

**STATEMENT OF NET ASSETS**  
**December 31, 2003**

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

	<u>Primary Government</u>				
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Discrete Component Units</u>	<u>Total</u>
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 405,052	\$ 59,247	\$ 464,299	\$ 29,556	\$ 493,855
Deposits with fiscal agents	396	-	396	-	396
Fund investments	33,789	-	33,789	5,663	39,452
Investments with trustees	6,440	52,436	58,876	-	58,876
Receivables (net)	48,749	22,139	70,888	5,585	76,473
Due from component unit	36	-	36	-	36
Due from other government agencies	15,835	-	15,835	-	15,835
Capital leases	-	2,475	2,475	-	2,475
Prepays and other assets	109	2,206	2,315	884	3,199
Inventories	4,298	3,870	8,168	565	8,733
Internal Balances	12,187	(12,187)	-	-	-
Long-term portion of loans and notes receivable	8,792	9,449	18,241	-	18,241
Long-term portion of capital lease receivable	-	34,369	34,369	-	34,369
Long-term deferred charges	950	1,758	2,708	-	2,708
Properties held for resale	48,713	6,734	55,447	-	55,447
Capital assets:					
Nondepreciable	199,531	246,618	446,149	120,988	567,137
Depreciable, net	614,183	640,240	1,254,423	245,741	1,500,164
Total assets	<u>\$ 1,399,060</u>	<u>\$ 1,069,354</u>	<u>\$ 2,468,414</u>	<u>\$ 408,982</u>	<u>2,877,396</u>
<b><u>LIABILITIES</u></b>					
Accounts payable	\$ 18,893	\$ 7,621	\$ 26,514	\$ 5,036	\$ 31,550
Interest payable	117,943	3,113	121,056	-	121,056
Accrued salaries and benefits	11,863	2,039	13,902	3,373	17,275
Unpaid claims payable	27,847	-	27,847	5,021	32,868
Due to primary government	-	-	-	2	2
Due to other governmental agencies	75	260	335	14	349
Unearned revenue	15,611	519	16,130	-	16,130
Deposits	4,619	8,765	13,384	-	13,384
Long-term interest payable	-	14,735	14,735	-	14,735
Compensated absences:					
Due within one year	11,283	-	11,283	3,179	14,462
Due beyond one year	10,729	2,115	12,844	2,156	15,000
Long-term liabilities:					
Due within one year	71,490	32,362	103,852	96	103,948
Due beyond one year	920,222	437,512	1,357,734	2,958	1,360,692
Total liabilities	<u>1,210,575</u>	<u>509,041</u>	<u>1,719,616</u>	<u>21,835</u>	<u>1,741,451</u>
<b><u>NET ASSETS</u></b>					
Invested in capital assets, net of related debt	276,744	480,562	757,306	363,677	1,120,983
Restricted - temporarily	47,504	42,906	90,410	935	91,345
Unrestricted	<u>(135,763)</u>	<u>36,845</u>	<u>(98,918)</u>	<u>22,535</u>	<u>(76,383)</u>
Total net assets	<u>188,485</u>	<u>560,313</u>	<u>748,798</u>	<u>387,147</u>	<u>1,135,945</u>
Total liabilities and net assets	<u>\$ 1,399,060</u>	<u>\$ 1,069,354</u>	<u>\$ 2,468,414</u>	<u>\$ 408,982</u>	<u>\$ 2,877,396</u>

