City of Minneapolis
2015 Budget

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City of Minneapolis
2015 Budget

How to Use This Document

The budget book contains some of the best sources of information on governmental activities as well as key financial information for policy makers and managers. The highlights below will guide the reader through the various sections of the 2015 budget document.

Table of Contents	The table of contents allows the user to pinpoint the page of a particular part of the City's budget.
Section A: Introduction and Background Information	This section contains a community profile of the City of Minneapolis, including an overview of the City's history, economy, population, and attractions. The section also includes lists of the City's elected officials, department and agency heads, the City's budget principles, and a citywide organization chart. A map of Minneapolis Communities and Neighborhoods and descriptions of the City's form of government are included in this section, as well as a chronology of financial decision making for the City. Descriptions of the major City funds are included in this section, including a bird's-eye view of the relationship between fund types, revenue sources, expenditures and departments/boards.
Section B: Financial Overview	This section summarizes the key decisions and financial issues addressed in the budget. It includes key charts and graphs which depict the various portions of the City's budget and key revenue trends. A chart of the Minneapolis property tax levy recommendation appears in this section. This section also contains a summary of major decisions in the budget, and enterprise level challenges.
Section C: Strategic Planning	The strategic planning section lists the set of City goals and strategic directions which were adopted by the Mayor and the City Council in 2010. The citywide strategic plan provides clear direction for departments' business planning efforts. Annual budget process, dates for this year's budget process, and a description of integration of key processes follow. The City's financial decision calendar displays the annual flow of these processes. Links between the City goals and department five-year business plan goals are described in this section.
Section D: Financial Policies	This section presents the major financial policies adopted by the City Council and Mayor.
Section E: Financial Plans	Financial plans for the City's major funds and business lines are found in this section. The five-year financial direction begins this section. A summary of the demands on the property tax levy is included. For fund level plans, the budget, a three-year forecast and two years of actual expenditures are displayed on the financial page. These plans include narratives which summarize what operations are run in the fund, historical financial performance, and current year expenses, revenues, transfers and debt service.

Section F: Operating Departments	This section provides the most detail on a department-by-department basis, including departments' financial summaries. These summaries include expenditures by program, type (*i.e.* salaries, benefits, contractual services and operating expenses) and fund; the department's revenue estimates; and positions. Narrative summaries for each department, including primary businesses and program descriptions are included. A brief financial overview of the department is prepared by finance staff. Department organizational charts are included in this section.
Section G: Capital Program	This section outlines the capital program by funding source and in total. A narrative summarizes the program and presents operating cost impacts as described by applicants for the funds. Information about the City's debt – the legal debt margin, outstanding debt, amortization of the debt, and the bond redemption levy – is included. A separate table of contents and glossary are included for this section. The program is also summarized by the commission, board or department which submitted the request along with each major program. A five-year total of the capital program and its allocations are included. A presentation by amount requested by the department/agency, the capital long range improvement committee recommendation, the Mayor's recommend budget, and the adopted budget follows.
Section H: Independent Boards	This section provides information in a format similar to the City Council operating departments for independent boards. The amounts included are generally those most recently approved by the board of the organization.
Section I: Financial Schedules	These schedules summarize interfund transactions, revenues by major category, expenditures by fund and agency, the community development block grant program, community planning and economic development program allocations, and positions by department, charges for technology, fleet, property services, rent, and general fund overhead costs by department, all referenced in the appropriation resolutions.
Section J: Glossary	A glossary is included for key financial and City terms. A more detailed glossary is available on the City of Minneapolis website. For more detail please reference the Glossary section of the City Council's Policies and Procedures page.
Section K: Resolution	The Council-Adopted Budget Resolution that outlines Council action on the Mayor's Recommended Budget is included for reference.

City of Minneapolis
2015 Budget

Elected and Public Officials

Mayor

Betsy Hodges

City Council

Barbara Johnson, President	4th Ward
Elizabeth Glidden, Vice President	8th Ward
Kevin Reich	1st Ward
Cam Gordon	2nd Ward
Jacob Frey	3rd Ward
Blong Yang	5th Ward
Abdi Warsame	6th Ward
Lisa Goodman	7th Ward
Alondra Cano	9th Ward
Lisa Bender	10th Ward
John Quincy	11th Ward
Andrew Johnson	12th Ward
Linea Palmisano	13th Ward

Board of Estimate and Taxation
Board Members

Betsy Hodges	Mayor
Barbara Johnson	President, City Council
John Quincy	Chair, City Council Ways & Means/Budget Committee
David Wheeler	President (Elected)
Anita Tabb	Vice President (Elected) and Park Board Representative
Carol Becker	Elected Member

Minneapolis Park and Recreation Board
Board Members

Liz Wielinski	President, Commissioner District 1
Scott Vreeland	Vice President, Commissioner District 3
John Erwin	Commissioner At Large
M. Annie Young	Commissioner At Large
Meg Forney	Commissioner At Large
Jon Olson	Commissioner District 2
Anita Tabb	Commissioner District 4
Steffanie Musich	Commissioner District 5
Brad Bourn	Commissioner District 6

Charter Department Heads / Assistant City Coordinators

Kevin Carpenter	Chief Finance Officer
Otto Doll	Chief Information Officer
Patrick Todd	City Assessor
Susan Segal	City Attorney
Casey Carl	City Clerk
Spencer Cronk	City Coordinator
Velma Korbel	Civil Rights Director
Matt Laible	Interim Communications Director
Craig Taylor	Community Planning and Economic Development Director
Jeff Johnson	Convention Center, Director
John Fruetel	Fire Chief
Gretchen Musicant	Health Commissioner
Patience Ferguson	Human Resources Director
Gene Ranieri	Intergovernmental Relations Director
Will Tetsell	Director of Internal Audit
David Rubedor	Neighborhood and Community Relations Director
Nuria Rivera-Vandermyde	Director of Regulatory Services
Janee Harteau	Police Chief
Steve Kotke	Public Works Director/City Engineer

Independent Boards/Agencies

Cora McCorvey	Public Housing Authority Executive Director
Jayne Miller	Minneapolis Park and Recreation Board Superintendent

City of Minneapolis
2015 Budget

Budget Principles

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1. Secure the City's long-term financial health.

