to be a driving force of a strong economy. The University of Minnesota's highly acclaimed medical school, and the City's seven hospitals, has made Minneapolis a leader in the medical field.

Abbott Northwestern Hospital
(Piper Breast Center)

The City's unemployment rate rose from 2008-2009. Details follow:[5]

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| Total Labor Force | 215,673 | 217,941 | 218,733 | 214,254 | 212,979 |
| Employment | 204,704 | 201,774 | 204,234 | 201,281 | 201,016 |
| Unemployment | 10,969 | 16,167 | 14,499 | 12,973 | 11,963 |
| Unemployment rate | 4.4% | 7.4% | 6.6% | 6.1% | 5.6% |

[3] Source: Official Statement, September 8, 2012, City of Minneapolis for General Obligation Various Purpose Bond Series 2012
[4] Source: "Minneapolis Trends" available at http://www.minneapolismn.gov/www/groups/public/@cped/documents/webcontent/wcms1p-100744.pdf
[5] Source: Official Statement, September 8, 2012, City of Minneapolis for General Obligation Various Purpose Bond Series 2012

The City's top ten payers of property taxes in 2010 follow:[6]

| Taxpayer | Type of Business | Net Tax Capacity* | Percentage of Total Net Tax Capacity |
|---|---|---|---|
| Northern States Power Co. | Utilities | $6.4 million | 1.47% |
| Target Corporation | Office Buildings and retail | $4.2 million | 0.95% |
| MB Mpls. 8th Street LLC | Office Buildings | $3.6 million | 0.81% |
| Minneapolis 225 Holdings LLC | Office Buildings | $3.4 million | 0.78% |
| NWC Limited Partnership | Commercial/Industrial Buildings | $3.3 million | 0.75% |
| City Center Associates | Office Buildings | $2.8 million | 0.63% |
| First Minneapolis-Hines Co. | Banks | $2.7 million | 0.62% |
| Wells Operating Partnership LP I | Office Buildings | $2.7 million | 0.63% |
| Fifth Street Owner Corp. | Office Buildings | $2.2 million | 0.51% |
| Hilton Hotels Corp. | Hotel/Hospitality | $2.2 million | 0.50% |
| **Total** | | **$33.6 million** | **7.65%** |

**Neighborhoods**

Minneapolis has 81 residential neighborhoods offering 177,309 residential housing units.[7] The City is well known for its concerned and active citizenry which has engaged in partnerships with government and business to improve neighborhoods and create economic opportunities. The City shares the nation's current challenge to increase the number of affordable housing units and preserve housing stock in the face of foreclosures.

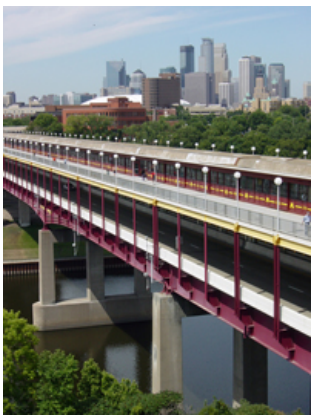
**Downtown**

According to the City's analysis of the data from the State of Minnesota, approximately 132,000 jobs were located in downtown Minneapolis as of 2010.[8] Second-story skyways keep downtown busy and thriving even on the coldest days. Nicollet Mall, a 12-block-long shopping area closed to automobile traffic and flanked by some of the nation's finest department stores and specialty stores is the retail heart of Minneapolis, with many stores located in Gaviidae Common, City Center, and the Crystal Court.

**The Arts**

Minneapolis is second only to New York City in per capita attendance at theater and arts events. Minneapolis has more than 30 theaters. The Guthrie Theater and the Children's Theatre Company are recognized as two of the country's best. In June of 2006, the Guthrie Theater celebrated the opening of its $125 million theater on the banks of the Mississippi River on the northeastern edge of downtown. The City also boasts two world-class art museums, the Minneapolis Institute of Art and the Walker Art Center, and is home to the internationally acclaimed Minnesota Orchestra. Neighborhood arts activities including festivals, galleries and events play a growing role in resident art participation.