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

STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended December 31, 2003

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	Governmental Activities	Business-type Activities	Total	Discrete Component Units	Total
<b>Primary government</b>									
Governmental Activities:									
General government	\$ 123,139	\$ 48,345	\$ 23,683	\$ 6,501	\$ (44,610)	\$ -	\$ (44,610)	\$ -	\$ (44,610)
Public safety	168,976	6,498	12,464	-	(150,014)	-	(150,014)	-	(150,014)
Public works	68,296	4,419	2,521	13,292	(48,064)	-	(48,064)	-	(48,064)
Culture and recreation	26,346	-	394	-	(25,952)	-	(25,952)	-	(25,952)
Health and welfare	23,502	712	18,647	-	(4,143)	-	(4,143)	-	(4,143)
Community development	107,061	7,915	8,042	-	(91,104)	-	(91,104)	-	(91,104)
Interest on long-term debt	44,014	-	-	-	(44,014)	-	(44,014)	-	(44,014)
Total governmental activities	561,334	67,889	65,751	19,793	(407,901)	-	(407,901)	-	(407,901)
Business-type activities:									
Sewer	56,746	59,834	257	-	-	3,345	3,345	-	3,345
Solid waste and recycling	23,568	27,071	93	-	-	3,596	3,596	-	3,596
Water works	46,757	55,903	1,031	-	-	10,177	10,177	-	10,177
Community development	14,962	10,791	-	-	-	(4,171)	(4,171)	-	(4,171)
Municipal Parking	62,832	51,859	156	-	-	(10,817)	(10,817)	-	(10,817)
Total business-type activities	204,865	205,458	1,537	-	-	2,130	2,130	-	2,130
Total primary government	\$ 766,199	\$ 273,347	\$ 67,288	\$ 19,793	(407,901)	2,130	(405,771)	-	(405,771)
<b>Component units:</b>									
Discrete component units	\$ 108,787	\$ 20,600	\$ 3,174	\$ 34,490				(50,523)	(50,523)
General Revenues:									
Taxes:									
General property tax and fiscal disparities					109,340	-	109,340	52,184	161,524
Property tax increment					67,506	-	67,506	22	67,528
Franchise fees					24,083	-	24,083	-	24,083
Convention center taxes					48,908	-	48,908	-	48,908
Other taxes					341	-	341	-	341
Local government aid					88,818	-	88,818	-	88,818
Grants and contributions not restricted to programs					2,689	-	2,689	21,424	24,113
Unrestricted interest and investment earnings					14,251	2,181	16,432	464	16,896
Other					20,500	4,724	25,224	1,302	26,526
Restricted interest and other earnings					-	-	-	766	766
Gain on sale of capital assets					-	62	62	-	62
Transfers					7,308	(7,308)	-	-	-
Total general revenues, special items, and transfers					383,744	(341)	383,403	76,162	459,565
Change in net assets					(24,157)	1,789	(22,368)	25,639	3,271
Net assets- January 1 - restated (note 2)					212,642	558,524	771,166	361,508	1,132,674
Net assets- December 31					\$ 188,485	\$ 560,313	\$ 748,798	\$ 387,147	\$ 1,135,945