- ♦ Plan budgets based on ten-year outlook.
- ♦ Balance budgets across all funds.

2. Live within our means.

- ♦ Adopt a revenue and debt policy before making spending decisions.
- ♦ Adopt consistent budget policies across all City government units including independent boards.

3. Challenge assumptions – nothing is off the table.

- ♦ Development agency resources are City resources.
- ♦ Unexpected revenue sources go through the same budget process as other revenue.
- ♦ While some functions may be identified as core services, they will be scrutinized for efficiencies like anything else.

4. Provide choices and competition.

- ♦ Departments will provide business plans that include feasible budget options to policymakers.
- ♦ Elected officials will make strategic resource decisions, not across-the-board cuts.
- ♦ Individual projects in a particular area must not be considered for funding independently of other projects.

5. Build in collaborative and transparent decision-making.

- ♦ Mayor will involve Council Members and independent agencies and boards in the development of the budget. Employee suggestions and the citizen survey will also be used.

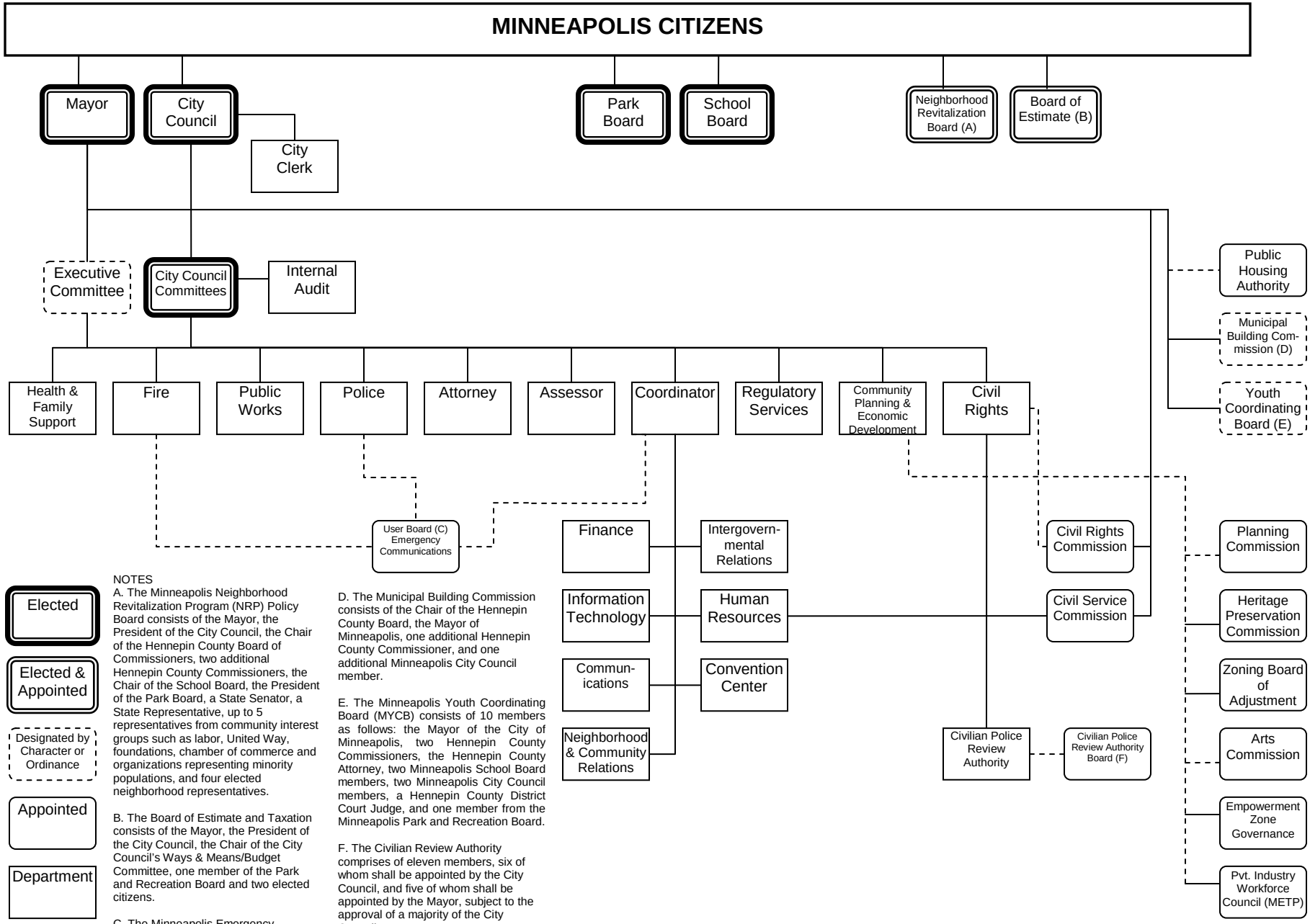
6. Protect core service delivery by avoiding duplication – both internal and external.

