

Annual Comprehensive Financial Report



City of Minneapolis, Minnesota
For the fiscal Year Ended December 31, 2025



ANNUAL COMPREHENSIVE FINANCIAL REPORT



CITY OF
MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2025

FINANCE AND PROPERTY SERVICES DEPARTMENT

TABLE OF CONTENTS

INTRODUCTORY SECTION

	Page
Transmittal Letter	v
Organizational Chart	x
Mayor and Council	xi
Certificate of Achievement for Excellence in Financial Reporting	xii

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	5
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Position	29
Statement of Activities	30
Fund Financial Statements	
Governmental Funds – Balance Sheet	31
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position – Governmental Activities	32
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances	33
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities – Governmental Activities	34
Proprietary Funds – Statement of Net Position	35
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Net Position	37
Proprietary Funds – Statement of Cash Flows	38
Custodial Funds - Statement of Fiduciary Net Position	39
Custodial Funds - Statement of Changes in Fiduciary Net Position	40
Combining Statement of Net Position – Discrete Component Units	41
Combining Statement of Activities – Discrete Component Units	42
Notes to the Financial Statements:	
Note 1 - Summary of Significant Accounting Policies	43
Note 2 - Deposits and Investments	61
Note 3 - Receivables	68
Note 4 - Capital Assets	69
Note 5 - Long-Term Debt	72
Note 6 - Industrial, Commercial, and Housing Revenue Bonds and Notes	77
Note 7 - Deferred Inflows of Resources	77
Note 8 - Interfund Transactions	77
Note 9 - Net Position/Fund Balances	79
Note 10 - Defined Benefit Pension Plans	82
Note 11 - Defined Contribution Plan – CPED	94
Note 12 - Postemployment Benefits Plan	94
Note 13 - Vacation, Severance, Sick and Compensatory Time Pay	99
Note 14 - Self-Insured Employee Health Plans	100
Note 15 - Risk Management and Claims	100
Note 16 - Cleanup of Hazardous Materials	101
Note 17 - Tax Abatements	101
Note 18 - Other Commitments and Contingencies	102

TABLE OF CONTENTS

Required Supplementary Information Other Than Management’s Discussion and Analysis:	Page
General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	103
Community Planning and Economic Development Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	104
Grants - Federal Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	105
HUD Consolidated Plan Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	106
Schedule of Employer Contributions PERA General Employees Retirement Plan: City of Minneapolis	107
Municipal Building Commission	107
Schedule of Proportionate Share of Net Pension Liability PERA General Employees Retirement Plan: City of Minneapolis	108
Municipal Building Commission	108
Schedule of City of Minneapolis’ Contributions PERA Public Employees Police and Fire Plan	109
Schedule of City of Minneapolis’ Proportionate Share of Net Pension Liability PERA Public Employees Police and Fire Plan	109
Schedule of City of Minneapolis’ Contributions Teachers Retirement Association (Special Funding Situation)	110
Schedule of City of Minneapolis’ Proportionate Share of Net Pension Liability Teachers Retirement Association (Special Funding Situation)	110
Schedule of Changes in Total OPEB Liability and Related Ratios: City of Minneapolis	111
Municipal Building Commission	111
Notes to the Required Supplementary Information	112
 Supplementary Information:	
Combining and Individual Fund Statements and Schedules: Governmental Funds Combining Balance Sheet – Non-Major Funds	126
Governmental Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Funds	127
Special Revenue Funds Combining Balance Sheet – Non-Major Funds	128
Special Revenue Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Funds	130
Budgetary Comparison Schedules: Arena Reserve Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	132
Board of Estimate and Taxation Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	133
Downtown Assets Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	134
Convention Center Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	135
Self-Managed Special Service Districts Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	136
Employee Retirement Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	137
Grants – Other Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	138
Police Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	139

TABLE OF CONTENTS

Supplementary Information:	Page
Combining and Individual Fund Statements and Schedules:	
Budgetary Comparison Schedules (continued)	
Neighborhood and Community Relations Special Revenue Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	140
Debt Service Funds Combining Balance Sheet – Non-Major Funds	141
Debt Service Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Funds	142
Internal Service Funds Combining Statement of Net Position	143
Internal Service Funds Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	145
Internal Service Funds Combining Statement of Cash Flows	146
Custodial Funds - Statement of Fiduciary Net Position	147
Custodial Funds - Statement of Changes in Fiduciary Net Position	148
Schedule of Governmental Activity Bonds and Notes	149
Schedule of Business-Type Activity Bonds and Notes	152
Schedule of Expenditures of Federal Awards - All Fund Types	154
Notes to the Schedule of Expenditures of Federal Awards	157
Municipal Building Commission:	
Balance Sheet and Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide State of Net Position – Governmental Activities	158
Statement of Revenues, Expenditures, and Changes in Fund Balances and Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities – Governmental Activities	159

STATISTICAL SECTION

Statistical Section (Unaudited)	
Statistical Section Index	161
Schedule 1 - Net Position by Component	162
Schedule 2 - Changes in Net Position	163
Schedule 3 - Fund Balance, Governmental Funds	165
Schedule 4 - Changes in Fund Balance, Governmental Funds	166
Schedule 5 - Assessed Value and Actual Value of Taxable Property	167
Schedule 6 - Direct and Overlapping Property Tax Rates	168
Schedule 7 - Principal Property Tax Payers	169
Schedule 8 - Property Tax Levies and Collections	170
Schedule 9 - Outstanding Debt by Type and Per Capita	171
Schedule 10 - Ratios of Net General Bonded Debt Outstanding	172
Schedule 11 - Direct and Overlapping Governmental Activities Debt	173
Schedule 12 - Legal Debt Margin Information	174
Schedule 13 - Pledged-Revenue Coverage	175
Schedule 14 - Demographic and Economic Statistics	180
Schedule 15 - Principal Employers	181
Schedule 16 - Full-time Equivalent City Government Employees by Function	182
Schedule 17 - Operating Indicators by Function/Program	183
Schedule 18 - Capital Assets Statistics by Function/Program	185



THIS PAGE IS INTENTIONALLY BLANK

June 30, 2026

The Honorable Mayor and Members of the City Council and Citizens of the City of Minneapolis:

TRANSMITTAL

We are pleased to present the Annual Comprehensive Financial Report (the report) for the City of Minneapolis (the City) for the year ended December 31, 2025. This report presents the financial position of the City and the results of its operations for the year 2025. The financial statements and supporting schedules have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA) and other rule-making bodies, and audited in accordance with generally accepted auditing standards by the Office of the State Auditor (OSA).

The City's management is responsible for the accuracy of the financial statements and the completeness and fairness of their presentation in the report. To the best of our knowledge, the report is accurate in all material respects and fairly sets forth the financial position and results of City operations as measured by the financial activity of its various funds. We believe the report contains all disclosures necessary for the reader to understand the City's financial affairs.

This transmittal letter is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The MD&A provides a narrative introduction, overview, and analysis to accompany the basic financial statements and can be found immediately following the independent auditor's report.

INDEPENDENT AUDIT

Minnesota law requires that the Office of the State Auditor perform the City's annual audit. The OSA's report on the City's financial statements is based on its audit in accordance with generally accepted auditing standards. The State Auditor issued an unmodified or "clean" opinion on the City's financial statements for the year ended December 31, 2025. The State Auditor's opinion is included as page one through four in the financial section of this report.

The independent audit of the financial statements of the City is part of a broader, federally mandated audit designed to meet the requirements of the Federal Single Audit Act. The State Auditor is required to report not only on the fair presentation of the financial statements, but also on the City's internal controls over financial reporting, and compliance with legal requirements, with special emphasis on internal controls and compliance requirements involving the administration of Federal awards. These reports are included in the Office of the State Auditor's separate Management and Compliance Report.

STEWARDSHIP

The City prepares financial reports to promote accountability. The City's elected officials are accountable to the citizens, and City management is accountable to the elected officials. This report provides citizens and other interested parties one mechanism to assess whether the elected and appointed officials in the City have faithfully carried out their role as good stewards of the City's resources.

INTERNAL CONTROLS

The City's management is responsible for establishing a comprehensive framework of internal controls. Because the cost of internal controls should not exceed anticipated benefits, and because the costs and benefits of internal controls are subject to estimates and judgments by management, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

We believe that the City's internal controls reasonably safeguard assets, assure that financial transactions are properly recorded and reported, and ensure compliance with applicable federal and state laws and regulations.

To ensure independence, the Office of the State Auditor has full and free access to meet with the City Council to discuss the results of their assessment of the adequacy of internal accounting controls and the quality of the City's financial reporting.

THE REPORTING ENTITY

The City organizes its financial activities into a variety of funds. In accordance with GASB Statement No. 61, the City's financial statements include all funds of the City ("primary government") as well as its component units. The primary government represents all funds under the ultimate control of the Mayor and City Council. Component units are separate legal entities. While legally separate, component units are in substance a part of City government. The City's financial statements would be misleading without incorporating component unit information. Some component units are reported in a separate column of the City's financial statements set apart from the rest of the primary government. These component units are discretely presented in the financial statements because, while the City is financially accountable for them, they do not meet the criteria for a blended component unit. The Minneapolis Park and Recreation Board, the Municipal Building Commission (MBC), and Meet Minneapolis are discretely presented component units in the City's financial statements. Only the Board of Estimate and Taxation (BET) meets the criteria to be reported as a blended component unit.

THE CITY AND ITS SERVICES

City Profile

The City of Minneapolis is located in Hennepin County. It is the largest city in Minnesota and serves as the center of finance, industry, trade, and transportation for the Upper Midwest region of the United States.

Minneapolis encompasses 57.4 square miles, including five square miles of inland water. The City rests along the banks of the nation's largest river, the Mississippi. Minneapolis is known as "The City of Lakes," featuring 22 lakes and 170 city parks. The Minneapolis Park System is one of the City's most prized assets and considered one of the premier park systems in the United States. Properties of the Minneapolis Park & Recreation Board total nearly 6,732 acres of land and water and include full-service neighborhood recreation centers.