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

GOVERNMENTAL FUNDS  
BALANCE SHEET  
December 31, 2003

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	General	Community Planning and Economic Development	Convention Center	Employee Retirement	Permanent Improvement	Development	Non-Major Governmental	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 52,543	\$ 167,912	\$ 9,049	\$ 42,674	\$ 73,815	\$ 321	\$ 56,627	\$ 402,941
Deposits with fiscal agents	-	-	-	-	-	-	396	396
Fund investments	-	33,789	-	-	-	-	-	33,789
Investments with trustees	-	5,069	-	-	-	1,202	169	6,440
Receivables:								
Accounts - net	5,110	1,183	5,582	-	1,701	-	265	13,841
Taxes	1,846	7	-	184	73	-	769	2,879
Special assessments	1,053	-	-	-	3,004	-	21,289	25,346
Loans	-	4,491	-	-	-	-	-	14,508
Intergovernmental	368	4,324	-	-	-	-	10,961	15,653
Due from other funds	8,492	4,213	-	3	102	-	1,788	14,598
Due from component units	36	-	-	-	-	-	-	36
Advances to other funds	-	10	12,800	-	-	-	-	12,810
Land held for development	-	48,713	-	-	-	-	-	48,713
Inventories	295	-	-	-	-	-	-	295
Prepaid items	18	-	-	-	-	-	2	20
<b>Total assets</b>	<b>69,761</b>	<b>269,711</b>	<b>27,431</b>	<b>42,861</b>	<b>78,695</b>	<b>1,523</b>	<b>102,283</b>	<b>592,265</b>
<b>LIABILITIES and FUND BALANCES</b>								
<b>Liabilities:</b>								
Salaries payable	8,496	403	487	-	357	-	445	10,188
Accounts payable	3,348	3,872	803	2,723	2,629	-	1,872	15,247
Intergovernmental payable	3	-	1	-	-	-	69	73
Due to other funds	358	4	-	469	-	-	7,640	8,471
Deposits held for others	1,883	995	1,741	-	-	-	-	4,619
Deferred revenue	2,126	7,039	-	140	7,944	-	36,279	53,528
<b>Total liabilities</b>	<b>16,214</b>	<b>12,313</b>	<b>3,032</b>	<b>3,332</b>	<b>10,930</b>	<b>-</b>	<b>46,305</b>	<b>92,126</b>
<b>Fund balances:</b>								
Reserved for:								
Land held for development	-	48,713	-	-	-	-	-	48,713
Specific development projects	-	119,192	-	-	-	-	-	119,192
Encumbrances	123	20,497	12	-	107	-	13	20,752
Prepaid items	18	-	-	-	-	-	2	20
Inventory	295	-	-	-	-	-	-	295
Loans	-	133	-	-	-	-	-	133
Advances	-	10	12,800	-	-	-	-	12,810
Pension liability	-	-	-	39,529	-	-	-	39,529
Unreserved, reported in								
General Fund	53,111	-	-	-	-	-	-	53,111
Special Revenue Fund	-	68,853	11,587	-	-	-	9,982	90,422
Debt Service Fund	-	-	-	-	-	1,523	45,981	47,504
Capital Project Fund	-	-	-	-	67,658	-	-	67,658
<b>Total fund balances</b>	<b>53,547</b>	<b>257,398</b>	<b>24,399</b>	<b>39,529</b>	<b>67,765</b>	<b>1,523</b>	<b>55,978</b>	<b>500,139</b>
<b>Total liabilities and fund balances</b>	<b>\$ 69,761</b>	<b>\$ 269,711</b>	<b>\$ 27,431</b>	<b>\$ 42,861</b>	<b>\$ 78,695</b>	<b>\$ 1,523</b>	<b>\$ 102,283</b>	<b>\$ 592,265</b>

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, 2003**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

<b>Fund balances - total governmental funds</b>	\$	500,139
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	163,523	
Depreciable	879,576	
Accumulated Depreciation	<u>(348,393)</u>	694,706
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		
		41,088
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.		
		(33,963)
Receivable from business-type funds for internal service fund activity		
		10,649
Accruals to record an accounts receivable allowance, interest receivable on loans and notes, and an adjustment to loans receivable balances		
		365
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	(886,214)	
Operating and Capital leases payable	(350)	
Contracts payable	(223)	
Bond Interest Payable	(117,572)	
Compensated Absences	<u>(20,140)</u>	<u>(1,024,499)</u>
<b>Net assets of governmental activities</b>	<b>\$</b>	<b><u>188,485</u></b>

