

CITY OF MINNEAPOLIS
MINNESOTA

Disclosure of year 2000 issues are included as Required Supplementary Information and have not been subjected to audit.

For the fiscal year ended December 31, 1998

(Dollar Amounts Expressed in Thousands)

YEAR 2000 ISSUE (Unaudited)

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

The City of Minneapolis has established a Year 2000 Program Management Office (PMO) and has contracted a nationally recognized Year 2000 consulting firm to manage and coordinate their Year 2000 compliance effort. In 1998 the City completed the awareness phase and established a 1998 budget of approximately \$1,500. For 1999 a budget of \$6,400 has been authorized for expenditures related to both capital replacement costs and Year 2000 services. Within the framework of the Year 2000 PMO the City has established departmental Year 2000 project teams that are addressing the following functions:

Police and 911 Emergency Communications – Through December 31, 1998, inventories and assessments were completed for these functions with the 911 system also entering the remediation phase. A testing and validation strategy has been defined for the 911 system and related interfaces and will be initiated once remediation activities are completed. A remediation approach is being prepared for Police inventoried hardware and software systems.

Fire – Fire Department maintained systems have progressed through remediation with validation and testing of a minimal number of inventoried components yet to be performed.

Public Works – An inventory was completed and based upon these findings the Public Works project was subdivided by criticality of service due to the large number of identified systems and components. Subsequent assessment phases were initiated in all sub-projects in 1998 and, as of this date, the assessment phase has been completed for Water Treatment and Radio Shop systems. Remediation and validation/testing phases are yet to be completed for all areas.

Enterprise Systems – The City's Information & Technology Services Department provides enterprise level systems such as the financial, human resources, payroll, utility billing, licensing and property management systems. An inventory and assessment of these systems was completed and in several instances remediation activities have also begun. Validation and testing, with an emphasis on system interfaces, is yet to be completed.

Administrative – In 1998, inventory and assessment phases were initiated for departmental level systems contained with the City's eleven administrative/business departments.

Convention Center – The City operates and manages the Minneapolis Convention Center complex. An inventory and assessment of the facility's systems has been completed and vendors are currently being engaged to perform remediation and validation/testing work on several facility-related sub-systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the City of Minneapolis is or will be Year 2000 ready, that the City of Minneapolis' remediation efforts will be successful in whole or in part, or that parties with whom the City of Minneapolis does business will be Year 2000 ready.