- ♦ Between different City departments and agencies,
- ♦ With the county, state, independent boards, or other levels of government,
- ♦ With non-profits or the private sector and
- ♦ Consolidation or realignment of critical functions is an option.

7. Demand accountability.

- ♦ Departments are expected to produce measurable outcomes (x dollars = y level of service). Failure to produce measurements will not result in escape from budget cuts.
- ♦ Department heads must manage to budget.

City of Minneapolis



NOTES

A. The Minneapolis Neighborhood Revitalization Program (NRP) Policy Board consists of the Mayor, the President of the City Council, the Chair of the Hennepin County Board of Commissioners, two additional Hennepin County Commissioners, the Chair of the School Board, the President of the Park Board, a State Senator, a State Representative, up to 5 representatives from community interest groups such as labor, United Way, foundations, chamber of commerce and organizations representing minority populations, and four elected neighborhood representatives.

B. The Board of Estimate and Taxation consists of the Mayor, the President of the City Council, the Chair of the City Council's Ways & Means/Budget Committee, one member of the Park and Recreation Board and two elected citizens.

C. The Minneapolis Emergency Communications Center (911) is managed by a User Board chaired by the City Coordinator. Members are the Police Chief, the Fire Chief and the Hennepin County Administrator.

D. The Municipal Building Commission consists of the Chair of the Hennepin County Board, the Mayor of Minneapolis, one additional Hennepin County Commissioner, and one additional Minneapolis City Council member.

E. The Minneapolis Youth Coordinating Board (MYCB) consists of 10 members as follows: the Mayor of the City of Minneapolis, two Hennepin County Commissioners, the Hennepin County Attorney, two Minneapolis School Board members, two Minneapolis City Council members, a Hennepin County District Court Judge, and one member from the Minneapolis Park and Recreation Board.

F. The Civilian Review Authority comprises of eleven members, six of whom shall be appointed by the City Council, and five of whom shall be appointed by the Mayor, subject to the approval of a majority of the City Council.

Department of Finance,
August, 2011

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Minneapolis

Minnesota

For the Fiscal Year Beginning

January 1, 2014

Executive Director

City of Minneapolis
2015 Budget
Background Information

Community Profile

Minneapolis combines the Dakota word for water ("minne") with the Greek word for city ("polis"), a fitting name for the City with 22 of Minnesota's 12,034 lakes. Minneapolis is renowned for combining the best of urban life with the neighborhoods and quality of life found in smaller towns. Residents enjoy exciting cultural and recreational opportunities in beautiful natural surroundings.

History

In the mid-17th Century, French explorers searching for the Northwest Passage were the first Europeans to visit the region. In the 1820s, at the confluence of the Minnesota and Mississippi rivers, soldiers from Fort Snelling constructed a saw-mill and a flour mill at the St. Anthony Falls. By the 1850s, the village of St. Anthony had been established on the east bank of the Mississippi and the village of Minneapolis on the west bank. The two towns were soon linked by a suspension bridge. Minneapolis' first volunteer fire company was organized in 1862, and the community was incorporated as a city in 1867. In 1872, Minneapolis and St. Anthony were united to form one city.

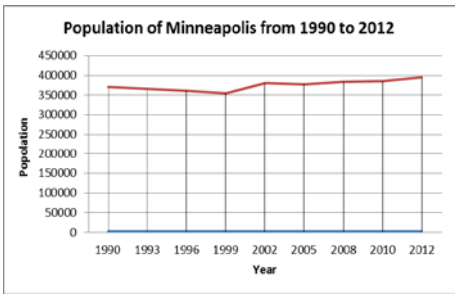
Location

Minneapolis is the largest city in Minnesota and the center of finance, industry, trade and transportation for the Upper Midwest. At 44.58°–north latitude and 93.15°–west longitude, Minneapolis is 59 square miles (153 square kilometers), including 3.6 square miles (9.4 square kilometers) of inland water. It drapes along the banks of the nation's largest river, the Mississippi.

Climate

Minneapolis has an average summer temperature of 70° F, and an average winter temperature of 16° F.[1] Minneapolis has four distinct seasons, with moderate spring and fall weather. Summer is comfortable because lakes and trees serve as natural air conditioners.

Population



According to 2013 Census Bureau estimates[2], Minneapolis is home to an estimated 400,070 people. Males and females each make up approximately 50% of the population. Children and youth under 18, seniors aged 65 and above, make up 20% and 8% of the population respectively. African Americans comprise 19% of the population, with Hispanics making up 11% of the population. People of American Indian and Alaska Native descent comprise 2% of the population

[1] Source: Minnesota DNR, www.dnr.state.mn.us/faq/mnfacts/climate.html
[2] Source : http://quickfacts.census.gov/qfd/states/27/2743000.html

and people of Asian ethnicity make up 6% of the population. People of another race, or those of two or more races, make up 4% of the population[3]