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, 2003

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	General	Community Planning and Economic Development	Convention Center	Employee Retirement	Permanent Improvement	Development	Nonmajor Governmental	Total
<b>REVENUES:</b>								
Taxes	\$ 88,702	\$ 71,289	\$ 48,908	\$ 6,524	\$ 2,565	\$ -	\$ 30,596	\$ 248,584
Licenses and permits	22,205	-	-	-	367	-	343	22,915
Intergovernmental revenues	88,818	8,042	-	7,567	13,149	-	47,024	164,600
Charges for services and sales	19,980	7,808	3,720	-	2,088	-	596	34,192
Fines and forfeits	8,026	-	-	249	-	-	429	8,704
Special assessments	2,723	-	-	-	1,359	-	6,839	10,921
Interest	1,432	9,855	265	808	860	26	1,209	14,455
Miscellaneous revenues	538	17,817	8,882	-	907	229	3,230	31,603
Total revenues	232,424	114,811	61,775	15,148	21,295	255	90,266	535,974
<b>EXPENDITURES:</b>								
Current:								
General government	49,402	-	361	36,313	984	-	11,141	98,201
Public safety	134,331	-	-	19,974	-	-	6,445	160,750
Highways and streets	33,542	-	-	-	-	-	-	33,542
Culture and recreation	-	-	-	-	26,133	-	213	26,346
Health and welfare	3,415	-	-	-	-	-	19,441	22,856
Community development	-	83,359	26,688	-	-	-	529	110,576
Capital outlay	-	-	-	-	59,714	-	-	59,714
Debt Service:								
Principal retirement	-	-	-	-	-	19,370	47,959	67,329
Interest and fiscal charges	-	-	-	-	-	20,323	31,940	52,263
Total expenditures	220,690	83,359	27,049	56,287	86,831	39,693	117,668	631,577
Excess (deficiency) of revenues over (under) expenditures	11,734	31,452	34,726	(41,139)	(65,536)	(39,438)	(27,402)	(95,603)
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers from other funds	20,713	12,119	-	-	2,288	38,514	45,031	118,665
Transfers (to) other funds	(24,989)	(68,799)	(34,548)	(1,676)	(5,718)	-	(13,651)	(149,381)
Bonds issued	-	-	-	53,900	106,329	-	-	160,229
Premium (Discount)	-	-	-	-	1,736	-	-	1,736
Refunding bonds issued	-	-	-	-	-	26,350	5,460	31,810
Loans and notes issued	-	1,725	-	-	-	-	-	1,725
Payments to escrow agents	-	-	-	-	-	(26,165)	(5,460)	(31,625)
Total other financing sources (uses)	(4,276)	(54,955)	(34,548)	52,224	104,635	38,699	31,380	133,159
Net change in fund balances	7,458	(23,503)	178	11,085	39,099	(739)	3,978	37,556
Fund balances - January 1	46,089	280,901	24,221	28,444	28,666	2,262	52,000	462,583
<b>Fund balances - December 31</b>	<b>\$ 53,547</b>	<b>\$ 257,398</b>	<b>\$ 24,399</b>	<b>\$ 39,529</b>	<b>\$ 67,765</b>	<b>\$ 1,523</b>	<b>\$ 55,978</b>	<b>\$ 500,139</b>

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, 2003**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

<b>Net increase (decrease) in fund balances - total governmental funds</b>	\$	37,556
Amounts reported for governmental activities in the statement of activities are different because:		
Interest receivable is not recorded within the fund level statements		37
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities with amounts related to business type activities shown as an internal balance.		(3,777)
Transfers from business-type funds for internal service fund activity		6,605
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		34,026
Less loss on retirement of capital assets		(164)
Less current year depreciation		(17,839)
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		5,864
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	100,642	
Bond Proceeds	(195,500)	(94,858)
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	8,250	
Change in compensated absences	143	8,393
<b>Increase (decrease) in net assets of governmental activities</b>	<b>\$</b>	<b>(24,157)</b>

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

PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
December 31, 2003

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

	Business-type Activities - Enterprise Funds					Governmental Activities	
	Sewer Rental	Solid Waste and Recycling	Water Works	Community Planning and Economic Development	Municipal Parking	Total	Internal Service Funds
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 14,265	\$ 10,675	\$ 14,473	\$ 4,265	\$ 15,569	\$ 59,247	\$ 2,111
Investments with trustees	-	-	-	52,436	-	52,436	-
Receivables:							
Accounts - net	4,952	2,567	6,287	1,601	1,006	16,413	602
Special assessments:							
Current	11	2	23	-	3	39	-
Delinquent	46	30	106	-	3	185	-
Deferred	1	-	1,034	-	-	1,035	-
Loans	-	-	-	3,605	-	3,605	-
Notes	-	-	-	655	-	655	-
Interest	-	-	-	207	-	207	-
Intergovernmental	-	-	-	-	-	-	182
Capital leases	-	-	-	2,475	-	2,475	-
Due from other funds	8	39	27	-	-	74	3,416
Inventories	-	1,269	2,581	20	-	3,870	4,003
Properties held for resale	-	-	-	6,734	-	6,734	-
Prepaid items	2,153	-	-	53	-	2,206	89
Total current assets	21,436	14,582	24,531	72,051	16,581	149,181	10,403
Long-term assets:							
Receivables:							
Loans	-	-	-	2,669	-	2,669	-
Notes	-	-	-	6,780	-	6,780	-
Capital leases	-	-	-	34,369	-	34,369	-
Deferred charges	69	-	101	438	1,150	1,758	43
Capital assets:							
Nondepreciable							
Land, leaseholds and easements	7,191	16	2,132	9,049	118,037	136,425	23,852
Construction in progress	46,826	-	59,874	-	3,493	110,193	12,156
Depreciable							
Buildings and structures	-	2,047	65,156	46,440	315,497	429,140	55,694
Less accumulated depreciation	-	(1,830)	(30,895)	(14,138)	(92,860)	(139,723)	(20,298)
Public improvements	382,547	-	115,706	-	6	498,259	3,370
Less accumulated depreciation	(116,934)	-	(40,180)	-	(1)	(157,115)	(2,178)
Machinery and equipment	2,543	9,077	2,647	1,409	1,268	16,944	47,610
Less accumulated depreciation	(1,676)	(6,121)	(1,733)	-	(561)	(10,091)	(25,041)
Computer equipment	203	178	225	-	1,724	2,330	40,673
Less accumulated depreciation	(86)	(133)	(196)	-	(1,262)	(1,677)	(24,181)
Software	1,488	955	1,587	-	136	4,166	9,735
Less accumulated depreciation	(592)	(382)	(971)	-	(57)	(2,002)	(2,405)
Other capital outlay	-	-	19	-	7	26	144
Less accumulated depreciation	-	-	(11)	-	(6)	(17)	(123)
Total long-term assets	321,579	3,807	173,461	87,016	346,571	932,434	119,051
<b>Total assets</b>	<b>\$ 343,015</b>	<b>\$ 18,389</b>	<b>\$ 197,992</b>	<b>\$ 159,067</b>	<b>\$ 363,152</b>	<b>\$ 1,081,615</b>	<b>\$ 129,454</b>