[6] Ibid
[7] Source: Minneapolis Assessor, January 2012
[8] Source: CPED analysis of DEED data as of 2010



The Washington Avenue Bridge crosses the Mississippi River and connects the University's East and West Banks

**Education**

The City offers several vocational training and specialty schools. The main campus of the University of Minnesota sits on the banks of the Mississippi just minutes from downtown. It is a major land-grant research institution with a long tradition of community and public service, and it ranks among the top 20 universities in the U.S. It is also one of the largest. In addition to the University of Minnesota, other institutions of higher education include Minneapolis Community and Technical College, Dunwoody Institute, Minneapolis College of Art and Design, Augsburg College, Metropolitan State University, the University of Saint Thomas, St. Mary's University, the College of Saint Catherine, and Capella University.

**Sports and Outdoor Recreation**

Many major league teams call Minnesota home. Fans can watch Major League Baseball's Minnesota Twins in action at Target Field, located in the Warehouse District of downtown Minneapolis. When the National Football League's Minnesota Vikings are in town, the Metrodome can seat 64,000 football enthusiasts. The Minnesota Timberwolves of the National Basketball Association and the national champion Minnesota Lynx of the Women's National Basketball Association play downtown in the Target Center. Minnesota's National Hockey League team, the Wild, play in St. Paul. Minneapolis has the capacity to host large events at the City's Convention Center.

Minneapolis residents not only watch sports, they participate actively. In 2008, *Men's Fitness* magazine ranked Minneapolis number two on their top ten fittest cities list. Playing in summer softball leagues, golfing, jogging, swimming, playing tennis, biking or rollerblading around and sailing in the City's lakes are favorite pastimes. In 2008, Bicycling Magazine awarded Minneapolis #1 Bike City.