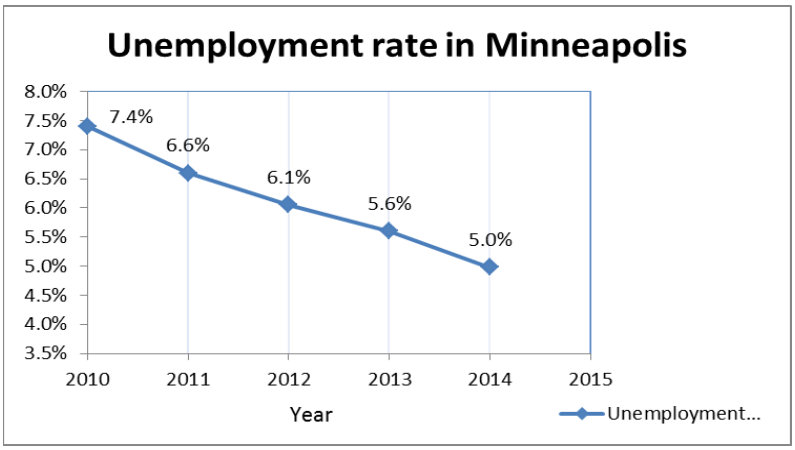
Economy

In the early years, Minneapolis' economy was based on a booming lumber industry and the processing of Minnesota grain with the tremendous power-generating capabilities of St. Anthony Falls. Large flourmills along the river evolved into the international corporations of Pillsbury, Washburn Crosby (General Mills) and Cargill. In 2014, the ten largest Fortune 500 Companies headquartered in the metro area were as in the table on the right:[5]

Company Name	Fortune 500 Ranking	Revenues $ billions
United Health Group	14	122.5
Target Corporation	36	72.6
Best Buy	60	45.2
CHS	62	44.5
Supervalu	94	34.3
3M	101	30.9
U.S. Bancorp	140	21.1
General Mills	159	17.8
Medtronic	173	16.6
Land O' Lakes	199	14.7

As of the fourth quarter 2013 there were 305,655 jobs in Minneapolis, an increase of nearly 400 jobs (0.1 percent) over the previous quarter, and 4,600 more (1.5 percent) than the same quarter of the previous year. Over the same 12-month period, the metro and state also added jobs at a similar pace of 1.7 percent[3]. With twenty-one accredited colleges and universities in the Minneapolis-St. Paul area, and four ABA-accredited law schools, the City's highly educated workforce continues to be a driving force of a strong economy. The University of Minnesota's highly acclaimed medical school, and the City's seven hospitals, has made Minneapolis a leader in the medical field.

Since 2010, the City's unemployment rate has been falling as shown in the graph below[4]



[3] http://quickfacts.census.gov/qfd/states/27/2743000.html
[4] http://www.ci.minneapolis.mn.us/www/groups/public/@cped/documents/webcontent/wcms1p-131362.pdf
[5] http://mn.gov/deed/business/locating-minnesota/companies-employers/fortune500.jsp

Neighborhoods

Minneapolis has 81 residential neighborhoods offering 177,309 residential housing units.[2] The City is well known for its concerned and active citizenry which has engaged in partnerships with government and business to improve neighborhoods and create economic opportunities. The City shares the nation's current challenge to increase the number of affordable housing units and preserve housing stock in the face of foreclosures.

Downtown

Minneapolis downtown is home to many corporate headquarters and hotels. Hennepin Avenue has a concentration of theaters and entertainment. Nicollet Mall is the center of downtown. The area has a concentration of retail and office buildings along the street. Buildings in downtown Minneapolis are connected by a system of glass-enclosed bridges, the skyways, which help to keep activity during the cold Minneapolis winters[7].

The Arts

Minneapolis is second only to New York City in per capita attendance at theater and arts events. Minneapolis has more than 30 theaters. The Guthrie Theater and the Children's Theatre Company are recognized as two of the country's best. In June of 2006, the Guthrie Theater celebrated the opening of its $125 million theater on the banks of the Mississippi River on the northeastern edge of downtown. The City also boasts two world-class art museums, the Minneapolis Institute of Art and the Walker Art Center, and is home to the internationally acclaimed Minnesota Orchestra. Neighborhood arts activities including festivals, galleries and events play a growing role in resident art participation.

Education

The Washington Ave Bridge crosses the Mississippi River and connects the University's East and West Banks

The City offers several vocational training and specialty schools. The main campus of the University of Minnesota sits on the banks of the Mississippi just minutes from downtown. It is a major land-grant research institution with a long tradition of community and public service, and it ranks among the top 20 universities in the U.S. It is also one of the largest. In addition to the University of Minnesota, other institutions of higher education include Minneapolis Community and Technical College, Dunwoody Institute, Minneapolis College of Art and Design, Augsburg College, Metropolitan State University, the University of Saint Thomas, St. Mary's University, the College of Saint Catherine, and Capella University.

[6] Source: Minneapolis Assessor, January 2013
[7] http://www.ci.minneapolis.mn.us/neighborhoods/downtownwest/index.htm

Sports and Outdoor Recreation

Many major league teams call Minnesota home. Fans can watch Major League Baseball's Minnesota Twins in action at Target Field, located in the Warehouse District of downtown Minneapolis. The new Vikings stadium will have a sitting capacity of 65,000 football fans (expandable to 73,000) and will host the Super Bowl in 2018.The Minnesota Timberwolves of the National Basketball Association (NBA) and the 2013 national champions - Minnesota Lynx of the Women's National Basketball Association (WNBA) play downtown in the Target Center. Minnesota's National Hockey League (NHL) team, the Wild, play in St. Paul. Minneapolis has the capacity to host large events at the City's Convention Center.

Minneapolis residents not only watch sports, they participate actively. Playing in summer softball leagues, golfing, jogging, swimming, playing tennis, biking or rollerblading around and sailing in the City's lakes are favorite pastimes.