PROPRIETARY FUNDS  
STATEMENT OF NET ASSETS  
December 31, 2003

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

	Business-type Activities - Enterprise Funds					Total	Governmental
	Sewer Rental	Solid Waste and Recycling	Water Works	Community Planning and Economic Development	Municipal Parking		Internal Service Funds
<b>LIABILITIES</b>							
Current liabilities:							
Salaries payable	\$ 409	\$ 333	\$ 1,007	\$ 9	\$ 281	\$ 2,039	\$ 1,675
Accounts payable	688	1,296	2,495	395	2,747	7,621	3,646
Intergovernmental payable	-	54	107	99	-	260	2
Due to other funds	-	-	-	1,602	-	1,602	8,015
Deposits held for others	73	3	158	7,519	1,012	8,765	-
Interest payable	133	-	219	511	2,250	3,113	371
Unearned revenue	-	-	-	519	-	519	3,171
Bonds payable-current portion	8,770	-	8,305	3,260	11,434	31,769	9,310
Notes payable-current portion	-	-	500	93	-	593	-
Total current liabilities	10,073	1,686	12,791	14,007	17,724	56,281	26,190
Long-term liabilities:							
Interest payable	4,297	-	7,369	-	3,069	14,735	-
Bonds payable	34,001	-	35,860	80,827	273,903	424,591	93,305
Unamortized premium (discounts)	(372)	-	192	-	(3,446)	(3,626)	1,403
Advances from other funds	-	-	-	10	-	10	12,800
Notes payable	-	-	15,392	1,155	-	16,547	-
Compensated absences payable	462	350	1,024	8	271	2,115	1,872
Unpaid claims payable	-	-	-	-	-	-	27,847
Total long-term liabilities	38,388	350	59,837	82,000	273,797	454,372	137,227
<b>Total liabilities</b>	<b>48,461</b>	<b>2,036</b>	<b>72,628</b>	<b>96,007</b>	<b>291,521</b>	<b>510,653</b>	<b>163,417</b>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	279,112	3,807	113,112	21,003	63,529	480,563	28,543
Restricted - temporarily	-	-	-	36,681	6,225	42,906	-
Unrestricted	15,442	12,546	12,252	5,376	1,877	47,493	(62,506)
<b>Total net assets</b>	<b>294,554</b>	<b>16,353</b>	<b>125,364</b>	<b>63,060</b>	<b>71,631</b>	<b>570,962</b>	<b>(33,963)</b>
<b>Total liabilities and net assets</b>	<b>\$ 343,015</b>	<b>\$ 18,389</b>	<b>\$ 197,992</b>	<b>\$ 159,067</b>	<b>\$ 363,152</b>	<b>\$ 1,081,615</b>	<b>\$ 129,454</b>

