



Dear Minneapolis residents,

Every four years the City engages in strategic planning to determine Citywide goals and strategic directions. In April of 2010, the Mayor and the City Council articulated six Citywide goals. These goals guide the elected officials during the budget process as they decide how to commit the City's resources.

A Safe Place to Call Home

People and businesses thrive in a safe and secure city

Livable Communities, Health Lives

Our built and natural environment adds character to our city, enhances our health and enriches our lives

Eco-Focused

Minneapolis is an internationally recognized leader for a healthy environment and sustainable future

Jobs & Economic Vitality

A world-class city and 21st century economic powerhouse

Many People, One Minneapolis

Inclusiveness is a treasured asset; everyone's potential is tapped

A City That Works

Minneapolis is a model of fiscal responsibility, technological innovation and values-based, results-driven municipal government

These goals can be found in more detail on the City's Web site at www.ci.minneapolis.mn.us.

If you have questions about any of the material presented in the Budget in Brief, please call 311, available on any land line or cell phone within Minneapolis City limits. For online information about Minneapolis program performance and progress, go to <http://www.ci.minneapolis.mn.us/results-oriented-minneapolis/resultsmnneapolis.asp>.



City of Minneapolis 2010 Budget in Brief

Budget Process

Mayor's Recommended Budget

June through August

The Mayor holds budget hearings to review departmental budget proposals, other policy changes, and alternative funding options. After the initial review, the Mayor recommends a budget to the City Council no later than Aug. 15.

City Council Budget Review and Development

October through November

The City Council discusses the Mayor's recommended budget. Each department presents its budget and changes to their business plans to the Ways and Means/Budget Committee with all Council members invited to attend. After these hearings, the Ways and Means/Budget Committee forwards a budget to the City Council with any changes made to the Mayor's recommendations.

Truth in Taxation

November

Truth in Taxation or TNT property tax statements are mailed by Hennepin County to property owners indicating the maximum amount of property taxes that the owner will be required to pay. These statements also indicate the dates when truth in taxation public hearings will be held. State law was changed in the 2009 Legislative session to eliminate a separate TNT hearing and replace it with a requirement to allow public comments at the meeting at which the final budget adoption occurs. State law also requires that the meeting shall not be held before 6:00 p.m.

City Council Budget Adoption

December

The City Council adopts a final budget that reflects any and all changes made to the Mayor's recommended budget. The final budget is referred to as the "adopted budget."

THE CITY'S FUNDS

The accounts of the City are organized into funds. A fund is a group of related accounts, used to control money that has been earmarked for specific activities or objectives. By keeping revenue in its appropriate funds, the City is able to obey laws that require certain money to be spent on specific uses. About 71 percent of the City's revenue is dedicated for a specific use. That means the City may not raise water bills to pay for police services, for example. Of the City's \$1.28 billion 2010 Revised budget, most of the big spending decisions occur within the City's \$372 million General Fund.

REVENUES AND EXPENDITURES - CITYWIDE AND GENERAL FUND

CITYWIDE

Police and Fire

The Police and Fire Departments make up 14.6 percent (\$188 million) of the City's budget. The City's 2010 Revised budget funds 872 police officers in five different precincts and 396 firefighters at 19 stations.

Community Planning & Economic Development

The Community Planning and Economic Development (CPED) Department accounts for about 6.7 percent (\$86.5 million) of the City's budget. CPED's work includes the following goals: promoting a healthy economy by working with private businesses, developing an educated workforce and living-wage jobs, administering programs for housing development and redevelopment, and interpreting and enforcing zoning codes.

Public Works

The Public Works Department makes up the largest part of the City's budget (23.6 percent, \$303.1 million). The main tasks of Public Works include the following: offering safe transportation to residents by maintaining streets, bike paths and sidewalks; offering high-quality drinking water to residents and visitors by managing the sewer and water system, and facilitating the collection and disposal of garbage and recycling.

Property taxes are a major source of revenue for the City. The City receives about 43 percent of your property tax payments. For more information on property taxes, please see the section on the back page titled "Property Tax Dollar Breakdown."

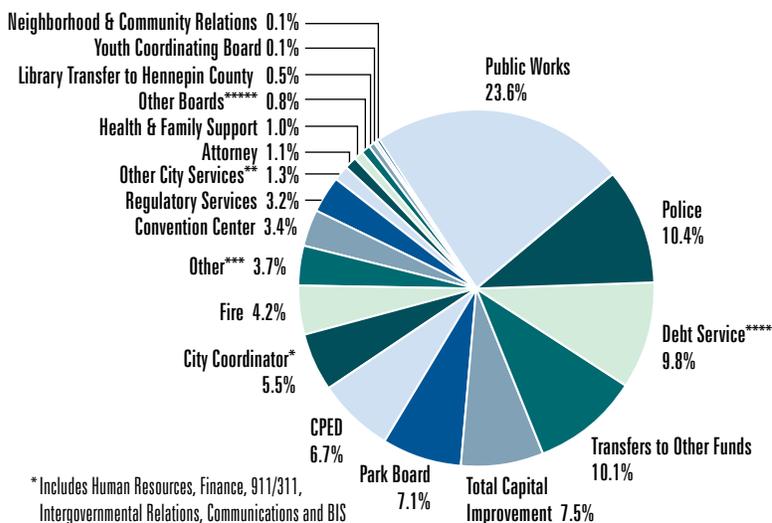
Charges for services include utilities that residents pay for such as water, sewer, stormwater, garbage removal and recycling.

