



JUDITH H. DUTCHER
STATE AUDITOR

STATE OF MINNESOTA

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INDEPENDENT AUDITOR'S REPORT

Mayor and Members of the City Council
City of Minneapolis

We have audited the general purpose financial statements of the City of Minneapolis, Minnesota, as of and for the year ended December 31, 1998, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the General Agency Reserve Fund System within the Community Development Agency Enterprise Fund, which statements represent 17 percent of the assets and five percent of the operating revenues of the enterprise fund type. Those financial statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the General Agency Reserve Fund System within the Community Development Agency Enterprise Fund, is based solely upon the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Minneapolis as of December 31, 1998, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 2 to the financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement 27 (for the Minneapolis Fire Department Relief Association and the Minneapolis Police Relief Association) and Statement 31 in 1998.

The required supplementary information as listed in the table of contents is not a required part of the financial statements but is supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it. In addition, we do not provide assurance that the City of Minneapolis is or will become year 2000 compliant, that the City's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City does business are or will become year 2000 compliant.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as whole. The combining and individual fund and account group financial statements and supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Minneapolis. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with Government Auditing Standards, we will issue our report dates April 27, 1999, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.



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GREG HIERLINGER, CPA
DEPUTY STATE AUDITOR

April 27, 1999