Net assets - total enterprise funds \$ 570,962

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. (10,649)

Net assets of business-type activities \$ 560,313

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

**PROPRIETARY FUNDS  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET ASSETS  
For the Fiscal Year Ended December 31, 2002**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Business-type Activities - Enterprise Funds					Total	Governmental
	Sewer Rental	Solid Waste and Recycling	Water Works	Community Planning and Economic Development	Municipal Parking		Internal Service Funds
<b>Operating revenues:</b>							
Charges for services and sales	\$ 62,044	\$ 27,117	\$ 60,463	\$ 7,303	\$ 52,806	\$ 209,733	\$ 77,833
Interest	-	-	-	3,435	-	3,435	-
Rents and commissions	-	-	-	-	123	123	34,985
Other	1,457	911	39	53	-	2,460	-
<b>Total operating revenues</b>	<b>63,501</b>	<b>28,028</b>	<b>60,502</b>	<b>10,791</b>	<b>52,929</b>	<b>215,751</b>	<b>112,818</b>
<b>Operating expenses:</b>							
Personal services	7,723	7,408	19,680	172	6,289	41,272	39,555
Contractual services	37,813	14,902	12,684	6,849	37,794	110,042	64,418
Materials, supplies, services and other	1,474	1,075	6,345	878	424	10,196	21,401
Rent	-	-	1,468	-	-	1,468	1,539
Cost of stores issuance	-	-	-	-	-	-	5,641
Depreciation	13,360	960	4,595	1,328	4,832	25,075	13,817
<b>Total operating expenses</b>	<b>60,370</b>	<b>24,345</b>	<b>44,772</b>	<b>9,227</b>	<b>49,339</b>	<b>188,053</b>	<b>146,371</b>
<b>Operating income (loss)</b>	<b>3,131</b>	<b>3,683</b>	<b>15,730</b>	<b>1,564</b>	<b>3,590</b>	<b>27,698</b>	<b>(33,553)</b>
<b>Non-operating revenues (expenses):</b>							
Interest revenue	90	-	80	1,735	276	2,181	1
Interest expense	(2,360)	-	(2,869)	(5,735)	(13,137)	(24,101)	(4,270)
Gain (loss) on disposal of capital assets	-	62	-	-	(1,035)	(973)	(2,959)
Special assessments	257	93	1,031	-	156	1,537	-
Damages/losses recovered	44	-	-	-	-	44	404
Other revenues	-	-	2,106	-	44	2,150	5,741
<b>Total non-operating revenues (expenses)</b>	<b>(1,969)</b>	<b>155</b>	<b>348</b>	<b>(4,000)</b>	<b>(13,696)</b>	<b>(19,162)</b>	<b>(1,083)</b>
<b>Income (loss) before transfers</b>	<b>1,162</b>	<b>3,838</b>	<b>16,078</b>	<b>(2,436)</b>	<b>(10,106)</b>	<b>8,536</b>	<b>(34,636)</b>
<b>Transfers in (out):</b>							
Transfers from other funds	593	146	615	1,695	14,440	17,489	31,653
Transfers to other funds	(866)	(843)	(2,941)	(46)	(12,936)	(17,632)	(794)
<b>Total transfers</b>	<b>(273)</b>	<b>(697)</b>	<b>(2,326)</b>	<b>1,649</b>	<b>1,504</b>	<b>(143)</b>	<b>30,859</b>
<b>Change in net assets</b>	<b>889</b>	<b>3,141</b>	<b>13,752</b>	<b>(787)</b>	<b>(8,602)</b>	<b>8,393</b>	<b>(3,777)</b>
Net assets - January 1 restated (note 2)	293,665	13,212	111,612	63,847	80,233		(30,186)
<b>Net assets - December 31</b>	<b>\$ 294,554</b>	<b>\$ 16,353</b>	<b>\$ 125,364</b>	<b>\$ 63,060</b>	<b>\$ 71,631</b>		<b>\$ (33,963)</b>

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.