Riding a bicycle is one of the more popular ways of getting around Minneapolis year-round. The City is consistently ranked as one of the best bicycling cities in the nation including being named to numerous lists for bike-friendly amenities and infrastructure. The city has also been awarded with the Gold Level Bicycle Friendly Community Award from the League of American Bicyclists. Minneapolis is also home to such popular walking destinations as Nicollet, (formally known as Nicollet Mall), the Stone Arch Bridge, the Grand Rounds, and Milwaukee Avenue. In addition to the 57 miles of parkways, nearly 92% of the City's streets have sidewalks on both sides of the street providing over 1,900 miles of sidewalks. The City has developed both a Bicycle Master Plan and Pedestrian Master Plan for long range planning to both grow and support these low-polluting, cost effective and healthy ways to travel around the City. In 2016, the City Council approved a 20-year plan to provide a progressively increasing amount of funding per year, ranging from \$33.0 million to \$65.1 million to ensure funding of the City's streets and neighborhood parks including its bikeways and pedestrian programs.

There are 87 residential neighborhoods within the City offering a broad range of housing to more than 176,000 households. 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. Minneapolis is second only to New York City in per capita attendance at theater and arts events. Minneapolis has more than thirty theaters; the Guthrie Theater and the Children's Theatre Company are recognized as two of the country's best. The City boasts two world-class art museums and is home to the internationally acclaimed Minnesota Orchestra.

Minneapolis' population continues to grow. As of the 2020 census, Minneapolis is home to an estimated 429,985 people. From 2010 to 2020, the population within the City grew at a rate of 12.4 percent. Children, youth under 18, and seniors aged 65 and above make up 6.4 percent and 19.8 percent, and 9.9 percent of the population respectively. African Americans comprise 18.9 percent of the population, and Hispanic Americans make up 9.6 percent of the population. People of American Indian and Alaska Native descent comprise 1.4 percent of the population, and Asian Americans make up 5.9 percent of the population. People of two or more races make up 6.0 percent of the total population.

As the major city within the larger metropolitan area, Minneapolis enjoys a strong and highly diverse business foundation of companies involved in manufacturing supercomputers, electronics, medical instruments, milling, machine manufacturing, food processing and graphic arts. In addition, with seven hospitals and the University of Minnesota, Minneapolis is a nationally known medical center that produces many high technology medical products.

Most of the preceding, and additional information, is available from the Metropolitan Council and the US Census Bureau.

Form of Government and Organization

In the November 2021 election, the citizens of Minneapolis passed an amendment to the City's Charter changing the government structure from Mayor-Council to Executive Mayor-Legislative Council. This shift in responsibilities took effect officially on December 3rd, 2021, with the full scope of operating changes included for the first time in the 2023 budget cycle. For year ending December 31, 2023, the City operated under this new structure for the first time. The Mayor is now the chief executive officer over departments and the City Council is the legislative body that adopts local laws, makes policy, and oversees programs.

The Mayor and 13 City Council Members from individual wards are typically elected for terms of four years, without limit on the number of terms that may be served. Due to redistricting, the Council members were up for election again in November 2023 after being up for election just two years prior in 2021. Going forward, they will resume their four-year terms.

City Council

Under the charter amendment, the City Council governs Minneapolis through its legislative power over City functions. The Council levies taxes, enacts ordinances and resolutions, licenses businesses, and exercises budgetary control over City departments.

Council members represent the interests of their constituents. They respond to inquiries, suggestions and complaints regarding City programs and services and meet regularly with constituents to discuss developments affecting the ward they represent, and the City as a whole.

Mayor

The Mayor is the chief executive officer of the city with responsible for a variety of leadership duties, including: appointing representatives to a variety of agencies and commissions; nominating department head candidates for Executive Committee and Council approval; proposing the annual operating and capital budgets; and reviewing, approving, or vetoing all Council actions. The Mayor, however, does not vote on Council actions.

Departments

The City organizes itself by departments, which are managed by department heads (see the City of Minneapolis organization chart at the end of this transmittal letter). These City departments provide a broad range of services including: police; fire; health services; public works; assessment of property; attorney services; civil rights; planning; regulatory services; economic development; and management support services.

FINANCIAL POLICES

Each year during the budget process, the Council adopts a comprehensive set of financial policies. Of particular relevance to the City budget process is the policy to maintain a minimum unassigned fund balance in the General Fund equal to 17% of the following year's General Fund budgeted expenditures less internal fund payments, for cashflow timing needs. This balance is to be used for cash flow purposes, unanticipated expenditures of a non-recurring nature, unexpected increases in service delivery costs, or unexpected revenue shortfalls. The unassigned fund balance of the General Fund at December 31, 2025, was \$116.7 million, which is \$7.6 million more than policy requires. Additional information regarding the 2025 fund balance in the General Fund is available in the MD&A.

Separate from the unassigned General Fund reserve balance, the City also has a policy to budget an operating budget contingency in the General Fund of not less than 1% of all budgeted General Fund expenditures in each of the applicable years planned for in the City's Five-Year Financial Direction. The contingency reserve was \$6.0 million in 2024 and \$6.9 million in 2025.

ECONOMIC CONDITION AND OUTLOOK

Prior to the emergence of the COVID-19 pandemic in early 2020, the City's financial projection was on a continued upward trend. In response to the pandemic, during 2020, the City engaged in two rounds of budgetary reductions, temporary spending and hiring freezes, and employee furloughs. During 2021, the City continuously monitored and adjusted activity to ensure an appropriate response to the ongoing pandemic. The City was awarded \$271.2 million in funding through the Coronavirus State and Local Fiscal Recovery Funds as part of the American Rescue Plan Act. The City continued to monitor and adjust financial projections throughout 2022 to 2025 to ensure proper funding for continued service needs. The City utilized the remaining American Rescue Plan Act funding in 2024.

In 2025, the general fund decreased \$71.6 million as a result of planned use of fund balance and building of public safety staffing. The City continues to monitor spending to provide essential public safety services. A detailed discussion and analysis of the City's overall financial condition during the fiscal year ended 2025 is included as part of the MD&A.

LONG-TERM FINANCIAL PLANNING

The City takes a pro-active, long-term perspective in planning for the future. The City's approach and policies regarding long-term financial planning are discussed in detail in the MD&A section of this report.

DEBT MANAGEMENT

The primary goal of the City's debt management practices is to maintain its ability to access capital markets at the lowest possible cost (interest rate) without endangering its ability to finance essential services. The City's conservative financial practices have earned its general obligation debt the highest ratings available from national bond rating services as shown below. The Fitch Rating Services upgraded the City's rating in August of 2023. Moody's rated the City for the first time in December 2024. Below are the ratings from the different agencies as of December 2025.

Fitch – AAA
S&P Global Ratings – AAA
Moody's – Aaa

AWARDS AND ACKNOWLEDGEMENTS

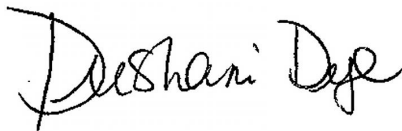
The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2024. A Certificate of Achievement is valid for a period of one year only. The City has received this prestigious award for 51 years.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized report, the contents of which conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for review.

The GFOA has also awarded the Distinguished Budget Presentation Award to the City for its budget documentation for the fiscal year ended December 31, 2025. The Award is valid for a period of one year only. In order to be awarded a Distinguished Budget Presentation Award, budget documents must meet program criteria and excel as a policy document, financial plan, operations guide, and communication tool. We believe our current budget documentation continues to conform to the Distinguished Budget Presentation Award requirements.

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the City’s Finance & Property Services Department. In addition, we would like to thank the Office of the State Auditor for its thoroughness and professionalism in conducting the City’s audit. Finally, we would like to thank the Mayor and members of the City Council for their interest in conducting the financial operations of this City in a responsible and progressive manner.

Respectfully submitted,



Dushani Dye
Chief Financial Officer

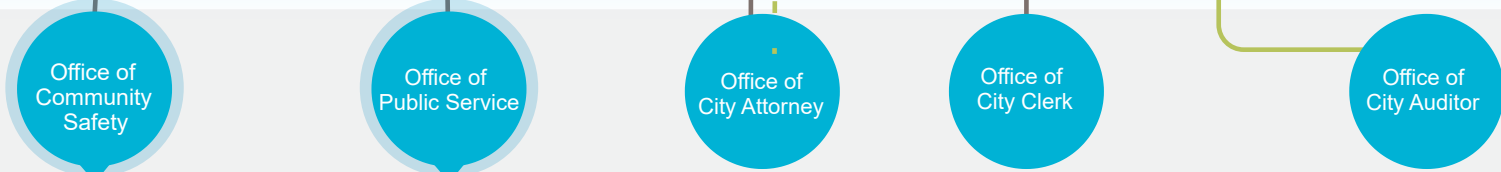
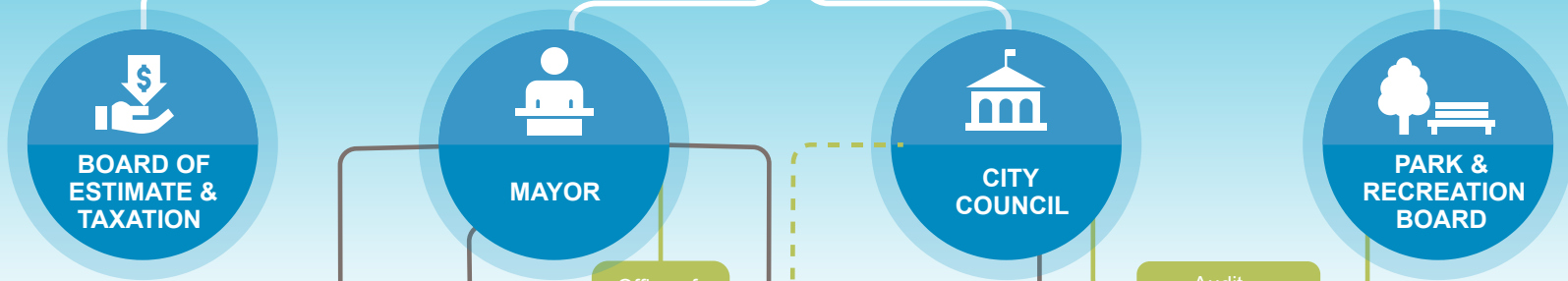