The City's Park and Recreation Board maintain 87 miles of walking and biking paths. The City also maintains sports fields, outdoor ice rinks, tennis courts, golf courses, and supervised beaches. In the winter, residents enjoy ice skating, ice fishing, skiing, and ice sailing. Early in Minneapolis' development, the land around five large lakes was dedicated to the public as parkland. With one acre of parkland for every 60 residents, outdoor recreation is an important part of life, and it is estimated that a City park is ready for fun no more than six to eight blocks from every home.

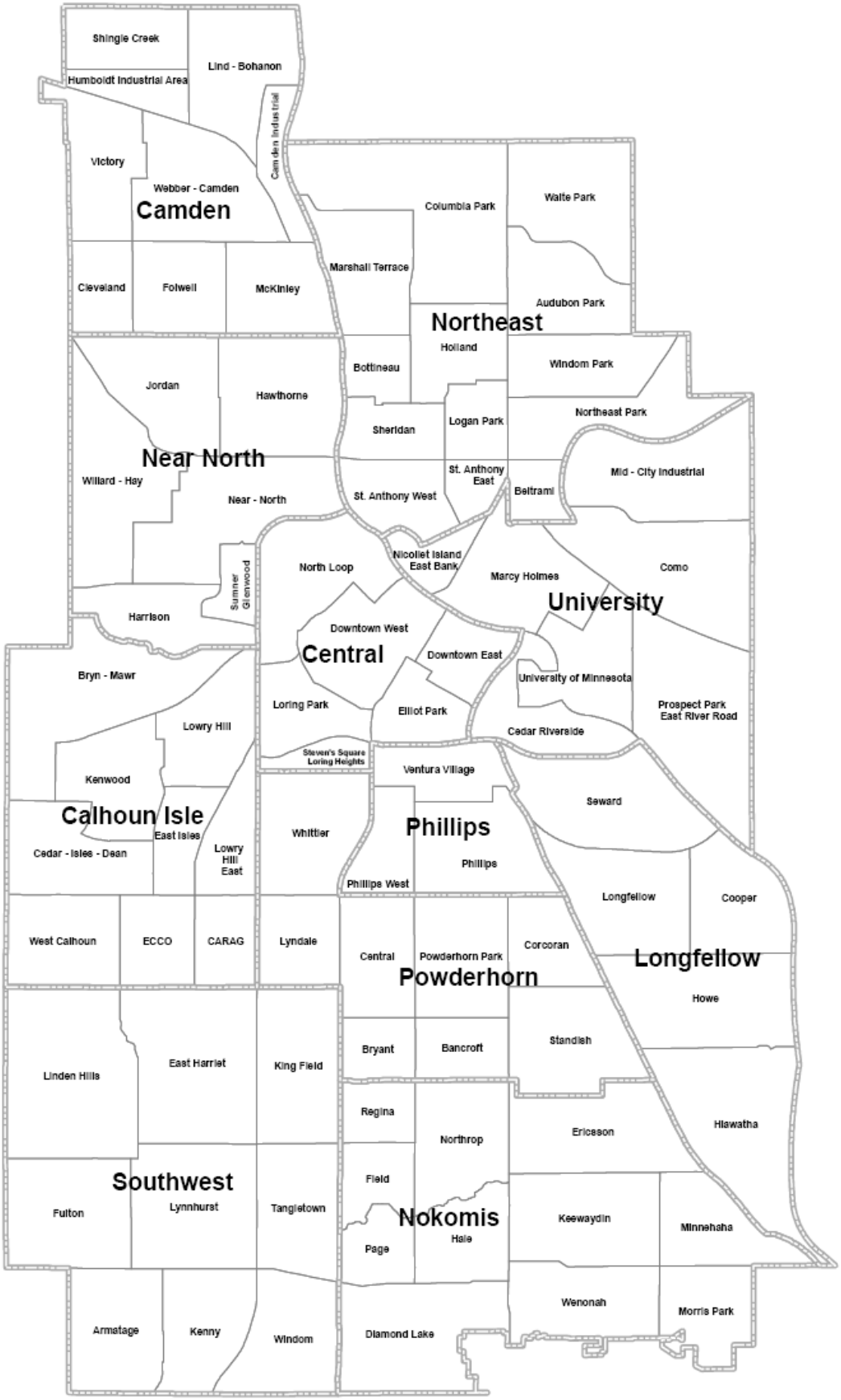
Nationally Recognized

Minneapolis has recently received national recognition as being a great place to visit, to live, run a business, and forge community connections. The following is a sample of some of the City's recent honors:

- 2014 - Named a Climate Action Champion by White House.
- 2014 - Ranked top in National Night Out participation with 1,484 events
- 2014 - Ranked as the City with the best Park System – Trust for Public Parks Organization
- 2014 - Ranked among Top 5 dog friendliest cities in the country - Dog Fancy magazine
- 2013 - Healthiest City in US – *Forbes Magazine*
- 2011- Best city in the country for workers to find employment – *Forbes Magazine*
- 2011 - Best Place to Live in a Big City Designed for Getting Outside – *Men's Journal*
- 2010 - Cleanest City in America – *Travel and Leisure Magazine*
- 2010 - Third Best Market for Young Professionals – *Forbes Magazine*
- # 8 on America's Best Cities List – *Outside Magazine*
- Minneapolis one of the "Best Places to Live in 2010" – *Men's Journal*
- Minneapolis/Saint Paul Named Top Metro Area for Business – *MarketWatch*
- Minneapolis Best City in the Country to Find Employment - *Forbes*
- Minneapolis Identified as the "Most Affordable Place to Live Well" – *Forbes*