(6,604)

Change in net assets of business-type activities

\$ 1,789

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, 2003**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	<b>Sewer Rental</b>	<b>Solid Waste and Recycling</b>	<b>Water Works</b>	<b>Community Planning and Economic Development</b>	<b>Municipal Parking</b>	<b>Total</b>	<b>Governmental Activities Internal Service Funds</b>
<b>Cash flows from operating activities:</b>							
Cash received from customers and users	\$ 64,588	\$ 28,144	\$ 63,152	\$ 20,811	\$ 53,629	\$ 230,324	\$ 116,175
Payments to suppliers and users	(42,089)	(16,675)	(19,746)	(8,958)	(39,500)	(126,968)	(102,374)
Payments to employees	(7,648)	(7,383)	(19,674)	(134)	(6,226)	(41,065)	(39,435)
<b>Net Cash Provided (used) by operating Activities</b>	<b>14,851</b>	<b>4,086</b>	<b>23,732</b>	<b>11,719</b>	<b>7,903</b>	<b>62,291</b>	<b>(25,634)</b>
<b>Cash flows from non-capital financing activities:</b>							
Bonds issued	-	-	-	3,300	-	3,300	-
Transfers from other funds	593	146	615	1,695	14,440	17,489	31,653
Principal paid on bonds	-	-	-	(19,345)	-	(19,345)	(1,600)
Principal paid on notes	-	-	-	(2,254)	-	(2,254)	-
Interest paid on bonds and notes	-	-	-	(5,243)	-	(5,243)	(92)
Transfers to other funds	(866)	(843)	(2,941)	(46)	(12,936)	(17,632)	(794)
<b>Net cash provided (used) by non-capital financing activities</b>	<b>(273)</b>	<b>(697)</b>	<b>(2,326)</b>	<b>(21,893)</b>	<b>1,504</b>	<b>(23,685)</b>	<b>29,167</b>
<b>Cash Flows from capital and related financing activities</b>							
Bonds issued	8,776	-	8,350	-	16,100	33,226	15,190
Refunding Bonds issued	-	-	-	-	10,525	10,525	-
Notes issued	-	-	12,573	-	-	12,573	-
Payments to escrow agents	-	-	-	-	(10,500)	(10,500)	-
Principal paid on bonds	(9,026)	-	(12,359)	-	(10,129)	(31,514)	(3,630)
Interest paid on bonds	(2,120)	-	(2,827)	-	(12,616)	(17,563)	(3,762)
Principal paid on notes	-	-	(400)	-	-	(400)	-
Acquisition and construction of capital assets	(12,485)	(719)	(18,852)	(878)	(24,102)	(57,036)	(11,638)
Premium (discount)	401	-	390	-	-	791	260
Bond issuance costs	(26)	-	(25)	-	(89)	(140)	(45)
Proceeds from sale of capital assets	-	-	-	-	-	-	663
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(14,480)</b>	<b>(719)</b>	<b>(13,150)</b>	<b>(878)</b>	<b>(30,811)</b>	<b>(60,038)</b>	<b>(2,962)</b>
<b>Cash flows from investing activities:</b>							
Purchase of investments	-	-	-	(13,262)	-	(13,262)	-
Sale of investments	-	-	-	22,061	-	22,061	-
Interest	90	-	80	1,495	276	1,941	1
<b>Net cash provided (used) by investing activities</b>	<b>90</b>	<b>-</b>	<b>80</b>	<b>10,294</b>	<b>276</b>	<b>10,740</b>	<b>1</b>
Net increase (decrease) in cash and cash equivalents	188	2,670	8,336	(758)	(21,128)	(10,692)	572
Cash and cash equivalents, beginning of year	14,077	8,005	6,137	5,023	36,697	69,939	1,539
<b>Cash and cash equivalents, end of year</b>	<b>\$ 14,265</b>	<b>\$ 10,675</b>	<b>\$ 14,473</b>	<b>\$ 4,265</b>	<b>\$ 15,569</b>	<b>\$ 59,247</b>	<b>\$ 2,111</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>							
Operating income (loss)	\$ 3,131	\$ 3,683	\$ 15,730	\$ 1,564	\$ 3,590	\$ 27,698	\$ (33,553)
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:							
Depreciation	13,360	961	4,595	1,328	4,832	25,076	13,817
Accounts receivable (net)	719	20	(838)	(599)	(189)	(887)	(373)
Loans receivable	-	-	-	4,806	-	4,806	-
Notes Receivable	-	-	-	625	-	625	-
Interest receivable	-	-	-	35	-	35	-
Special Assessments Receivable	1	41	(116)	-	(4)	(78)	-
Capital Lease Receivable	-	-	-	2,220	-	2,220	-
Inventories	-	(282)	(461)	5	-	(738)	44
Prepays	(2,153)	-	-	(16)	-	(2,169)	111
Due from other funds	(8)	(39)	510	-	-	463	(2,763)
Due to other funds	(431)	-	-	1,441	(25)	985	(8,057)
Salaries payable	26	(1)	(66)	9	16	(16)	37
Accounts payable	(218)	(406)	1,256	(919)	(1,248)	(1,535)	(2,606)
Intergovernmental payable	-	(11)	(44)	(228)	(10)	(293)	2
Deposit held for others	73	1	(45)	1,502	694	2,225	-
Unearned revenue	-	-	-	(59)	-	(59)	349
Compensated absences payable	50	26	73	5	47	201	82
Unpaid claims	-	-	-	-	-	-	1,131
Special Assessments	257	93	1,032	-	157	1,539	-
Damages/Losses recovered	-	-	-	-	-	-	404
Other non-operating revenues	44	-	2,106	-	43	2,193	5,741
<b>Net cash provided (used) by operating activities</b>	<b>\$ 14,851</b>	<b>\$ 4,086</b>	<b>\$ 23,732</b>	<b>\$ 11,719</b>	<b>\$ 7,903</b>	<b>\$ 62,291</b>	<b>(25,634)</b>
<b>Non-cash investing, capital and financing activities:</b>							
Gain (loss) on disposal of capital assets	\$ -	\$ -	\$ -	\$ -	\$ (1,035)	\$ (1,035)	\$ (2,971)
Interest payable capitalized as long-term bonds payable	-	-	-	1,857	-	-	-

