



Dear Minneapolis residents,

Every four years the City engages in strategic planning to determine citywide goals and strategic directions. In April 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

Jobs & Economic Vitality

A world-class city and 21st century economic powerhouse

Livable Communities, Healthy Lives

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

Many People, One Minneapolis

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

Eco-Focused

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

A City That Works

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

These goals and information about Minneapolis program performance can be found in more detail on the City's website at www.minneapolisismn.gov/results.

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. 311 is the only number you need to call for City of Minneapolis information and services.



2013 City of Minneapolis Budget in Brief

Budget Process

Mayor's Recommended Budget

June through August

The mayor holds budget meetings with departments to review budget proposals, policy changes, and alternative funding options. After the initial review, the mayor provides a budget and tax policy recommendation in August for the coming calendar year.

City Council Budget Review and Development

September through December

The City Council discusses the Mayor's Recommended Budget. Each City department, as well as certain boards and commissions, presents their budget to the Ways and Means/Budget Committee with all council members invited to attend. After these hearings, the Ways and Means/Budget Committee approves changes to the Mayor's Recommended Budget and forwards it to the full City Council for adoption.

Truth in Taxation

November

"Truth in Taxation" (or "TNT") property tax notices are mailed by Hennepin County to property owners indicating the maximum amount of property taxes that the property owner will be required to pay during the coming year from all taxing jurisdictions. These statements also indicate the dates when public budget hearings will be held. For the 2013 budget the City's public hearing was held on Nov. 28, 2012.

City Council Budget Adoption

December

At a public meeting held on Dec. 12, 2012, the City Council adopted a final budget that reflects any and all changes made to the Mayor's Recommended Budget. The final budget is referred to as the "Council Adopted Budget."

THE CITY'S FUNDS

The resources of the City are organized into funds. A fund is a group of related accounts, used to control money that has been dedicated for specific activities or objectives. By maintaining separate funds, the City is able to comply with laws that require certain money to be spent on specific uses. About 72 percent of the City's revenue is dedicated for a specific use. For example, the City may not raise water bills to pay for police services. Because most of the City's \$1.20 billion 2013 Council Adopted Budget is dedicated for specific purposes, most of the big spending decisions occur within the City's \$351.7 million General Fund budget.

REVENUES AND EXPENDITURES - CITYWIDE

Police and Fire

The Police and Fire Departments make up 15.9 percent of the City's budget. The City's 2013 Adopted Budget funds 850 sworn police personnel in five different precincts and 406 sworn fire personnel at 19 stations.

Community Planning & Economic Development

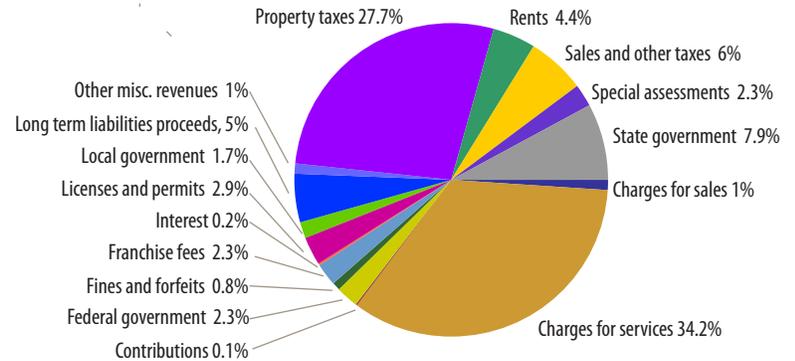
The Community Planning and Economic Development (CPED) Department accounts for about 6.4 percent of the City's budget. CPED's mission is to grow a sustainable city by helping businesses grow, developing an educated workforce and living-wage jobs, promoting homeownership, building housing, and interpreting and enforcing zoning, building and licensing codes to ensure the safety, health, and livability of our community.

Public Works

The Public Works Department makes up the largest part of the City's budget (25.4 percent). 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.

Total Revenue Budget – Sources of Funds

2013 Adopted Budget: \$1.18 billion



Federal government includes grant revenue received from the federal government

Fines & Forfeits includes revenue generated by traffic violations or property forfeiture

Franchise Fees revenues are received from utility companies who pay for use of the City's right of way

License and Permit revenues are generated by license and permit functions of the City, for example, building permits

Local Government is revenue from Hennepin County

Other Misc. Revenues includes contributions, gains, and interest

Property taxes are a major source of revenue and include tax increment funding used to fund development in economically disadvantaged areas of the City

Rents: City departments pay rent internally to cover building maintenance and safety updates