Jayne Discenza
Deputy Chief Financial Officer



George Hardgrove
Controller

RESIDENTS OF MINNEAPOLIS



- 911/Minneapolis Emergency Communications Center
- Emergency Management
- Fire
- Neighborhood Safety
- Police

Communications & Engagement Services	Development, Health & Livability	Internal Services	
311 Service Center	Arts & Cultural Affairs	Assessing	Civil Rights
Communications	Health	Finance & Property Services	Public Works
Intergovernmental Relations	Community Planning & Economic Development	Human Resources	
Neighborhood & Community Relations	Regulatory Services	Race Equity, Inclusion & Belonging	
Minneapolis Convention Center		Information Technology	
		Performance Management & Innovation	

**MAYOR AND COUNCIL
CITY OF MINNEAPOLIS, MINNESOTA
2025**

Mayor	JACOB FREY	
	CITY COUNCIL	
Ward 1	ELLIOTT PAYNE	President
Ward 2	ROBIN WONSLEY	
Ward 3	MICHAEL RAINVILLE	
Ward 4	LATRISHA VETAW	
Ward 5	JEREMIAH ELLISON	
Ward 6	JAMAL OSMAN	
Ward 7	KATIE CASHMAN	
Ward 8	ANDREA JENKINS	
Ward 9	JASON CHAVEZ	
Ward 10	AISHA CHUGHTAI	Vice President
Ward 11	EMILY KOSKI	
Ward 12	AURIN CHOWDHURY	
Ward 13	LINEA PALMISANO	

After the November 2025 election, the following Councilmembers were sworn in on January 1, 2026

Ward 5	PEARLL WARREN
Ward 7	ELIZABETH SHAFFER
Ward 8	SOREN STEVENSON
Ward 11	JAMISON WHITING



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Minneapolis
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morill

Executive Director/CEO



THIS PAGE IS INTENTIONALLY BLANK



Independent Auditor's Report

The Honorable Jacob Frey, Mayor,
and Members of the City Council
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Minneapolis, Minnesota, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Minneapolis as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Meet Minneapolis, which is a discrete component unit and 1.6 percent, 1.1 percent, and 7.5 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of December 31, 2025. We also did not audit the financial statements of the Minneapolis Parks Foundation, which is a component unit of the Minneapolis Park and Recreation Board discrete component unit and 2.3 percent, 0.9 percent, and 1.0 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of December 31, 2025. The statements of Meet Minneapolis and the Minneapolis Parks Foundation, which were prepared in accordance with financial reporting standards for nongovernmental entities issued by the Financial Accounting Standards Board, were audited by other auditors whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of Meet Minneapolis and the Minneapolis Parks Foundation, which conform those financial statements to accounting principles generally accepted in the United States of America for state and local governments. Our opinion, insofar as it relates to the amounts included for Meet Minneapolis and the Minneapolis Parks Foundation, prior to these conversion adjustments, is based solely on the reports of the other auditors. The financial statements of Meet Minneapolis and the Minneapolis Parks Foundation were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical

requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Meet Minneapolis and the Minneapolis Parks Foundation were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed;
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements; and
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison schedules for the General Fund and each major special revenue fund, PERA retirement plan schedules, Teachers Retirement Association schedules, Schedule of Changes in Total OPEB Liability

and Related Ratios, and Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Minneapolis's basic financial statements. The Combining and Individual Fund Statements and Schedules; Schedule of Governmental Activity Bonds and Notes; Schedule of Business-Type Activity Bonds and Notes; Schedule of Expenditures of Federal Awards – All Fund Types and related notes, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and Municipal Building Commission financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information as identified above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

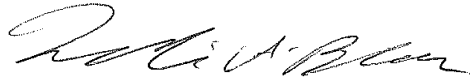
Management is responsible for the other information included in the annual financial report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated June 25, 2026, on our consideration of the City of Minneapolis's and the Municipal Building Commission component unit's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of these reports is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Minneapolis's or the Municipal Building Commission component unit's internal control over financial reporting or on compliance. The reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Minneapolis's and the Municipal Building Commission component unit's internal control over financial reporting and compliance. The reports do not include the Minneapolis Park and Recreation Board component unit, which was issued as a separate report. The financial statements of the Meet Minneapolis component unit and the Minneapolis Parks Foundation, a component unit of the Minneapolis Park and Recreation Board component unit, were not audited in accordance with *Government*

Auditing Standards and, accordingly, the reports do not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Meet Minneapolis and the Minneapolis Parks Foundation.



Julie Blaha
State Auditor



Lisa Young, CPA
Deputy State Auditor

June 25, 2026

**CITY OF MINNEAPOLIS
MANAGEMENT'S DISCUSSION AND ANALYSIS
REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

This section of the Annual Comprehensive Financial Report (ACFR) for the City of Minneapolis presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2025. Please read it in conjunction with the transmittal letter at the front of this report and the City's basic financial statements following this section. **All dollar amounts are expressed in thousands unless otherwise indicated.**

FINANCIAL HIGHLIGHTS

- At the close of the 2025 calendar year, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$3,085,616 (net position). Of this amount, \$2,745,521 is the City's net investment in capital assets and \$358,489 is restricted for specific purposes (restricted net position) leaving \$(18,394) in deficit unrestricted net position.
- The City's total net position increased by \$41,586 in 2025. Governmental activities decreased the City's net position by \$20,289 and business-type activities increased the net position by \$61,875.
- As of December 31, 2025, total fund balance in the General Fund was \$137,545, of which \$10,173 was restricted, \$10,718 was assigned, and \$116,654 was unassigned.
- The City's total long-term bond and note liability increased by \$5,776 from the prior year. Total bonds and notes issued in 2025 was \$134,185. Total debt retirement was \$128,409. All debt issuance in 2025 was for bonds for a variety of special assessment improvements, general infrastructure, sanitary and storm sewer, and water.
- The city's parking fund exceed their cash reserve policy amount for the first time since the pandemic reflecting continued improvement in revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) Government-wide financial statements; 2) Fund financial statements; and 3) Notes to the basic financial statements. This report also contains required and other supplemental information in addition to the basic financial statements.

Government-wide Financial Statements—Government-wide financial statements are designed to provide readers with a broad overview of City finances, in a manner similar to a private-sector business.

The statement of net position presents information on all City assets, deferred outflows, liabilities, and deferred inflows. The difference between assets plus deferred outflows and liabilities plus deferred inflows is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of these costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, health and welfare, community planning and economic development, and interest on long-term debt. The business-type activities of the City include sanitary sewer, stormwater, water treatment and distribution services, municipal parking, solid waste and recycling, and community planning and economic development.

The government-wide financial statements include not only the City of Minneapolis (known as the primary government), but also legally separate entities for which the City is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City's basic financial statements to be misleading or incomplete. For the City of Minneapolis, component units are included in the basic financial statements of the City and consist of legally separate entities which provide services almost entirely to the primary government (blended component units) or for which the City is financially accountable as defined by Generally Accepted Accounting Principles (GAAP) (discretely presented component units). The City's blended component unit is the Board of Estimate and Taxation (BET). The City's discretely presented component units include the Minneapolis Park and Recreation Board (Park Board), the Municipal Building Commission (MBC), and Meet Minneapolis.

The government-wide financial statements can be found on pages 29-30 of this report.

Fund Financial Statements—A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All funds in the City can be divided into three categories – governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds—These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Minneapolis maintains 18 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Community Planning and Economic Development Special Revenue Fund, the Grants Federal Special Revenue Fund, the HUD Consolidated Plan Special Revenue Fund, the Permanent Improvement Capital Projects Fund, and the Special Assessment Debt Service Fund, all of which are considered to be major funds. Data from the other 12 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the Other Supplemental Information section of this report beginning on page 124.

The governmental funds' financial statements can be found on pages 31-34 of this report.

Proprietary Funds—The City of Minneapolis maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Minneapolis uses the enterprise funds to account for its sanitary sewer, stormwater, water

treatment and distribution services, municipal parking, solid waste and recycling, and community planning and economic development (CPED) activities. The City uses internal service funds to account for its property management services, fleet services, information technology services, central and traffic stores inventories, engineering lab testing and asphalt and cement services, workers' compensation, unemployment benefits, and self-insurance related services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The proprietary funds' financial statements can be found on pages 35-38 of this report.

Custodial Funds—Custodial funds are used to account for resources held for the benefit of parties outside of the government. Custodial funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the programs of the City.

The custodial fund financial statements can be found on page 39-40 of this report.

Notes to the Financial Statements—The notes to the financial statements provide additional information that is essential to a full understanding of the information provided in the government-wide financial statements.

The notes to the financial statements can be found on pages 43-99 of this report.

Required Supplemental Information—In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

The required supplemental information can be found on pages 101-120 of this report.

The combining statements referred to earlier, in connection with non-major governmental funds and internal service funds, are presented immediately following the required supplemental information beginning on page 121.

This Section Left Blank Intentionally

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position—The following table presents the primary government’s net position as of December 31, 2025, with a comparison to 2024 (as restated - see Note 1R).