For links to more information on many of these top rankings, visit
http://www.minneapolismn.gov/visitors/

MINNEAPOLIS COMMUNITIES AND NEIGHBORHOODS



Generated by the City of Minneapolis CPED Department, Planning Division

City of Minneapolis
2015 Budget

Form of Government

The City is a municipal corporation governed by a Mayor–Council form of government. It was incorporated in 1867 and adopted a Charter on November 2, 1920. Thirteen City Council Members from individual wards and the Mayor are elected for terms of four years. There is no term limit on these positions. The Mayor and City Council are jointly responsible for the adoption of the annual budget and a five-year capital improvement program. As required by Charter, the Mayor is responsible for preparing an annual operating and capital budget recommendation for the City Council's consideration. The Mayor has veto power, which the Council may override with a vote of nine members.

The City Finance Officer is charged with maintaining and supervising the various accounts and funds of the City as well as several boards and commissions. In addition, the city deputy Chief Financial Officer (CFO) is charged with assisting the Mayor, City Council and City departments in preparing the City's annual capital and operating budget. The City Finance Officer reports to the City Coordinator, who is appointed by the Mayor and serves as chief administrative officer of the City.

This annual budget report for the City includes organizations for which the primary government is financially accountable and for which the nature and significance of their relationships with the primary government are such that exclusion could cause the City's budget report to be misleading or incomplete. Below is a summary of the organizations reflected in the City's annual budget report, in addition to the primary government.

Blended component units

The following component units have been presented as blended component units because the component unit's governing body is substantially the same as the governing body of the City, or the component unit provides services almost entirely to the primary government.

- ***Municipal Building Commission.*** The Municipal Building Commission (MBC) is an organization established January 4, 1904, by the State of Minnesota, to operate and maintain the Minneapolis City Hall/Hennepin County Court House Building, which was built pursuant to Chapter 395 of the Special Laws of 1887. The four commissioners are the Chairman of the Hennepin County Board of Commissioners, the Mayor of the City of Minneapolis, an appointee of the Hennepin County Board and an appointee of the Minneapolis City Council. The Mayor recommends the tax levy and budget for the City's share of the MBC's operations, and the City Council and Mayor approve the allocation of state local governmental aid to the MBC.

- ***Board of Estimate and Taxation.*** The Board of Estimate and Taxation (BET) is established under Chapter 15 of the City Charter. It is composed of seven members, two of whom are elected by voters of the City. The Mayor or the Mayor's appointee, the President of the City Council and the Chair of the City Council's Ways and Means/Budget Committee are ex-officio members of the Board. The Minneapolis Park and Recreation Board annually selects one of its members to serve on the BET. By action of the City Council, or such other governing board of a department requesting the sale of bonds, the BET may vote to incur indebtedness and issue and sell bonds and pledge the full faith and credit of the City

for payment of principal and interest. The BET also establishes the maximum property tax levies for most City funds.

Discretely presented component units

The following organization is legally separate from the City, but is included in the City's annual budget report and annual financial reports because the primary government is financially accountable.

- ***Minneapolis Park and Recreation Board.*** The Minneapolis Park and Recreation Board was established according to Chapter 16 of the City Charter. The nine-member board is elected by the voters of the City and is responsible for developing and maintaining parkland and parkways, as well as planting and maintaining the City's boulevard trees. The Mayor recommends the tax levies and budget for the Park Board, and the City Council and Mayor approve the allocations of local government aid from the state for Park Board operations. All Park Board actions are submitted to the Mayor, and a mayoral veto may be overridden by a vote of two-thirds of the members of the Park Board. The Board of Estimate and Taxation approves the maximum property tax levy for the Park Board, and the full faith and credit of the City secure debt issued for Park Board projects. The City Finance Officer acts as Treasurer of the Park Board.

Related organizations

The City's officials are also responsible for appointing members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The financial information for these organizations is not included in detail in this report.

- ***Minnesota Sports Facilities Authority* (MSFA).** The Minnesota Sports Facilities Authority, the successor organization to the Metropolitan Sports Facilities Commission, is the entity that was created in 2012 by the Minnesota Legislature to control and operate the Vikings stadium (under construction) in Minneapolis. Three of its five members are appointed by the governor, with the remaining two being appointed by the Mayor of Minneapolis.

- ***Minneapolis Public Housing Authority.*** The Minneapolis Public Housing Authority (MPHA) is the public agency responsible for administering public housing and Section 8 rental assistance programs for eligible individuals and families in Minneapolis. A nine-member Board of Commissioners governs MPHA. The Mayor of Minneapolis appoints the Board Chairperson, and four Commissioners (one of whom must be a public housing family-development resident) are appointed by the City Council. The mission of the MPHA is to provide well-managed, high-quality housing for eligible families and individuals; to increase the supply of affordable rental housing; and to assist public housing residents in realizing goals of economic independence and self-sufficiency.

Joint ventures

The City is a participant in several joint ventures in which it retains an ongoing financial interest or an ongoing financial responsibility. Two of these joint ventures are reflected in the annual budget report for the City: Minneapolis Neighborhood Revitalization Board and Minneapolis Youth Coordinating Board.