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

**STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 December 31, 2003**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,331
Receivables:	
Accounts-net	<u>94</u>
<b>Total assets</b>	<u><u>1,425</u></u>
<b>LIABILITIES</b>	
Accounts payable	1,201
Deposits held for others	<u>224</u>
<b>Total liabilities</b>	<u><u>\$ 1,425</u></u>

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

**COMBINING STATEMENT OF NET ASSETS  
DISCRETE COMPONENT UNITS  
For the Fiscal Year Ended December 31, 2003**

**CITY OF MINNEAPOLIS, MINNESOTA**

**(In Thousands)**

	<u>Library Board</u>	<u>Park Board</u>	<u>Municipal Building Commission</u>	<u>Total Discrete Component Units</u>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 7,076	\$ 21,616	\$ 864	\$ 29,556
Fund investments	5,663	-	-	5,663
Receivables (net)	448	3,768	1,369	5,585
Prepays and other assets	545	339	-	884
Inventories	-	565	-	565
Capital assets:	-	-	-	-
Nondepreciable	37,965	80,335	2,688	120,988
Depreciable, net	36,890	196,723	12,128	245,741
Total assets	<u>88,587</u>	<u>303,346</u>	<u>17,049</u>	<u>408,982</u>
<b><u>LIABILITIES</u></b>				
Accounts payable	1,980	2,094	962	5,036
Accrued salaries and benefits	897	2,284	192	3,373
Unpaid claims payable	-	5,021	-	5,021
Due to primary government	-	-	2	2
Due to other governmental agencies	14	-	-	14
Due within one year	843	2,190	146	3,179
Due beyond one year	371	1,691	94	2,156
Long-term liabilities:				
Due within one year	-	96	-	96
Due beyond one year	-	2,958	-	2,958
Total liabilities	<u>4,105</u>	<u>16,334</u>	<u>1,396</u>	<u>21,835</u>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	74,856	274,005	14,816	363,677
Restricted	135	800	-	935
Unrestricted	9,491	12,207	837	22,535
Total net assets	<u>84,482</u>	<u>287,012</u>	<u>15,653</u>	<u>387,147</u>
Total liabilities and net assets	<u>\$ 88,587</u>	<u>\$ 303,346</u>	<u>\$ 17,049</u>	<u>\$ 408,982</u>

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