Statement of Net Position December 31, 2025, and 2024

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 1,296,935	\$ 1,337,240	\$ 185,665	\$ 162,424	\$ 1,482,600	\$ 1,499,664
Capital assets, net	2,133,201	2,040,328	1,486,019	1,432,949	3,619,220	3,473,277
Total assets	<u>\$ 3,430,136</u>	<u>\$ 3,377,568</u>	<u>\$ 1,671,684</u>	<u>\$ 1,595,373</u>	<u>\$ 5,101,820</u>	<u>\$ 4,972,941</u>
Deferred outflows of resources	<u>\$ 258,426</u>	<u>\$ 314,847</u>	<u>\$ 14,860</u>	<u>\$ 16,401</u>	<u>\$ 273,286</u>	<u>\$ 331,248</u>
Current and other liabilities	\$ 108,694	\$ 112,221	\$ 23,779	\$ 22,619	\$ 132,473	\$ 134,840
Long-term liabilities	1,431,606	1,359,926	406,262	393,009	1,837,868	1,752,935
Total liabilities	<u>\$ 1,540,300</u>	<u>\$ 1,472,147</u>	<u>\$ 430,041</u>	<u>\$ 415,628</u>	<u>\$ 1,970,341</u>	<u>\$ 1,887,775</u>
Deferred inflows of resources	<u>\$ 304,654</u>	<u>\$ 356,371</u>	<u>\$ 14,495</u>	<u>\$ 16,013</u>	<u>\$ 319,149</u>	<u>\$ 372,384</u>
Net position						
Net investment in capital assets	\$ 1,584,075	\$ 1,506,791	\$ 1,161,446	\$ 1,120,952	\$ 2,745,521	\$ 2,627,743
Restricted net position	330,751	356,652	27,738	26,495	358,489	383,147
Unrestricted net position	(71,218)	454	52,824	32,686	(18,394)	33,140
Total net position	<u>\$ 1,843,608</u>	<u>\$ 1,863,897</u>	<u>\$ 1,242,008</u>	<u>\$ 1,180,133</u>	<u>\$ 3,085,616</u>	<u>\$ 3,044,030</u>

The largest portion of the City’s net position reflects its \$2,745,521 investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. As a result, these assets are not available for future spending. Although the City’s investments in capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position decreased \$24,658 to \$358,489 in 2025 in part due to a decrease in remaining Public Safety Aid Funds for related expenditures during the year as well as a decrease in Debt Service funds due to Convention Center debt repayment. Net position is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation (City ordinances).

The remaining \$(18,394) represents the unrestricted portion of the City’s net position. This is a decrease of \$51,534 from the 2024 unrestricted net position. The decrease in unrestricted net position is the result of a multitude of factors, most notably the increase in Self-Insurance Fund’s Claims Liability resulted in a decrease in unrestricted net position of \$50,732.

As noted in the following section, overall net position of the City increased by \$41,586 in 2025 after a restatement of \$2,160 to the beginning net position amount.

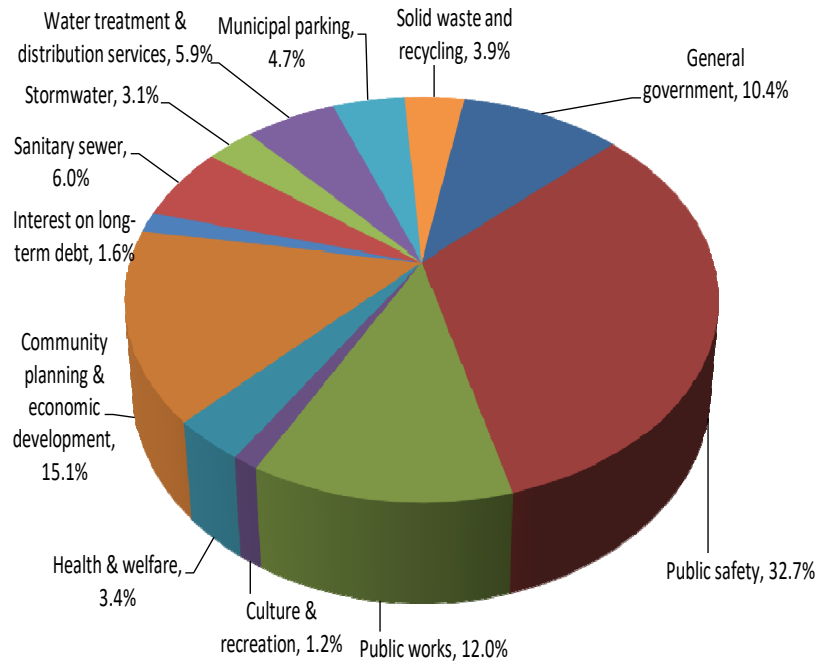
Statement of Activities—The following table presents the changes in net position for governmental and business-type activities. The governmental activities net position decreased by \$20,289 (as restated - see Note 1R) while the business-type activities net position increased by \$61,875.

	Statement of Activities For the Years Ended December 31, 2025, and 2024					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024 *	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	\$ 153,570	\$ 177,286	\$ 380,831	\$ 355,657	\$ 534,401	\$ 532,943
Operating grants and contributions	192,277	230,500	14,120	14,091	206,397	244,591
Capital grants and contributions	7,475	5,275	-	-	7,475	5,275
General revenues:						
General property tax and fiscal disparities	398,622	393,836	-	-	398,622	393,836
Property tax increment	18,838	982	-	-	18,838	982
Franchise taxes	46,746	43,973	337	338	47,083	44,311
Local taxes	87,923	87,328	-	-	87,923	87,328
Local government aid - unrestricted	80,329	74,934	-	855	80,329	75,789
Grants and contributions not restricted to programs	5,944	13,967	95	734	6,039	14,701
Unrestricted interest and investment earnings	51,650	35,708	1,207	636	52,857	36,344
Other	-	-	1,762	76	1,762	76
Total revenues	<u>1,043,374</u>	<u>1,063,789</u>	<u>398,352</u>	<u>372,387</u>	<u>1,441,726</u>	<u>1,436,176</u>
Expenses						
General government	144,816	166,241	-	-	144,816	166,241
Public safety	458,177	354,768	-	-	458,177	354,768
Public works	168,113	164,515	-	-	168,113	164,515
Culture and recreation	16,892	11,029	-	-	16,892	11,029
Health and welfare	47,892	51,675	-	-	47,892	51,675
Community planning and economic development	209,914	212,458	1,301	1,266	211,215	213,724
Interest on long-term debt	21,770	18,666	-	-	21,770	18,666
Sanitary sewer	-	-	84,633	79,226	84,633	79,226
Stormwater	-	-	43,893	44,638	43,893	44,638
Water treatment and distribution services	-	-	82,674	81,087	82,674	81,087
Municipal parking	-	-	65,180	60,954	65,180	60,954
Solid waste and recycling	-	-	54,885	52,755	54,885	52,755
Total expenses	<u>1,067,574</u>	<u>979,352</u>	<u>332,566</u>	<u>319,926</u>	<u>1,400,140</u>	<u>1,299,278</u>
Excess (deficiency) before transfers	(24,200)	84,437	65,786	52,461	41,586	136,898
Transfers	3,911	3,853	(3,911)	(3,853)	-	-
Change in net position	(20,289)	88,290	61,875	48,608	41,586	136,898
Net position - Beginning	1,863,897	1,775,607	1,180,133	1,131,525	3,044,030 *	2,907,132
Net position - Ending	<u>\$ 1,843,608</u>	<u>\$ 1,863,897</u>	<u>\$ 1,242,008</u>	<u>\$ 1,180,133</u>	<u>\$ 3,085,616</u>	<u>\$ 3,044,030</u>

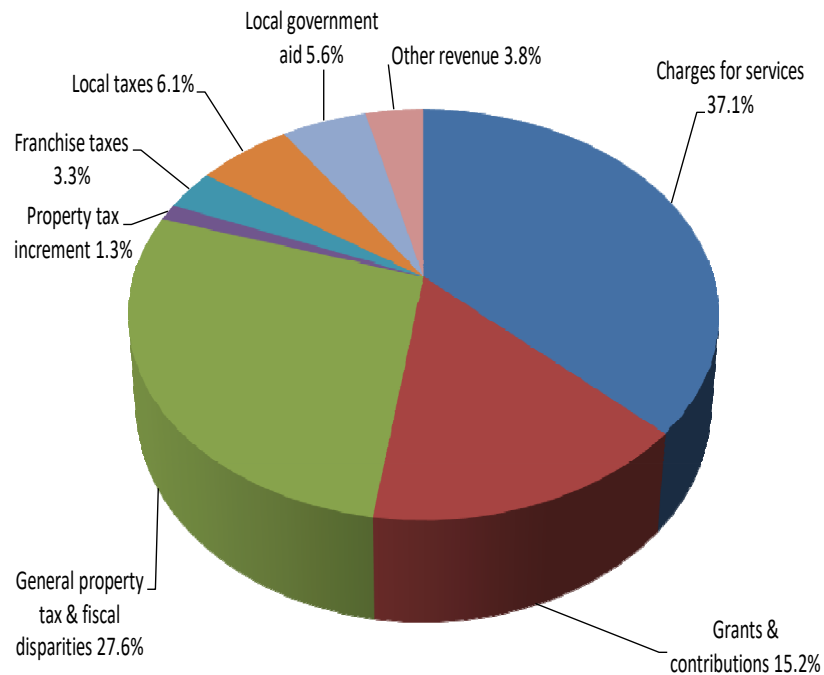
* Governmental activities were restated to adjust for revenue recorded in 2025 instead of 2024 in the Arena Reserve Special Revenue Fund

Below are graphs showing the breakdown of government-wide expenses and revenues by category for 2025:

Government-wide Expenses



Government-wide Revenues



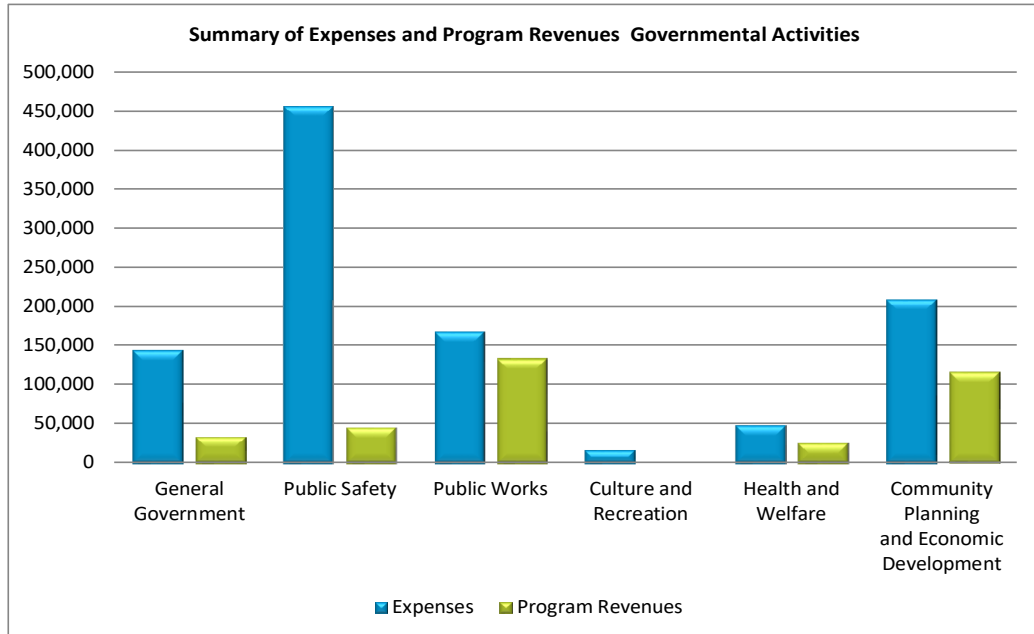
Governmental Activities—Governmental activities decreased the City’s net position by \$20,289 compared to an increase of \$88,290 in 2024. Total governmental revenue decreased by 1.9% between 2024 to 2025 from \$1,063,789 to \$1,043,374. Total expenses increased by 9.0% over that same period from \$979,352 in 2024 to \$1,067,574 in 2025.

The increase in expenses is attributable mainly to increases in public safety, offset by a decrease in general government. Public safety expense increased due to a 13.6% increase in police and fire department spending as a result of increased personnel costs. In addition, neighborhood safety was reclassified out of general government and into public safety in 2025. General government expenses decreased due to a decrease in pension liability, a decrease in compensated absence expenses, and the neighborhood safety reclassification out of general government and into public safety. This was offset by an increase in personnel costs due to cost of living adjustments. A significant expense in the statement of activities, compared to fund statements, is depreciation and amortization. Current year depreciation and amortization for governmental activities is \$105,872, a \$13,035 increase from 2024.

Program revenue saw a decrease in charges for services of \$23,716 primarily due to a decrease in special assessments charged, convention center operating revenue, and building permit revenue. Operating grants decreased \$38,223 primarily due to the City recognizing the remaining American Rescue Plan Act funding sources in 2024. General revenues cover any net expense after program specific revenues are applied. General revenues increased \$39,382 in total. General taxes, including franchise tax, increased by \$26,010, unrestricted interest and investment earnings increased \$15,942, and local government aid increased \$5,395. This was offset by a decrease in Grants and contributions not restricted to programs by \$8,023.

**Summary of expenses and program revenues - Governmental Activities
For the Year ended December 31, 2025**

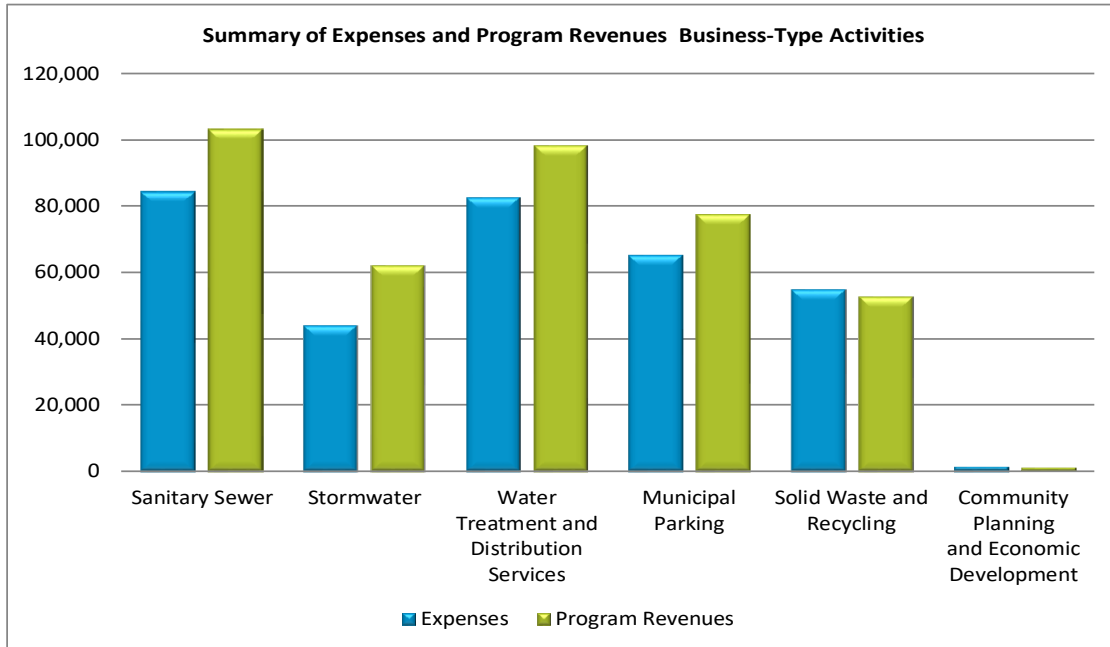
Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue by Program
General government	\$ 144,816	\$ 33,007	\$ (111,809)
Public safety	458,177	45,401	(412,776)
Public works	168,113	133,434	(34,679)
Culture and recreation	16,892	-	(16,892)
Health and welfare	47,892	25,497	(22,395)
Community planning and economic development	209,914	115,983	(93,931)
Interest on long-term debt	21,770	-	(21,770)
	<u>\$ 1,067,574</u>	<u>\$ 353,322</u>	<u>\$ (714,252)</u>
General revenues and transfers supporting governmental activities			<u>693,963</u>
Change in net position			(20,289)
Net position - January 1, 2025 (restated, see Note 1R)			<u>1,863,897</u>
Net position - December 31, 2025			<u>\$ 1,843,608</u>



Business-Type Activities—Business-type activities increased the City’s net position by \$61,875 compared with an increase of \$48,608 in 2024. Detailed analysis of the changes in expense and revenue for business-type activities can be found in the individual fund analysis in the following pages.

**Summary of expenses and program revenues - Business-Type Activities
For the Year ended December 31, 2025**

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue by Program
Sanitary sewer	\$ 84,633	\$ 103,401	\$ 18,768
Stormwater	43,893	62,184	18,291
Water treatment and distribution services	82,674	98,287	15,613
Municipal parking	65,180	77,502	12,322
Solid waste and recycling	54,885	52,680	(2,205)
Community planning and economic development	1,301	897	(404)
	<u>\$ 332,566</u>	<u>\$ 394,951</u>	<u>\$ 62,385</u>
General revenues and transfers supporting business-type activities			(510)
Change in net position			61,875
Net position - January 1, 2025			1,180,133
Net position - December 31, 2025			<u>\$ 1,242,008</u>



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Minneapolis uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds—The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Project Funds. The focus of the City's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

For 2025, six governmental funds, including the General Fund, are presented as major funds. These funds include the Community Planning and Economic Development Special Revenue Fund, Grants Federal Special Revenue Fund, HUD Consolidated Plan Special Revenue Fund, the Permanent Improvement Capital Project Fund, and the Special Assessment Debt Service Fund. On December 31, 2025, the City's governmental funds reported a combined ending fund balance of \$667,152, a decrease of \$87,776 compared with the prior year ending fund balance (as restated, see Note 1R). Approximately 13.8% of this total amount, or \$91,862, constitutes unassigned fund balance, which is available for spending at the City's discretion.

The remainder of the fund balance is classified as follows: \$330,751 is restricted for debt service, community planning and economic development, capital improvements, grants, and law enforcement legal requirements; and \$244,539 is assigned for specific purposes not meeting a more restricted criteria for general government, community planning and economic development programs, neighborhood and community relations, public safety programs, pension obligations, and capital improvements. Additional details on fund balance can be found in Note 9.

The following table provide an overview of revenues by source, and expenditures by function for all governmental funds:

	Revenue by Source Governmental Funds				Increase / Decrease
	2025		2024		
	Amount	Percent of Total	Amount	Percent of Total	Amount
Revenue by Source:					
Taxes	\$ 552,098	52.41	% \$ 525,945	49.64	% \$ 26,153
Licenses	40,957	3.89	50,772	4.79	(9,815)
Intergovernmental revenues	250,501	23.77	294,445	27.79	(43,944)
Charges for services and sales	86,317	8.19	81,037	7.65	5,280
Fines and forfeits	6,478	0.61	5,833	0.55	645
Special assessments	30,781	2.92	29,870	2.82	911
Investment earnings	52,096	4.94	35,808	3.38	16,288
Miscellaneous revenues	34,457	3.27	35,973	3.39	(1,516)
Total revenues	<u>1,053,685</u>	<u>100.00</u>	<u>1,059,683</u>	<u>100.01</u>	<u>(5,998)</u>
Expenditures by Function:					
Current:					
General government	161,731	12.90	173,359	15.22	(11,628)
Public safety	430,769	34.38	367,377	32.26	63,392
Public works	103,283	8.24	85,532	7.51	17,751
Health and welfare	49,453	3.95	50,938	4.47	(1,485)
Community planning and economic development	203,538	16.24	209,852	18.43	(6,314)
Capital outlay	167,090	13.34	147,150	12.92	19,940
Intergovernmental:					
General government	5,858	0.47	6,521	0.57	(663)
Health and welfare	-	-	168	0.02	(168)
Culture and recreation	16,892	1.35	11,029	0.97	5,863
Debt service:					
Principal retirement	93,184	7.44	67,372	5.92	25,812
Interest and fiscal charges	21,196	1.69	19,509	1.71	1,687
Total expenditures	<u>1,252,994</u>	<u>100.00</u>	<u>1,138,807</u>	<u>100.00</u>	<u>114,187</u>

Restated 2024 Arena Revenue

2160

General Fund—The General Fund is the general operating fund of the City. As of December 31, 2025, restricted fund balance totaled \$10,173, the assigned fund balance totaled \$10,718, while unassigned totaled \$116,654. Total fund balance decreased by \$71,630 during 2025.