- ***Minneapolis/Saint Paul Housing Finance Board.*** The Minneapolis/Saint Paul Housing Finance Board was established in the early 1980s, in accordance with a Joint Powers Agreement entered into between the Housing and Redevelopment Authority of the City of Saint Paul and the Community Planning and Economic Development Department, and accepted by the Cities of Minneapolis and Saint Paul under Minnesota law. The Community Planning and Economic Development Department's oversight responsibility of the Board is limited to its governing body's ability to appoint only three of the six members of the Board. The territorial jurisdiction of the Board extends beyond the corporate limits of the City of Minneapolis.

- ***Minneapolis Neighborhood Revitalization Program Policy Board.*** Reestablished in 2011, Minneapolis Neighborhood Revitalization Program Policy Board reviews and approves the Neighborhood Revitalization Program plans and also reviews the Community Participation Plan submissions from neighborhood organizations.

- **Minneapolis Youth Coordinating Board.** The Minneapolis Youth Coordinating Board (YCB) was established in the mid-1980s, in accordance with a Joint Powers Agreement entered into between the Hennepin County Board of Commissioners, the Board of Directors of Special School District No. 1, the Park Board, the Mayor and the City Council under authority of State of Minnesota laws. The Board consists of 10 members as follows: the Mayor of the City of Minneapolis, two Hennepin County Commissioners, the Hennepin County Attorney, two Minneapolis School Board members, two Minneapolis City Council members, a Hennepin County District Court Judge, and one member from the Minneapolis Park and Recreation Board.

City of Minneapolis
2015 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.
2014	The theme of Minneapolis' bid, "Built for the Bold," emphasized the $1 billion Vikings stadium under construction and the state's friendly ethos, hence bringing the Super Bowl to Minneapolis in 2018.

City of Minneapolis
2015 Budget
Background Information

Fund Descriptions

The accounts of the City are organized by fund types. A “fund” is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The operations of each fund are monitored with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equities, revenues and expenditures/expenses. Following is a listing and description of all City funds.

General Fund. The General Fund is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Enterprise Funds. The Enterprise Funds are used to account for those activities of the City which are financed and operated in a manner similar to private business enterprises where expenses, including depreciation, are recovered principally through user charges. The City operates eight enterprise funds, including the Community Planning and Economic Development (CPED) department:

> ***Water Works Fund***. This fund is used to account for the operation, maintenance and construction projects related to the water delivery system. This fund also accounts for the operations related to the billings for water, sewage and solid waste fees.
>
> ***Sanitary Sewer Fund***. This fund will be used to account for the operation, maintenance and construction projects related to the sanitary sewer system.
>
> ***Stormwater Fund***. This fund will be used to account for the operation, maintenance and construction projects related to the stormwater utility system.
>
> ***Solid Waste and Recycling Fund***. This fund is used to account for the revenues and expenses for solid waste collection, disposal and recycling activities.
>
> ***Municipal Parking Fund***. This fund is used to account for the operation, maintenance and construction of the City's parking facilities as well as on-street parking and the Municipal Impound Lot.
>
> ***Park Operations Fund***. This fund is used to account for operation, maintenance and construction of projects related to the Park Board, especially golf courses.
>
> ***River Terminal***. This fund is used to account for the operations of the public terminal facility located on the Mississippi River.

Internal Service Funds. Internal Service Funds are similar to Enterprise Funds in that they are used to account for those City services which are financed and operated in a manner similar to private business enterprises, however, the customer is typically other City departments instead of the public. The City operates six Internal Service Funds:

> ***Engineering Materials and Supplies***. This fund is used to account for the operations of the City's asphalt plant and paving products laboratory. The paving products laboratory provides in-lab and on-site testing and soil boring services to ensure quality control of asphalt and soils for projects.
>
> ***Intergovernmental Services***. This fund is used to account for business information services, central mailing and printing services, and the City's telecommunication operations.

Property Services. This fund is used to account for the physical management and maintenance of fire stations, police precinct buildings, the Minneapolis Public Service Center, and various other City office locations, except for the City Hall/County courthouse building, which is accounted for in the Municipal Building Commission Special Revenue Fund.

Permanent Improvement Equipment. This fund is used to account for the ownership and operation of radio communications equipment and a fleet of motorized equipment and vehicles. The fund operates as a rental agent to various departments to support the construction and maintenance of city infrastructure, fire protection services, and police services.

Public Works Stores. This fund is used to account for the centralized procurement, warehousing, and distribution of stocked inventory items, and the purchase of special goods and services.

Self-Insurance. This fund is used to account for administrative costs employee benefit programs. The fund also accounts for occupational health services, severance payments to employees who have retired or resigned and who meet minimum eligibility requirements, a tort liability program, and a workers' compensation program.

Park Self-Insurance and Internal Service Funds. This fund is used to account for park employees' medical, dental, and life insurance benefit programs and the programs' administrative costs. The fund also accounts for occupational health services, severance payments to employees who have retired or resigned and who meet minimum eligibility requirements, a tort liability program, and a workers' compensation program. The Park Board also has an internal service fund for charges within its programs.

Special Revenue Funds. Special revenue funds are used to account for the proceeds of revenue sources that are restricted by legal and regulatory provisions to finance specific activities. The City has thirty-four Special Revenue Funds, including community and economic development funds. These funds are use to account for the City's planning and community development goals, most of which are financed through property tax increment financing.

Arena Reserve Fund. This fund is a holding fund for various finance plan revenues to be used for future cost relating to the acquisition and capital maintenance of the downtown sports, entertainment and health complex.

Board of Estimate and Taxation Fund. This fund is used to account for the operations of the Board of Estimate and Taxation which issues and sell bonds, and establishes the maximum levies for the City, its boards and commissions.

