

**City of Minneapolis
2014 Budget
Chronology of Financial Decision Making**

1994	Agreement between the independent boards and the City on the division of Local Government Aid.
Mid-late 1990's	Internal Service Funds deficits begin; COPS grant funds police expansion.
1997	First efforts to quantify and fund the Public Works infrastructure gap; attempt to increase pay as you go capital funding and reduce bonding.
1998-2000	Positive stock market returns leads to a reduction in the City's levy requirement for police and fire relief.
2000	Library referendum passes; Mayor and Council agree to enhanced capital funding for the Park Board at a level above funding for City projects.
2001	City loses AAA rating from Moody's. Reason cited: internal service fund deficits. Stock market falls – convention center and parking fund suffer directly from economic downturn; pension obligations escalate
2002	Adoption of maximum property tax increase policy; negative outlook from Fitch rating agency
2003	Adoption of Five-Year Financial Direction and Commitment to Business Planning; 2% Wage Policy; Local Government aid Reductions City uses 8% tax increase and 2% wage policy to manage employment costs during budget shortfalls
2004	Departments bring forward first five-year business plans
2006	Fitch removes negative outlook; Moody's maintains Aa1 citing pent up internal demands for spending
2007	Compensation philosophy replaces the 2% wage policy MERF pension "liquidity trigger" eliminated by the State Legislature Sale of six parking ramps
2008	Minneapolis Library System merges with Hennepin County Library System State Legislature imposes Levy Limits on Local Governments for 2009-2011; Governor unallots State aid in December—Minneapolis' cut: \$13.1 million
2009	Governor unallots State aid—Minneapolis loses \$8.6 million in 2009; \$21.3 million in 2010
2010	Minneapolis' revised LGA cut is \$25.9 million and MVHC is eliminated, costing the City an additional \$6.2 million on top of the LGA cuts. Minneapolis regains AAA rating from Moody's. MERF pension plan consolidated with statewide local government employee pension plan.
2011	Minneapolis' LGA is cut held flat from 2010 in 2011 as a response to the State's structural budget crisis

2012 City implements Priority Budgeting

2013 Moody's Investors Service downgraded Minneapolis Credit Rating to Aa1 due to declining property values, high pension liabilities and dependence on state revenues.