The following table provides changes in revenues by source from 2024 to 2025.

Revenues by Source	General Fund Revenues By Source				Increase/ (Decrease) Amount
	2025		2024		
	Amount	Percent of Total	Amount	Percent of Total	
Taxes	\$ 369,794	55.33 %	\$ 338,298	51.30 %	\$ 31,496
Licenses and permits	40,200	6.01	50,282	7.62	(10,082)
Intergovernmental revenues	98,505	14.74	94,505	14.33	4,000
Charges for services and sales	64,488	9.65	57,505	8.72	6,983
Fines and forfeits	6,003	0.90	5,589	0.85	414
Special assessments	6,595	0.99	5,524	0.84	1,071
Investment earnings	22,902	3.43	14,265	2.16	8,637
Miscellaneous revenues	3,706	0.55	3,394	0.51	312
Total revenues	\$ 612,193	91.60	\$ 569,362	86.33	\$ 42,831
Transfers in	46,815	7.00	89,957	13.64	(43,142)
Leases/Subscriptions Issued	9,360	1.40	186	0.03	9,174
Total revenues and other financing sources	\$ 668,368	100.00 %	\$ 659,505	100.00 %	\$ 8,863

In 2025, General Fund revenues and other financing sources increased by 1.3% from the previous year. Some highlights include:

- Tax collections increased by 9.3% in 2025 compared to 2024 due to an increase in the property tax levy amount in the General Fund.
- Licenses and permits decreased 20.1% in 2025 compared to 2024 due to a decrease in building, plumbing, and mechanical permits as well as a decrease in plan examination fees collected.
- Intergovernmental revenues increased by \$4,000 compared to 2024 primarily due to an increase in pension contributions from the State.
- Charges for services and sales increased 12.1% in 2025 compared to 2024 primarily due to increased overhead charges billed to the other funds in they City for general fund services as well as public work services charged.
- Transfers in decreased by \$43,142 due to the City recognizing the remaining American Rescue plan act funds in 2024 to replace lost revenue in the General Fund.
- The City's investment earnings increased in 2025 by \$8,637 compared to 2024 with changes in market conditions.

The following table provides the changes in expenditures by function from 2024 to 2025:

Expenditures by Function	General Fund Expenditures by Function				Increase/ (Decrease)
	2025		2024		Amount
	Amount	Percent of Total	Amount	Percent of Total	
Current and Intergovernmental:					
General government	\$ 137,112	18.53 %	\$ 145,194	21.98 %	\$ (8,082)
Public safety	412,892	55.80	348,811	52.79	64,081
Public works	82,324	11.12	72,902	11.03	9,422
Health and welfare	27,348	3.69	24,373	3.69	2,975
Community planning and economic development	46,814	6.33	46,983	7.11	(169)
Debt Service:					
Principal retirement	1,860	0.25	1,642	0.25	218
Interest and fiscal charges	293	0.04	199	0.03	94
Total expenditures	708,643	95.76	640,104	96.88	68,539
Transfers out	31,355	4.24	20,596	3.12	10,759
Total expenditures and other financing uses	\$ 739,998	100.00 %	\$ 660,700	100.00 %	\$ 79,298

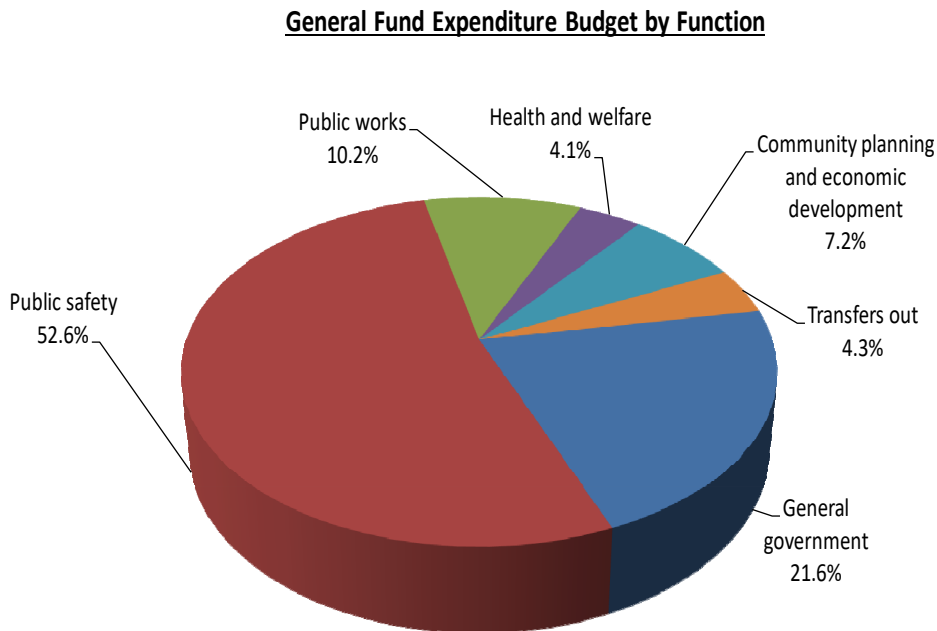
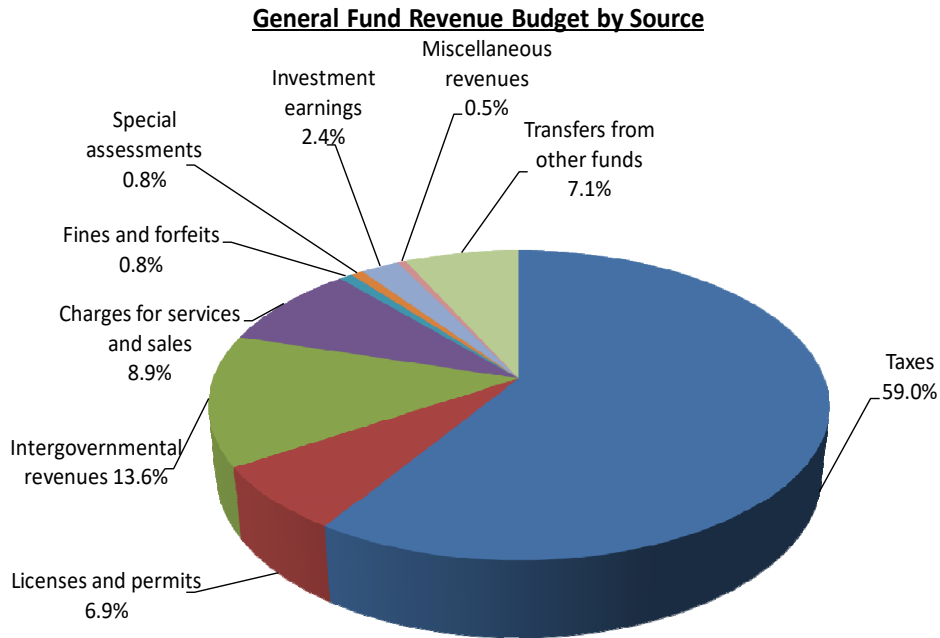
Overall, General Fund expenditures and transfers out increased by 12.0% from the previous year. Revenue replacement funds from American Rescue Plan Act funding allowed the General Fund to restore service levels to higher levels than recent years and maintain a growing fund balance, however the remaining American Rescue Plan Act funding was recognized at the end of 2024. General government spending decreased 5.6% due reclassification of neighborhood safety from general government to public safety, offset by increased personnel costs due to cost of living adjustments. Public safety increased 18.4% primarily due to police expenditures increasing \$39,856 and fire expenditures increasing \$9,770 due to increased overtime and related personnel costs to keep staffing for required service levels. Public works increased 12.9% primarily due to increased time and material costs, new projects, spending, and additional snow removal.

General Fund Budgetary Highlights—The final budget for the City’s General Fund represents the original budget plus any previously appropriated funds set aside for the purpose of honoring legally incurred obligations (prior year encumbrances and commitments), and any additional supplemental appropriations that may occur during the fiscal year. In 2025, the following were significant budget actions:

- The original General Fund appropriation for fiscal year 2025 was \$687,228, which included projected transfers out of \$17,314. The final appropriation was \$730,970 including transfers of \$31,343. General revenues and other resources were originally estimated at \$662,667, which included projected transfers in of \$46,773. The final revenue estimate was \$662,713 including transfers of \$46,773.
- Budgetary variances between the final amended budget and the actual results include:
 - 1) Public Works finished the year \$7,887 over budget primarily due to increased material and supplies cost and snow removal events. The work for others expense was offset by increased revenues.
 - 2) Public Safety finished the year \$28,265 over budget primarily due overtime issues due to staff shortages, new signed leases for parking, and pension adjustment which is not budgeted for annually.
 - 3) Several General Government departments were under budget by \$21,101 due mainly to salary savings related to personnel vacancies and delayed spending on initiatives and projects.
 - 4) Community Planning and Economic Development (CPED) has several projects that are expected to require ongoing funding resulting in current year budget savings of \$5,554.

- 5) Unspent contingency funding of \$13,471 and the underspending identified above offset most of the identified overspending, resulting in an overall overspending in the General Fund of \$9,016.