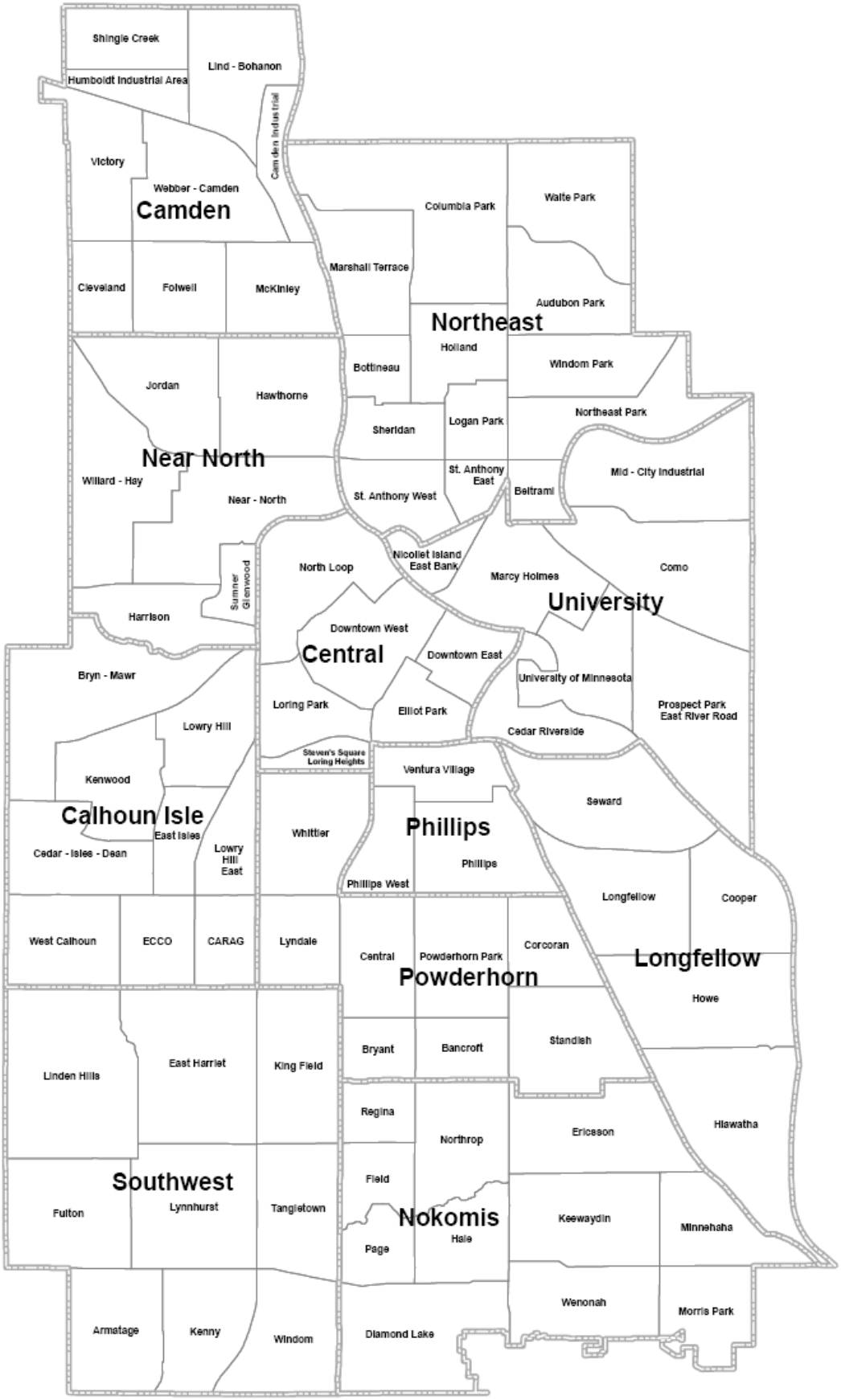
The City's Park and Recreation Board maintains 87 miles of walking and biking paths. The City also maintains sports fields, outdoor ice rinks, tennis courts, golf courses, and supervised beaches. In the winter, residents enjoy ice skating, ice fishing, skiing, and ice sailing. Early in Minneapolis' development, the land around five large lakes was dedicated to the public as parkland. With one acre of parkland for every 60 residents, outdoor recreation is an important part of life, and it is estimated that a City park is ready for fun no more than six to eight blocks from every home.

**Nationally Recognized**
Minneapolis has recently received national recognition as being a great place to visit, to live, run a business, and forge community connections. The following is a sample of some of the City's recent honors:

- 2011 Best city in the country for workers to find employment – *Forbes Magazine*
- 2011 Best Place to Live in a Big City Designed for Getting Outside – *Men's Journal*
- Cleanest City in America 2010 – *Travel and Leisure Magazine*
- Third Best Market for Young Professionals 2010 – *Forbes Magazine*
- # 8 on America's Best Cities List – *Outside Magazine*
- Minneapolis one of the "Best Places to Live in 2010" – *Men's Journal*
- Minneapolis/Saint Paul Named Top Metro Area for Business – *MarketWatch*
- Minneapolis Best City in the Country to Find Employment - *Forbes*
- Minneapolis Identified as the "Most Affordable Place to Live Well" – *Forbes*
- One of 2007's Top Destinations – *Frommer's*
- One of World's Top Biking Cities – *Travel + Leisure*
- # 1 Bike City – *Bicycling Magazine*
- City of Minneapolis Received Gold Award for "Bike Friendly Business" – *League of American Bicyclists*
- # 4 City for Eating Smart, Being Fit, and Living Well – *Cooking Light*
- Minneapolis Named the Nation's Second Fittest City – *Men's Fitness*
- # 3 Best Cities for Singles – *Forbes Magazine*
- Most Literate City – *Central Connecticut State University*
- # 4 Smartest City in America – *The Daily Beast*
- # 2 City to Have a Baby – *Fit Pregnancy*
- Best Cities for Working Mothers – *Forbes Magazine*
- Minneapolis/Saint Paul Ranks in Top 10 Areas in the Nation for Energy-Efficient Buildings - *EPA*
- # 7 Sustainable City – *Sustain Lane*
- Minneapolis Cleanest City in the Country – *Travel + Leisure*
- Minneapolis One of the 10 Greenest Cities in the Nation – *Move.com*
- Minneapolis/Saint Paul Area Ranked Top in the Nation for Volunteering – *National & Community Service*
- # 1 National Night Out City of 2007 – *National Association of Town Watch*