Community Development Block Grant. This fund is used to account for the federal grants received under the Federal Community Development Block Grant provisions.

Convention Center. This fund is used to account for the ownership, maintenance, and operation of the Minneapolis Convention Center.

Convention Facilities Reserve. This fund is a holding fund for parking and sales tax revenues to be used for future capital maintenance needs of the existing Convention Center.

Employee Retirement. This fund is used to account for the tax levy proceeds and other sources of revenue for the Minneapolis Employee Retirement Fund (MERF), Minneapolis Firefighters' Relief Association (MFRA), and Minneapolis Police Relief Association (MPRA) retirement programs for some city employees.

Grants – Federal. This fund is used to account for all federal grants, except for the Community Development Block Grant (CDBG), which is accounted for in a separate fund.

Grants – Other. This fund is used to account for grants received from the State of Minnesota, Hennepin County, local government units, and private funds.

Municipal Building Commission. This fund is used to account for the cost of operating and maintaining the City Hall/County Court House building.

Police Special Revenue. This fund is used to account for the revenues and expenditures related to federal and state administrative forfeitures and the revenues and expenditures related to the regulation of lawful gambling in the City.

Park Operating Fund. This fund is used to account for revenue and expenditures related to the cost of operating and maintaining the Minneapolis Parks system.

Capital Projects Funds. The Capital Projects Fund is used to account for financial resources and expenditures applied to the construction of capital facilities and major purchased items for governmental fund types.

Community Planning and Economic Development. This fund is used to account for the capital project activities of the department of Community Planning and Economic Development.

Municipal Building Commission (MBC) Capital Fund. This fund is used to account for the capital project activities of the MBC, a component unit of the City of Minneapolis.

Permanent Improvement Capital Fund. This fund is used to account for capital acquisition, construction, and improvement projects including bridge construction, sidewalk construction, street construction, energy conservation projects, infrastructure projects, and many Information Technology (IT) projects.

Park Board Permanent Improvement Capital Fund. This fund is used to account for the capital project activities of the Park Board.

Debt Service Funds. The Debt Service Funds are used to account for the accumulation of resources for the payment of principal, interest, and related costs on long-term debt obligations. Included in the Debt Service Funds are:

Community Development Agency Fund. This fund is used to account for the debt service activity for the department of Community Planning and Economic Development, including debt service on various non-general obligation tax increment revenue bonds.

Development Debt Service Fund. This fund is used to account for the debt of several projects supported by property tax increments including the Target Center Arena and transfers of sales tax revenues from the Convention Center Special Revenue Fund for related debt.

General Debt Service Fund. This fund is used to account for debt service activity related to General Obligation governmental debt supported by property tax levies or transfers to/from other City funds. Bonds and notes paid within this fund are related to general infrastructure projects, the library referendum and a Section 108 HUD note for the Midtown Exchange.

Special Assessment Debt Service Funds. This series of funds are used to account for debt supported by special assessments.

City of Minneapolis
Bird's Eye View of the Relationship between Fund Types, Revenue Sources, Expenditures and Departments/Boards

	General Fund	Enterprise Funds	Internal Service Funds	Special Revenue Funds
Major Funds Included:		Water, Stormwater, Sewer, Solid Waste, Parking	Engineering Materials, Intergovernmental Services, Property Services, Equipment, Stores, Self-Insurance	Convention Center, Community Development Block Grants, Community and Economic Development Grants, Other Grants, Arena Reserve
Revenue Sources	Local Government Aid, Property Taxes, Franchise Fees, Licenses and Permits	Utility charges, state grants and contributions, rents	Charges for Services, Rents, Transfers from other funds	Grants, Property Tax Increment
Expenditure Classifications	Personnel, Operating Costs, Contractual Services, Equipment	Personnel, Operating Costs, Contractual Services, Equipment, Capital Projects and related debt service	Personnel, Operating Costs, Contractual Services, Equipment, Capital Projects and related debt service, liability and workers compensation	Personnel, Operating Costs, Contractual Services, Equipment
Major Departments	Police, Fire, Public Works, others	Public Works	Public Works, Copy Center, City Attorney (Civil Division), IT	Convention Center, Health, Attorney, Fire, Police, Closed Pension Plans

City of Minneapolis
Bird's Eye View of the Relationship between Fund Types, Revenue Sources, Expenditures and Departments/Boards, continued

	Capital Projects Funds	Debt Service Funds	Park Board Funds
Major Funds Included	Permanent Improvement Funds, Arbitrage Funds	General Debt, Development Debt, Special Assessment Debt, Community Development Agency	The Park Board has enterprise, internal service and special revenue funds. The general fund is treated as a special revenue fund.
Revenue Sources	Property Taxes, Proceeds from Long Term Liabilities, State Aid	Property Taxes, Sales Taxes, Special Assessments, Property Tax Increment	Property Taxes, Local Government Aid, Charges for Sales (golf courses etc), Contributions, and Grants
Expenditure Classifications	Capital project expenditures related to street construction and infrastructure projects	Payment of principal, interest and fees on City debt	Personnel, Operating Costs, Contractual Services, Equipment
Major Departments	Public Works	Not applicable	

The number of City Funds above includes smaller boards, such as:

- Municipal Building Commission (funded mainly from Property Tax and State Aids)
- Board of Estimate and Taxation (funded from Property Tax and State Aids)
- Youth Coordinating Board (a joint board funded from the City's General Fund and grants)