Current fiscal year revenue and expenditure budgets for the General Fund by major category or function are as follows:



Community Planning and Economic Development (CPED) Special Revenue Fund—The Community Planning and Economic Development (CPED) Special Revenue Fund accounts for governmental fund proceeds that are legally restricted to expenditures for specific purposes in a series of housing and economic development programs. The range of programs operated within this fund are created to increase the City’s economic competitiveness, to ensure an array of attractive housing choices, to support strong and diverse neighborhoods, and to preserve the City’s historic structures. These programs are financed primarily through tax increment financing, administrative fees, and rents and sales from land held for development. A general development fund program provides loans and grants to organizations within the City to assist commercial and housing development. The program is capitalized with residual equities from development projects, sales from land held for development, and loan repayments. The total revenues of the CPED Special Revenue fund in 2025 were \$39,944, 20.7% more than the prior year. A majority, approximately 45.3%, of the fund’s revenue was derived from property tax increment, and 3.9% of the fund’s revenue was generated from rents collected and the repayment of loans made for the housing and redevelopment activities of the City. The remaining revenue was derived from a variety of miscellaneous sources. The expenditures for the fund in 2025 were \$39,431. The fund’s expenditures are primarily for contractual services for the housing and economic programs operated within the fund and for the staff costs to monitor and deliver these programs. The level of current fund expenditures decreased in 2025. The expenditures in this fund will vary depending on the project activity in any given year.

The fund’s transfers to other funds of \$3,304 were primarily to provide resources for the debt service obligations issued by the City for community development programs.

At year-end, the fund balance in the CPED Special Revenue Fund was \$234,491. This included \$149,918 restricted for specific programs by State law; and the remaining \$84,573 assigned to provide for community planning and economic development activities.

Grants – Federal Special Revenue Fund – This fund is used to account for federal grants from a variety of sources except HUD. This fund included the accounting for proceeds from American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds due to the coronavirus pandemic.

Total revenue in 2025 was \$33,022, a decrease of \$75,552 or 69.6% compared to the 2024 revenue of \$108,574. The decrease is primarily due to ARPA programming concluding at the end of 2024. Total expenditure in 2025 totaled \$35,650, which includes \$40 transfers to other funds, a decrease of \$68,409 or 65.8% compared to the 2024 expense of \$104,059. In summary, the decrease in expenditure is also due to end of ARPA programming. Total fund balance at year-end 2025 was \$10,225, a decrease of \$2,628 from the 2024 year-end fund balance of \$12,853.

HUD Consolidated Plan Special Revenue Fund – This fund is used to account for federal formula-based grants received from the U.S. Department of Housing and Urban Development’s Office of Community Planning and Development.

Total revenue in 2025 was \$25,081, a decrease of \$1,100 or 4.2% compared to the 2024 revenue of \$26,181. The decrease is primarily due to reduced programmatic activity in HOME-ARP, ESG, CDBG funding in community planning and economic development (CPED) which includes multi-family and affordable housing. Expenditures in 2025 totaled \$25,156, a decrease of \$1,208 or 4.6% compared to the 2024 expenditures of \$26,364. In summary, HOME-ARP, ESG, and CDBG funding decreased both the revenue and expenditure in CPED programs. Total fund balance at year-end 2025 was \$5,263, a decrease of \$75 compared to the 2024 year-end fund balance of \$5,338.

Permanent Improvement Capital Project Fund—Funding for the Permanent Improvement Capital Project Fund is primarily from four sources: bonds that are sold by the City for capital projects; the State of Minnesota; Federal and local funds. State and Federal revenues are primarily used for capital assets including bridges, streets, street lighting, and traffic signals. The Permanent Improvement Capital Project Fund is used to build infrastructure for the City including bridges, streets, traffic signals, streetlights, and buildings and to fund other capital projects. During 2025, \$167,090 of capital outlay occurred which is an increase of 13.6% from outlay of \$147,150 in 2024.

The key assets constructed with these funds include:

- Bridges - \$6,218
- Streets - \$59,593
- Traffic Signals and Street Lighting - \$25,859
- Bike Trails - \$7,342
- Property Service - \$24,432
- Consolidated Office Building - \$9,434

The fund balance decreased from \$80,351 in 2024 to \$74,146. The decrease is mostly due to current design costs that will be reimbursed with future capital projects. Revenues for the fund increased from \$70,694 in 2024 to \$77,039 in 2025 due mainly to an increase from State and Federal sources for a variety of capital projects.

Special Assessment Debt Service Fund—The City uses the Special Assessment Debt Service Fund to collect special assessments from residents and businesses for public improvements that are wholly or partially paid by the taxpayers. Special assessments are levied and collected each year via Hennepin County property tax statements as well as through voluntary prepayments and title company remittances upon sale of properties. These improvements are typically related to infrastructure items such as roadway, streetscape and street lighting projects, and diseased tree removal on private property. At the end of 2025 the City had \$67,890 of debt outstanding for special assessment improvements. During 2025, the City received debt related assessment collections and interest earnings of \$14,008 and paid total principal of \$9,465 on special assessment bonds and notes. Both amounts were as expected and related to assessment debt activities as planned.

Enterprise Funds— The City operates six enterprise funds: Sanitary Sewer, Stormwater, Water Treatment and Distribution Services, Municipal Parking, Solid Waste and Recycling, and Community Planning and Economic Development (CPED).

The enterprise funds had a positive net position of \$1,288,466 on December 31, 2025, an increase of \$65,163 over the 2024 balance of \$1,223,303.

The following table summarizes the cash balances, total assets, deferred outflows of resources, total liabilities, deferred inflows of resources, operating income (loss), changes in net position, and net positions for each of the enterprise funds, for 2025 and 2024:

Enterprise Funds								
Key Balance Sheet Account Balances and Operating Activities								
December 31, 2025 and 2024								
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development	Total	
							2025	2024
Cash and investments	\$ 28,122	\$ 32,047	\$ 55,041	\$ 11,202	\$ 17,540	\$ 26,129	\$ 170,081	\$ 140,545
Assets	291,074	489,704	577,944	252,485	76,810	30,125	1,718,142	1,638,543
Deferred outflows of resources	1,597	3,453	5,126	1,342	3,342	-	14,860	16,401
Liabilities	80,471	73,827	187,531	51,297	34,491	2,424	430,041	415,628
Deferred inflows of resources	1,540	3,293	5,290	1,293	3,079	-	14,495	16,013
Operating income (loss)	20,001	8,739	20,070	14,047	(1,081)	(404)	61,372	45,572
Change in net position	17,252	16,531	19,720	10,434	422	804	65,163	50,206
Net position	210,660	416,037	390,249	201,237	42,582	27,701	1,288,466	1,223,303

Sanitary Sewer Fund—The Sanitary Sewer Fund pays 95% of the contractual payments to Metropolitan Council Environmental Services (MCES) for wastewater collection and treatment services. This fund also accounts for sanitary sewer maintenance and design work and the related capital programs and debt service payments. Net position as of December 31, 2025 was \$210,660 compared to \$193,408 for 2024, an increase of \$17,252. The operating revenues of \$102,809 for 2025 compared to \$95,016 for 2024 reflects an increase of \$7,793. The sanitary utility sales and service revenues account for \$6,821 of an increase due to both an increase in rates and volume. Sewer availability charge (SAC) revenues decreased by \$1,601. Decreases in SAC revenue is offset by equivalent decreases in SAC expenses.

The operating expenses totaled \$82,808 compared to \$77,398 in 2024 resulting in an increase of \$5,410. The increase in operating expenses mainly reflects a \$4,210 increase in supplies and materials from 2024.

Stormwater Fund— The Stormwater Fund pays 5% of the contractual payments to Metropolitan Council Environmental Services (MCES) for wastewater collection and treatment services. This fund also accounts for the combined sewer overflow (CSO) program, street cleaning, storm design, storm water maintenance, and the related capital programs and debt service payments. Net position as of December 31, 2025 was \$416,037 which was an increase of \$16,531 from the beginning balance of \$399,506.

The 2025 operating revenues of \$50,814 compared to \$47,737 for 2024 reflected an increase of \$3,077. The increase is due mainly to an increase in Utility service revenues of \$3,371 due to both a rate increase and more volume.

The operating expenses totaled \$42,075 compared to \$43,086 reported for 2024. This was a decrease of \$1,011 and reflects in large part a \$3,799 decrease in personnel costs due to one-time pension and other benefits in 2024 along with higher capital contractual service expenses as compared to 2024 amount.

Water Treatment and Distribution Services Fund—The Water Treatment and Distribution Services Fund accounts for the operation, administration, maintenance and capital investments of a water treatment and delivery system

for the City and several wholesale customers. The City sells water directly to the cities of Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal, and Edina, as well as the Metropolitan Airports Commission.

Net position increased by \$19,720 for the year, resulting in a net position on December 31, 2025 of \$390,249. This planned increase allowed for net increases to long-term assets in the amount of \$22,623 for improvements to the City's water distribution system and water treatment infrastructure improvements.

Operating revenue increased by \$3,054, when compared to 2024, due in large part to an increase in water sales due to higher rates from both retail and wholesale customers. Operating expenses increased by \$1,150, when compared to 2024. This increase is mainly due to personnel costs and contracted services.

Municipal Parking Fund—The Municipal Parking Fund accounts for the operation and maintenance of parking ramps, lots, on-street parking meters, the municipal impound lot, and the traffic/parking control system. Net position on December 31, 2025 was \$201,237 which is an increase of \$10,434 from the beginning balance.

Operating parking revenues were up \$9,527 from 2024. These revenues continue to increase as compared to the previous five years where revenue amounts were down significantly due to the COVID-19 pandemic severely restricting both business and employment activity downtown. These revenue increases were partially offset by \$4,348 more in operating expenses from the 2024 amount due to variable expenses increasing with higher volumes such as credit card fees, maintenance and personnel costs.