For links to more information on many of these top rankings, visit www.minneapolismn.gov/visitors/

# MINNEAPOLIS COMMUNITIES AND NEIGHBORHOODS




Generated by the City of Minneapolis CPED Department, Planning Division

# City of Minneapolis
# 2013 Budget

## Form of Government

The City is a municipal corporation governed by a Mayor–Council form of government. It was incorporated in 1867 and adopted a Charter on November 2, 1920. Thirteen City Council Members from individual wards and the Mayor are elected for terms of four years. There is no term limit on these positions. The Mayor and City Council are jointly responsible for the adoption of the annual budget and a five-year capital improvement program. As required by Charter, the Mayor is responsible for preparing an annual operating and capital budget recommendation for the City Council's consideration. The Mayor has veto power, which the Council may override with a vote of nine members.

The City Finance Officer is charged with maintaining and supervising the various accounts and funds of the City as well as several boards and commissions. In addition, the city budget director is charged with assisting the Mayor, City Council and City departments in preparing the City's annual capital and operating budget. The City Finance Officer reports to the City Coordinator, who is appointed by the Mayor and serves as chief administrative officer of the City.

This annual budget report for the City includes organizations for which the primary government is financially accountable and for which the nature and significance of their relationships with the primary government are such that exclusion could cause the City's budget report to be misleading or incomplete. Below is a summary of the organizations reflected in the City's annual budget report, in addition to the primary government.

### Blended component units

The following component units have been presented as blended component units 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.

- ***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 Minneapolis City Hall/Hennepin County Court House Building, which was built 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 state local governmental aid to the MBC.

- ***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 BET. By action of the City Council, or such other governing board of a department requesting the sale of bonds, the BET 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 BET also establishes the maximum property tax levies for most City funds.

## Discretely presented component units

The following organization is legally separate from the City, but is included in the City's annual budget report and annual financial reports because the primary government is financially accountable.

- ***Minneapolis Park and Recreation Board.*** The Minneapolis Park and Recreation 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 allocations of local government aid from the state for Park Board operations. All Park Board actions are submitted to the Mayor, and a mayoral veto may be overridden by a vote of two-thirds of the members of the Park Board. The Board of Estimate and Taxation approves the maximum property tax levy for the Park Board, and the full faith and credit of the City secure debt issued for Park Board projects. The City Finance Officer acts as Treasurer of the Park Board.

## 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 financial information for these organizations is not included in detail in this report.

- ***Metropolitan Sports Facilities Commission.*** The Metropolitan Sports Facilities Commission (Commission) is an appointed authority established in 1977 Minnesota laws. Of the seven members of the Commission, the City of Minneapolis appoints six. The Chair, who must by statute reside outside Minneapolis, is appointed by the Governor. 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 is the Minnesota Vikings.

- ***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 (one of whom must be a public housing family-development resident) are appointed by the City Council. The mission of the MPHA is to provide well-managed, high-quality housing for eligible families and individuals; to increase the supply of affordable rental housing; and to assist public housing residents in realizing goals of economic independence and self-sufficiency.

## Joint ventures

The City is a participant in several joint ventures in which it retains an ongoing financial interest or an ongoing financial responsibility. Two of these joint ventures are reflected in the annual budget report for the City: Minneapolis Neighborhood Revitalization Board and Minneapolis Youth Coordinating Board.