State government revenue is money that comes from the State of Minnesota - the largest source of which is Local Government Aid (LGA). The State of Minnesota uses a formula to distribute LGA funds to cities in the State. In 2010, Minneapolis was appropriated \$90 million, but will receive \$68.7 million after unallotment. Additional cuts in 2010 include a \$4.7 million LGA cut and a \$6.2 million Market Value Homestead Credit cut. For more information on LGA and the distribution formula, please visit <http://www.house.leg.state.mn.us/hrd/topics.asp?topic=32>.

Tax increment property tax revenue is money being paid back to the City. Sometimes the City issues bonds to fund development in an economically disadvantaged district of the City. Then when the development begins to pay property taxes, the taxes go to the City to repay the bonds.

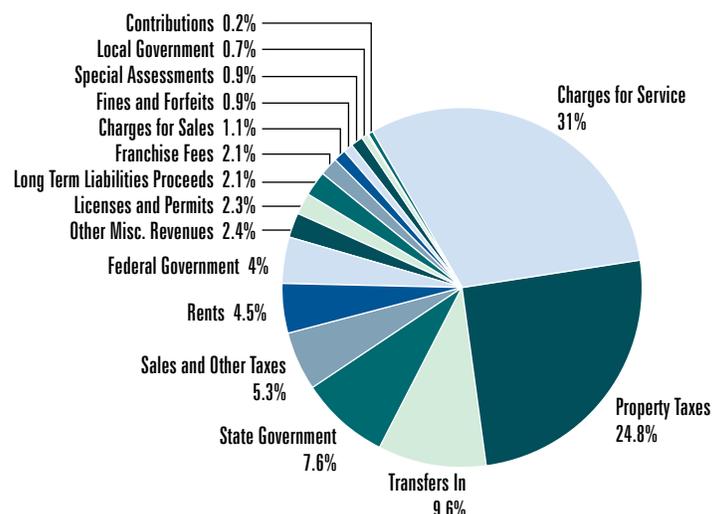
Sales and other taxes include some taxes unique to the City. The City of Minneapolis collects a 0.5 percent sales tax that is dedicated to help fund the Convention Center. The City also collects additional taxes on lodging, restaurant, liquor and entertainment sales.

Total Expense Budget – Use of Funds
2010 Revised Budget: \$1.28 billion



* Includes Human Resources, Finance, 911/311, Intergovernmental Relations, Communications and BIS
 ** Includes Assessor, City Clerk/Elections/Council, Civil Rights & Mayor
 *** Includes Non-departmental, Health and Welfare, Workers' Compensation, Liability, Contingency and pensions
 **** Does not include debt service paid directly from proprietary funds or by independent boards
 ***** Includes the Neighborhood Revitalization Program, Board of Estimate and Taxation, Municipal Building Commission, and the City allocation to the Minneapolis Public Housing Authority.

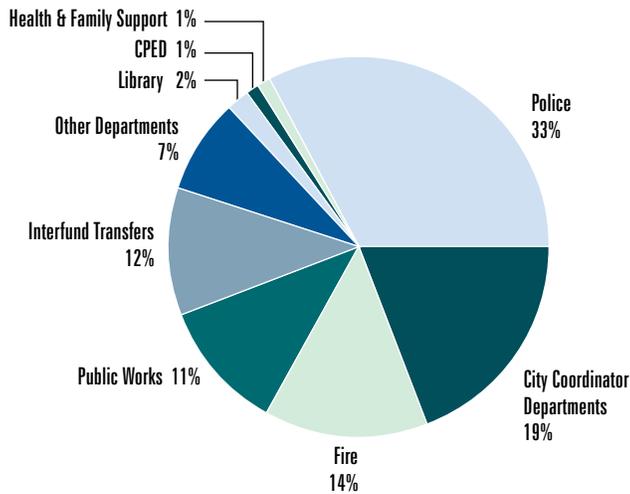
Total Revenue Budget – Source of Funds
2010 Revised Budget: \$1.28 billion