Sales and other taxes include some taxes unique to the City. For example, the City of Minneapolis collects a 0.5 percent sales tax. The City also collects additional taxes on lodging, restaurant, liquor and entertainment sales that are dedicated to help fund the Convention Center and economic development-related activities. Minneapolis sends 6.875 percent of the total sales tax rate collected to the State of Minnesota

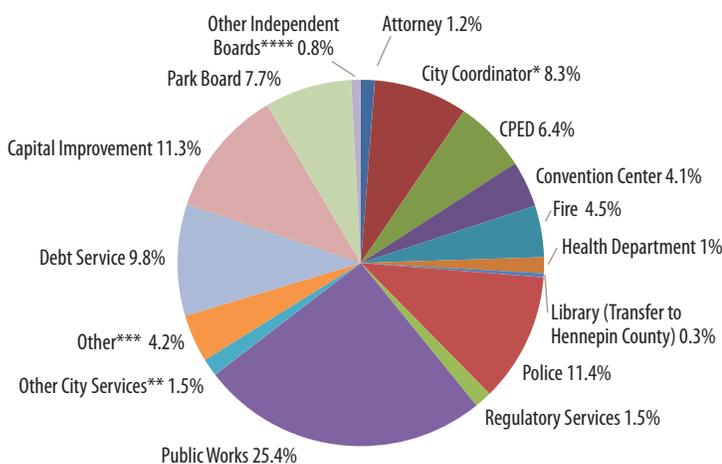
Special Assessments are charged to property owners for projects such as sidewalk replacement, street projects, and delinquent utility bills based upon actual costs

State government revenues reflect money that comes from the State of Minnesota. The largest source is Local Government Aid (LGA). The State of Minnesota uses a formula to distribute LGA funds to cities in the State. In 2013, Minneapolis was appropriated \$64.1 million, equal to 2012. For more information on LGA and the distribution formula, please visit www.house.leg.state.mn.us/hrd/topics.asp?topic=32

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

Total Expense Budget – Use of Funds

2013 Adopted Budget: \$1.20 billion



* Includes Human Resources, Finance, 311, Intergovernmental Relations, Communications, Neighborhood and Community Relations, IT, 911 and Emergency Preparedness

** Includes Assessor, Internal Audit, City Clerk/Elections/Council, Civil Rights and Mayor

*** Includes Non-departmental, health and welfare, worker's compensation, liability, contingency and pensions

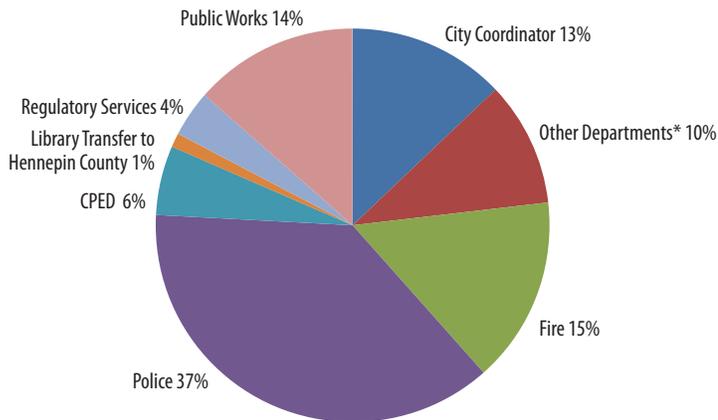
**** Includes Neighborhood Revitalization Program, Board of Estimate and Taxation, the City's contribution to Minneapolis Public Housing Authority, and municipal Building Commission

REVENUES AND EXPENDITURES - GENERAL FUND

The City has the most discretion in the General Fund which makes up about 29 percent of the citywide budget. The two major sources of funding for the General Fund are local property taxes and Local Government Aid from the State. These two sources make up 65 percent of the General Fund budget of \$351.7 million. Here is a more detailed look at the General Fund:

General Fund Expense Budget – Expenditures by Services

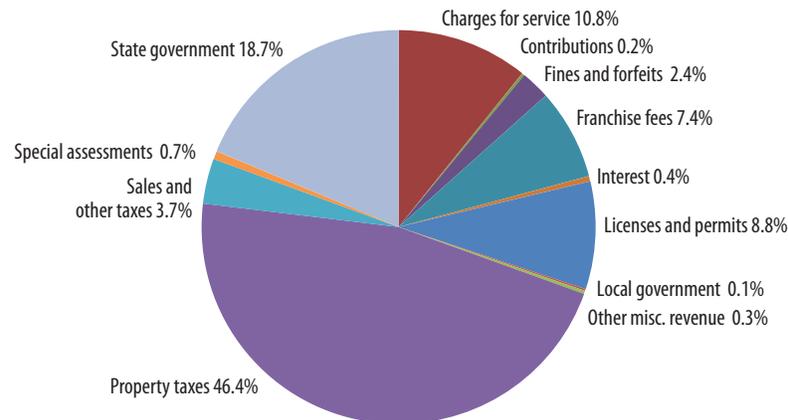
2013 Adopted Budget: \$351.7 million



*Other departments: Assessor, Attorney, Council/Clerk/Elections, Civil Rights, Internal Audit, Mayor and Contingency

General Fund Revenue Budget – Sources of Funds*

2013 Adopted Budget: \$368.6 million



*Category descriptions are the same as the Total Revenue Budget graph

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.