- ***Minneapolis/Saint Paul Housing Finance Board.*** The Minneapolis/Saint Paul Housing Finance Board was established in the early 1980s, in accordance with a Joint Powers Agreement entered into between the Housing and Redevelopment Authority of the City of Saint Paul and the Community Planning and Economic Development Department, and accepted by the Cities of Minneapolis and Saint Paul under Minnesota law. The Community Planning and Economic Development Department's 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.

- ***Minneapolis Neighborhood Revitalization Policy Board.*** The Minneapolis Neighborhood Revitalization Policy Board (NRPB) was established in 1990, 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 NRPB 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 that entered into the Joint Powers Agreement.

- **Minneapolis Youth Coordinating Board.** The Minneapolis Youth Coordinating Board (YCB) was established in the mid-1980s, 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 Board 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.

# City of Minneapolis
# 2013 Budget
# Chronology of Financial Decision Making

| | |
|---|---|
| 1994 | Agreement between the independent boards and the City on the division of Local Government Aid. |
| mid-late 1990's | Internal Service Funds deficits begin; COPS grant funds police expansion. |
| 1997 | First efforts to quantify and fund the Public Works infrastructure gap; attempt to increase pay as you go capital funding and reduce bonding. |
| 1998-2000 | Positive stock market returns leads to a reduction in the City's levy requirement for police and fire relief. |
| 2000 | Library referendum passes; Mayor and Council agree to enhanced capital funding for the Park Board at a level above funding for City projects. |
| 2001 | City loses AAA rating from Moody's. Reason cited: internal service fund deficits. Stock market falls – convention center and parking fund suffer directly from economic downturn; pension obligations escalate |
| 2002 | Adoption of maximum property tax increase policy; negative outlook from Fitch rating agency |
| 2003 | Adoption of Five-Year Financial Direction and Commitment to Business Planning; 2% Wage Policy; Local Government aid Reductions<br>City uses 8% tax increase and 2% wage policy to manage employment costs during budget shortfalls |
| 2004 | Departments bring forward first five-year business plans |
| 2006 | Fitch removes negative outlook; Moody's maintains Aa1 citing pent up internal demands for spending |
| 2007 | Compensation philosophy replaces the 2% wage policy<br>MERF pension "liquidity trigger" eliminated by the State Legislature<br>Sale of six parking ramps |
| 2008 | Minneapolis Library System merges with Hennepin County Library System<br>State Legislature imposes Levy Limits on Local Governments for 2009-2011;<br>Governor unallots State aid in December—Minneapolis' cut: $13.1 million |
| 2009 | Governor unallots State aid—Minneapolis loses $8.6 million in 2009; $21.3 million in 2010 |
| 2010 | Minneapolis' revised LGA cut is $25.9 million and MVHC is eliminated, costing the City an additional $6.2 million on top of the LGA cuts.<br>Minneapolis regains AAA rating from Moody's.<br>MERF pension plan consolidated with statewide local government employee pension plan. |
| 2011 | Minneapolis' LGA is cut held flat from 2010 in 2011 as a response to the State's structural budget crisis |
| 2012 | City implements Priority Budgeting |

# City of Minneapolis
# 2013 Budget
# Background Information

## Fund Descriptions

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The accounts of the City are organized by fund types. A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The operations of each fund are monitored with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equities, revenues and expenditures/expenses. Following is a listing and description of all City 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 that are required to be accounted for in another fund.