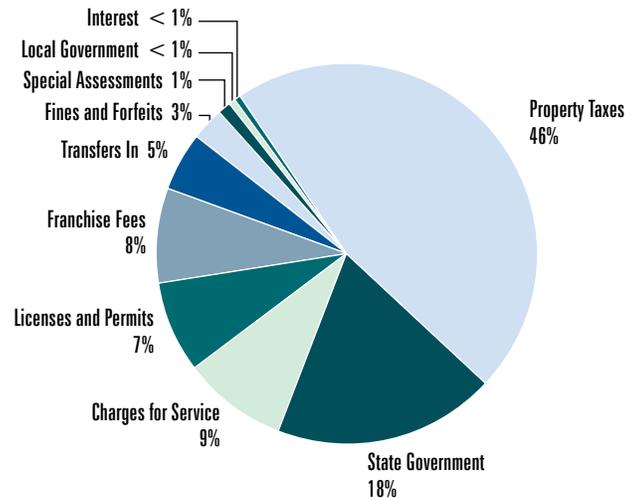
GENERAL FUND

The fund where the City has the most discretion is the General Fund. The two major sources of funding for the General Fund are local property taxes and Local Government Aid from the State. The General Fund budget is \$371.6 million, about 29 percent of the citywide budget. Here is a more detailed look at the General Fund:

General Fund Expense Budget – Expenditures by Services
2010 Revised Budget: \$371.6 million



General Fund Revenue Budget – Sources of Funds
2010 Revised Budget: \$371.6 million



CAPITAL PLAN

Every year, the City adopts a plan for capital improvements for the next five years. Capital improvements include projects such as street construction, bridges, public buildings, traffic systems, park improvements, sewers, water infrastructure, etc. Capital projects tend to be costly, so the City issues bonds to help cover the cost. The City uses the cash received from bond sales to pay for capital projects, and repays investors over time at tax exempt interest rates determined by competitive bids received at the time the bonds were issued. This process is similar to a homeowner taking out a home improvement loan to complete a major home repair project.

The 2010 Revised budget includes the 2010-2014 five-year capital plan. The five-year total for the capital budget is \$478.1 million. The three biggest capital expense categories include street paving (\$164 million), stormwater sewers (\$79 million) and bridges (\$52 million).

Debt Service and Bonds

Currently, the City's total general obligation debt outstanding is around \$1.08 billion. General obligation bonds are backed by the full faith and taxing authority of the City. Approximately 22% of this debt is paid for with future property tax payments, 29% is paid by fees collected for sewer, water and parking services and the balance is supported by sales taxes, tax increment, special assessments and other user fees. Annually, the City pays between \$125 - \$150 million in principal and interest on bonds.

The City's bonds receive ratings from three credit rating agencies. The ratings represent the strength of the City's credit and thus the safety of investing in City bonds. The City has very high bond ratings, which reflect the sound financial management of the City and allow the City to borrow money from investors at low interest rates.

Capital Long-Range Improvement Committee (CLIC)

Elected officials gather feedback from residents regarding what capital projects the City should undertake. The Capital Long-Range Improvement Committee consists of 33 residents (seven appointed by the Mayor and two appointed by each of the 13 Council members to represent their wards). CLIC members rank proposed capital projects and present their recommendations to the Mayor and City Council.

PROPERTY TAX DOLLAR BREAKDOWN

Your property tax dollars are split among several different organizations. The three organizations that receive the greatest proportion of your property taxes are the City of Minneapolis, Hennepin County, and Special School District No. 1. The City typically receives about 41 percent of the revenue from property tax payments. Hennepin County receives about 26 percent, and the School District about 28 percent. The other 4 percent of property tax revenue is split between Metro Mosquito Control, Metropolitan Council, Metro Transit, the Minneapolis Institute of Arts, Hennepin County Regional Railroad Authority and the School Board referendum.

Under the 2010 Revised Budget, a Minneapolis home with an estimated value of \$207,000 will pay about \$1,224 in property taxes to the City in the year 2010. See where that \$1,224 goes on the following chart and table:

City Property Tax Breakdown for Home Valued at \$207,000

Police	\$ 251.55
Fire	106.47
Public Works	60.07
Other City Departments	151.75
Pensions Management Plan	106.12
Transfer to Cap. Improvement Fund	107.61
Miscellaneous (includes contingency)	127.43
Library (including referendum)	52.25
Park	199.67
Independent Boards	20.58
Total City Portion	\$ 1,183.50

2010 Revised Budget Property Tax Breakdown



UTILITY RATES

The City charges for the following utilities: tap water, managing stormwater, managing sanitary sewers, and garbage/recycling. In the 2010 Revised Budget, utility rates for a home with the average consumption will increase 4.6 percent from 2009 rates.

Average Utilities

	\$ 2009	\$ 2010	% change	\$ change
Sanitary Sewer	187.92	211.00	12.3%	23.08
Storm Water	129.24	133.00	2.9%	3.76
Water	279.36	293.00	4.9%	13.64
Solid/Waste/Recycling	288.00	288.00	0.0%	0.00
Total Utilities	884.52	925.00	4.6%	40.48

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