Prior to the mayor presenting his recommended budget to the City Council, elected officials gather feedback from residents regarding what capital projects the City should undertake. The Capital Long-Range Improvement Committee (CLIC) 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 based upon a number of criteria and present their recommendations to the mayor and City Council.

The 2013 budget includes the 2013 - 2017 five-year capital plan. The five-year total for the capital budget is \$606.3 million, with 89 percent of it within the Public Works Department. The three biggest capital expense categories include street paving (\$198 million), storm sewers (\$100 million) and water infrastructure (\$114 million).

Capital projects tend to be costly, so the City often issues bonds to finance these projects. 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.

Debt Service and Bonds

The City's total general obligation debt outstanding as of Dec. 31, 2012, is \$768 million. General obligation bonds are backed by the full faith and taxing authority of the City. Approximately 18 percent of this debt is funded with future property tax payments, 36 percent is paid for 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 \$110 and \$130 million in principal and interest on its general obligation bonds.

The City's bonds receive the highest possible ratings from all three major credit rating agencies. The ratings represent the strength of the City's credit and thus the safety of investing in City bonds. The City's top bond ratings reflect the sound financial management of the City and allow the City to borrow money from investors at low interest rates.

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 42 percent of the revenue from property tax payments made by City residents. Hennepin County receives about 27 percent, and the School District about 27 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.

2013 Adopted Budget Property Tax Breakdown

Under the 2013 Adopted Budget, a Minneapolis home with an estimated value of \$195,500 will pay about \$3,177 in total property taxes, with approximately \$1,349 going to the City. See where that \$1,349 goes on the following chart and table:

City Property Tax Breakdown for Home Valued at \$195,500

Tax per City service sector	In dollars
Police	\$ 278.19
Park	229.08
Other City departments	179.92
Miscellaneous (includes contingency)*	159.86
Closed Pension Funds and Pension Management Plan	132.13
Fire	114.37
Capital and Debt Service	104.61
Public Works	85.83
Library referendum debt service	43.82
Independent Boards less Park	21.21

*Miscellaneous includes Internal Service Funds and the Target Center Financial Plans, transfers to IT for wi-fi commitments from General Fund departments, graffiti removal, and contingency funding.

Property Tax Breakdown
2013 Adopted Budget



UTILITY RATES

The City provides and charges for the following utilities: tap water, managing stormwater, managing sanitary sewers, and garbage/recycling. In the 2013 Adopted Budget, utility rates for a home with the average consumption will decrease by approximately 6.6 percent from 2012 rates. In 2013, the recycling credit that offset portions of residents' solid waste and recycling costs has not been renewed. However, because of the decrease in the solid waste and recycling fee, the cost borne by residents for this service who had previously received the credit in 2012 is essentially flat when accounting for this factor.

Average bill

Combined utility bill - Monthly and annual cost for average customer

	2012	2013 Monthly Average	2013 Annual Average	2013 Monthly \$ Change	2013 % Change
Water	\$ 27.60	\$ 28.32	\$ 340	\$ 0.72	2.6%
Sanitary Sewer	21.30	21.84	262	0.54	2.5%
Stormwater	11.70	11.82	142	0.12	1.0%
Solid Waste/Recycling	24.00	17.00	204	-7.00	-29.2%
Total	84.60	78.98	948	-5.62	-6.6%

If you have questions about any of the material presented in the Budget in Brief, please call 311 or (612) 673-3000.

For online information about Minneapolis program performance and progress, go to www.ci.minneapolis.mn.us/results-oriented-minneapolis/resultsmnneapolis.asp.

If you need this material in an alternative format please call 612-673-2162. Deaf and hard-of-hearing people call at 612-673-3000. TTY users call 612-673-2157 or 612-673-2626.

Attention - If you have any questions regarding this material please call 311. Hmong - Ceeb toom. Yog koj xav tau kev pab txhais cov xov no rau koj dawb, hu 612-673 2800.

Spanish - Atención. Si desea recibir asistencia gratuita para traducir esta información, llama 612-673-2700.

Somali - Ogow. Haddii aad dooneyso in lagaa kaalmeeyo tarjamadda macluumaadkani oo lacag la' aan wac 612-673-3500.