***Enterprise Funds***. The Enterprise Funds are used to account for those activities of the City which are financed and operated in a manner similar to private business enterprises where expenses, including depreciation, are recovered principally through user charges. The City operates eight enterprise funds, including the Community Planning and Economic Development (CPED) department:

> ***Water 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.
>
> ***Sanitary Sewer Fund***. This fund will be used to account for the operation, maintenance and construction projects related to the sanitary sewer system.
>
> ***Stormwater Fund***. This fund will be used to account for the operation, maintenance and construction projects related to the stormwater utility system.
>
> ***Solid Waste and Recycling Fund***. This fund is used to account for the revenues and expenses for solid waste collection, disposal and recycling activities.
>
> ***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.
>
> ***Park Operations Fund***. This fund is used to account for operation, maintenance and construction of projects related to the Park Board, especially golf courses.
>
> ***River Terminal***. This fund is used to account for the operations of the public terminal facility located on the Mississippi River.

***Internal Service Funds***. Internal Service Funds are similar to Enterprise Funds in that they are used to account for those City services which are financed and operated in a manner similar to private business enterprises, however, the customer is typically other City departments instead of the public. The City operates six Internal Service Funds:

> ***Engineering Materials and Supplies***. This fund is used to account for the operations of the City's asphalt plant and paving products laboratory. The paving products laboratory provides in-lab and on-site testing and soil boring services to ensure quality control of asphalt and soils for projects.
>
> ***Intergovernmental Services***. This fund is used to account for business information services, 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 fire stations, police precinct buildings, the Minneapolis Public Service Center, and various other City office locations, except for the City Hall/County courthouse building, which is accounted for in the Municipal Building Commission Special Revenue Fund.

***Permanent Improvement Equipment***. This fund is used to account for the ownership and operation of radio communications equipment and a fleet of motorized equipment and vehicles. The fund operates as a rental agent to various departments to support the construction and maintenance of city infrastructure, fire protection services, and police services.

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

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

**Park Self-Insurance and Internal Service Funds**. This fund is used to account for park employees' medical, dental, and life insurance benefit programs and the programs' administrative costs. The fund also accounts for occupational health services, severance payments to employees who have retired or resigned and who meet minimum eligibility requirements, a tort liability program, and a workers' compensation program. The Park Board also has an internal service fund for charges within its programs.

***Special Revenue Funds***. Special revenue funds are used to account for the proceeds of revenue sources that are restricted by legal and regulatory provisions to finance specific activities. The City has thirty-four Special Revenue Funds, including community and economic development funds. These funds are use to account for the City's planning and community development goals, most of which are financed through property tax increment financing.

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

***Board of Estimate and Taxation Fund***. This fund is used to account for the operations of the Board of Estimate and Taxation which issues and sell bonds, and establishes the maximum levies for the City, its boards and commissions.

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

***Convention Center***. This fund is used to account for the ownership, maintenance, and operation of the Minneapolis Convention Center, and the proceeds of the local sales and use tax.

***Convention Facilities Reserve***. This fund is a holding fund for parking and sales tax revenues to be used for future capital maintenance needs of the existing Convention Center.

***Employee Retirement***. This fund is used to account for the tax levy proceeds and other sources of revenue for the Minneapolis Employee Retirement Fund (MERF), Minneapolis Firefighters' Relief Association (MFRA), and Minneapolis Police Relief Association (MPRA) retirement programs for some city employees.

***Grants – Federal***. This fund is used to account for all federal grants, except for the Community Development Block Grant (CDBG), which is accounted for in a separate fund.

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

***Municipal Building Commission***. This fund is used to account for the cost of operating and maintaining the City Hall/County Court House building.

***Police Special Revenue***. This fund is used to account for the revenues and expenditures related to federal and state administrative forfeitures and the revenues and expenditures related to the regulation of lawful gambling in the City.

***Park Operating Fund***. This fund is used to account for revenue and expenditures related to the cost of operating and maintaining the Minneapolis Parks system.

***Capital Projects Funds***. The Capital Projects Fund is used to account for financial resources and expenditures applied to the construction of capital facilities and major purchased items for governmental fund types.

***Community Planning and Economic Development***. This fund is used to account for the capital project activities of the department of Community Planning and Economic Development.

***Municipal Building Commission (MBC) Capital Fund***. This fund is used to account for the capital project activities of the MBC, a component unit of the City of Minneapolis.

***Permanent Improvement Capital Fund***. This fund is used to account for capital acquisition, construction, and improvement projects including bridge construction, sidewalk construction, street construction, energy conservation projects, infrastructure projects, and many Business and Information Services (BIS) projects.

***Park Board Permanent Improvement Capital Fund***. This fund is used to account for the capital project activities of the Park Board.

***Debt Service Funds***. The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt, principal, interest, and related costs. Included in the Debt Service Funds are:

***Community Development Agency Debt Service Fund.*** This fund is used to account for the debt service activities of CPED and includes the Arena Acquisition Project (Target Center) Series A and B bonds, Tax Increment Bonds of 1990, and Tax Increment Revenue Notes.

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

***General Debt Service Fund***. This fund is used to account for General Obligation Bonds supported by a property tax levy, Management Information System debt supported by the City's General Fund, Great River Road Bonds, Edison Hockey, Community Health, Xcel Power-Revenue, and Section 108 HUD Revenue Notes.

***Special Assessment Debt Service Fund.*** This fund is used to account for debt supported by special assessments with the exception of the Park Diseased Tree debt.

**City of Minneapolis**
**Bird's Eye View of the Relationship between Fund Types, Revenue Sources, Expenditures and Departments/Boards**

| | General Fund | Enterprise Funds | Internal Service Funds | Special Revenue Funds |
|---|---|---|---|---|
| **Major Funds Included:** | | Water, Stormwater, Sewer, Solid Waste, Parking | Engineering Materials, Intergovernmental Services, Property Services, Equipment, Stores, Self-Insurance | Convention Center, Community Development Block Grants, Community and Economic Development Grants, Other Grants, Arena Reserve |
| **Revenue Sources** | Local Government Aid, Property Taxes, Franchise Fees, Licenses and Permits | Utility charges, state grants and contributions, rents | Charges for Services, Rents, Transfers from other funds | Grants, Sales Taxes, Property Tax Increment |
| **Expenditure Classifications** | Personnel, Operating Costs, Contractual Services, Equipment | Personnel, Operating Costs, Contractual Services, Equipment, Capital Projects and related debt service | Personnel, Operating Costs, Contractual Services, Equipment, Capital Projects and related debt service, liability and workers compensation | Personnel, Operating Costs, Contractual Services, Equipment |
| **Major Departments** | Police, Fire, Public Works, others | Public Works | Public Works, Copy Center, City Attorney—Civil Division, IT Services | Convention Center, Health and Family Support, Attorney, Fire, Police, Closed Pension Plans |

**City of Minneapolis**
**Bird's Eye View of the Relationship between Fund Types, Revenue Sources, Expenditures and Departments/Boards, continued**

| | Capital Projects Funds | Debt Service Funds | Park Board Funds |
|---|---|---|---|
| **Major Funds Included** | Permanent Improvement Funds, Arbitrage Funds | Assessments Paid, Property Development Revenue | The Park Board has enterprise, internal service and special revenue funds. The general fund is treated as a special revenue fund. |
| **Revenue Sources** | Property Taxes, Proceeds from Long Term Liabilities, State Aid | Property Taxes, State Aid, Property Tax Increment | Property Taxes, Local Government Aid, Charges for Sales (golf courses etc), Contributions, and Grants |
| **Expenditure Classifications** | Capital project expenditures related to street construction and infrastructure projects | Payments of interest and principal on City's debt | Personnel, Operating Costs, Contractual Services, Equipment |
| **Major Departments** | Public Works | Not applicable | |

The number of City Funds above includes smaller boards, such as:

- Municipal Building Commission (funded mainly from Property Tax and State Aids)
- Board of Estimate and Taxation (funded from Property Tax and State Aids)
- Youth Coordinating Board (a joint board fun ded from t he City's General Fund and grants)