Solid Waste and Recycling Fund—The Solid Waste and Recycling Fund accounts for the City's solid waste and recycling collection and disposal, and a solid waste transfer station that serves over 107,800 dwelling units. Pick-up services for trash, yard waste, and recyclables are provided on a weekly and a biweekly basis. City crews provide approximately one-half of the solid waste collection services and the other half are provided through a consortium of companies specializing in waste collections. Also accounted for in this fund are various initiatives such as clean city neighborhood clean sweeps; city-wide litter and graffiti abatement and removal; and an organics program.

Net position through December 31, 2025 totaled \$42,582, an increase of \$422 compared to the beginning balance of \$42,160. Operating revenues totaled \$51,012, an increase of \$2,939 over 2024. This increase is due to \$3,081 more in utility services revenue due to higher rates.

Operating expenses increased to \$52,093 compared to \$51,501 for 2024. This increase of \$592 reflects an increase in contractual services.

Community Planning and Economic Development Enterprise Fund (CPED)—The CPED Enterprise Fund operates a series of business-type activities designed to enhance housing options and economic development within the City. Within this fund there are programs that provide low interest home mortgages financed through the sale of bonds. There is also a program in which revenue bonds are issued to finance economic development. The program obtains lease or loan agreements from developers to meet the debt service requirements of the financing. This fund also operates a river terminal facility. Substantially all operating revenues are derived from fees charged to the users of the services provided. The river terminal accounts for the investment in capital assets of the fund.

Net position increased by \$804 during the year. Operating loss was up from \$303 in 2024 to \$404 in 2025. The overall increase in net position was due primarily to investment earnings.

Internal Service Funds—The City operates six internal service funds: Engineering Materials and Testing, Intergovernmental Services, Property Services, Equipment Services, Public Works Stores, and Self-Insurance. Internal service funds recover the cost of operations either through an activity-based cost allocation model to charge City departments for services provided or by a direct charge for the goods or services purchased. In addition to recovering the cost of operations, the revenue received must be adequate to maintain a cash balance and net position that meets the minimum balance that is determined by financial policies.

The following table provides a summary of cash balances, total assets, deferred outflows of resources, total liabilities, deferred inflows of resources, operating income, changes in net position, and the net position for each of the internal service funds:

**Internal Service Funds
Key Balance Sheet Account Balances and Operating Activities
December 31, 2025, and 2024**

	Engineering Materials and Testing	Intergovern- mental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	2025 Total	2024 Total
Cash	\$ 1,381	\$ 14,170	\$ 3,940	\$ 13,319	\$ 5,725	\$ 200,953	\$ 239,488	\$ 204,793
Assets	1,617	50,846	59,496	93,988	12,782	204,802	423,531	388,056
Deferred outflows of resources	251	2,795	1,906	1,883	331	203	7,369	7,991
Liabilities	1,173	33,554	12,622	9,082	1,715	339,530	397,676	322,550
Deferred inflows of resources	267	3,003	1,835	1,785	313	187	7,390	8,396
Operating income (loss)	(42)	174	1,667	3,053	994	(51,684)	(45,838)	(11,282)
Change in net position	(44)	6	5,622	4,486	1,395	(50,732)	(39,267)	(6,892)
Net position	428	17,084	46,945	85,004	11,085	(134,712)	25,834	65,101

Engineering Materials and Testing Fund— The Engineering, Materials and Testing Fund records transactions related to City purchases of hot-mix asphalt and ready-mix concrete. This fund also accounts for the transactions associated with the quality control activities for the placement of these materials and assures compliance with State and Federal standards and specifications. The Engineering Laboratory, a component of this fund, provides these quality control activities. In addition, the Engineering Laboratory is responsible for construction inspection and testing services, performing geotechnical evaluations, and coordinating related environmental field services. At year-end 2025, the net position is \$428 representing a decrease of \$44 from 2024 ending net position of \$472. The decrease in net position is primarily due to construction activities that may vary in any given year. The fund maintains a positive cash balance at \$1,381 at year-end 2025 which is a decrease of \$353 to the 2024 ending balance of \$1,734.

Intergovernmental Services Fund—The Intergovernmental Services Fund accounts for operations of Information Technology (IT), the City Clerk’s printing, and central mailing services. IT is comprised of telecommunications services, network services, application support, internet and intranet services, convenience copier function, broadband wireless, and deployment of software and hardware. These services are also provided to the Minneapolis Park and Recreation Board, Municipal Building Commission, and the Minneapolis Youth Coordinating Board. Since 2016, the fund insourced the services provided by the IT helpdesk and desk side support that were previously outsourced.

The fund’s 2025 ending net position is \$17,084 representing an increase of \$6 from the year-end 2024 net position of \$17,078. The cash balance at year-end 2025 is \$14,170 representing an increase of \$1,325 to 2024 year-end cash balance of \$12,845. The increase in net position and cash is primarily due to delay in anticipated ERP projects in 2025 that are expected to rollover to 2026 budget year.

Property Services Fund—The Property Services Fund is responsible for the management and maintenance of City-owned buildings including police precinct structures, fire stations, and public works buildings. The fund does not include buildings of the Convention Center, or Water facilities and Park Board. The fund is responsible for energy management and internal security. 2024 financials included Radio Shop, which maintains the City’s emergency communications network. Radio Shop operation has moved to 911 starting from 2025.

Several of the City's properties are recorded as assets of this fund resulting in an annual depreciation expense. The Property Services Fund does not have rental and maintenance rates sufficient to fully recover depreciation related to City buildings recorded in this fund. This generally results in an operating loss each year and a decrease to net position. In 2025, the fund net position increased by \$5,622 resulting in an ending balance of \$46,945 compared to the 2024 ending net position of \$41,323. The cash balance increased by \$963 from \$2,977 at year-end 2024 to \$3,940 at year-end 2025 primarily due to settlement reimbursements received from the General Fund totaling approximately \$1,200 and \$312 from the Permanent Improvement Fund 04100 in December, partially offset by higher expenditures during the year.

Equipment Services Fund—The Equipment Services Fund manages the acquisition, maintenance, and disposal of over 1,913 units of equipment, primarily the City's fleet of vehicles. The fund also provides technicians to maintain the equipment. In addition, the fund manages the field coordination of City-owned and contractual equipment and operators as well as the procurement and sale of fuel for these vehicles. The Equipment Services Fund uses an activity-based cost recovery model to calculate equipment and labor rates charged to customers based on actual expenses related to the vehicle and the replacement cost of the vehicle.

In 2025, the fund experienced an increase of \$4,486 to net position resulting in an ending balance of \$85,004 compared to the 2024 ending net position of \$80,518. The cash balance also increased by \$5,088 from \$8,231 at year-end 2024 to \$13,319 at year-end 2025. The increase in cash balance and net position is due to the timing of the capital purchases, which fluctuate annually based on a long-term replacement plan. Also, due to cost saving measures in past years, the fund purchased less vehicles in efforts to maintain the required cash reserves, which led to the increase in the fund balance in 2025.

Public Works Stores Fund—The Public Works Stores Fund accounts for the centralized procurement, receiving, warehousing, and distribution of stocked inventory items, and the purchase of special goods and services for City departments. In addition, this fund stores an inventory of traffic signal components for assembly for Public Works-Transportation. At year-end 2025, the fund reported an increase to net position by \$1,395 from a 2024 ending balance of \$9,690 to \$11,085 in 2025. The cash balance also increased by \$1,652 from 2024 ending cash balance of \$4,073 to \$5,725 in 2025. The increase in cash balance is primarily due to an increase in operating margin, resulting from adjustments made to inventory purchases in favor of on-demand requisitions and timing of accounts payable.

Self-Insurance Fund—The Self-Insurance Fund accounts for tort liability, workers' compensation, employee accrued sick leave benefits, medical and dental self-insured plans, and the related administrative costs. An activity-based cost allocation model determines the charges allocated to City departments to cover the cost of self-insurance and related services. The expected payout for claims in future years is determined by an actuarial study conducted by Pinnacle.

In 2025, the fund reported a negative net position of \$134,712, an increase of negative \$50,732 to the 2024 ending net position of negative \$83,980. This variance is mainly due to the higher General Liability claims booked according to 2025 actuarial report. The cash balance increased by \$26,020 from \$174,933 in 2024 to \$200,953 at year-end 2025. The increase in cash balance is mainly due to a combination of higher allocation revenues and reduced claim expenses. Workers' compensation reported a net cash inflow of \$12,947, due to increased allocation revenue, higher State reimbursements, and a reduction in claims paid. General liability also reflected a net increase of \$13,247 due to lower claims and legal expenditures. In addition, risk management and severance funds ended in a \$1,541 increase to the cash balance due to Risk management's FTE savings and fewer employee retirements in 2025.

Partially offsetting these increases, medical and dental funds realized a net decrease in cash balance of \$1,715 due to additional costs of medical claims not supported by increased revenue collections as the City elected to forgo premium rate increases for 2025.

As noted, an actuarial study determines the expected payouts for claims in this fund and the current year revenue is charged based on this information. During the fiscal year ending December 31, 2025 the City revised the method used to estimate Self-Insurance tort liability. Previously, the City used an undiscounted rate obtained from the actuarial report provided to the City. The City has now estimated the liability utilizing a discounted rate obtained from the same actuarial report. This resulted in a \$42,752 decrease in the Self Insurance Fund’s liability. The change was done to make this liability more consistent with other liabilities that are discounted such as leases and pensions. In any given year, payouts may be more or less than actuarially determined, resulting in an increase or decrease in cash and net position.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets—As of December 31, 2025, the City’s investment in capital assets for its governmental and business-type activities was \$3,619,220 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, systems, improvements, machinery and equipment, roads, highways, and bridges. The increase in the City’s investment in capital assets for the current fiscal year included a 4.6% increase in governmental activities and a 3.7% increase in business-type activities.

The following table summarizes capital assets for governmental and business-type activities for 2025 and 2024:

Capital and Lease Assets (Net of depreciation/amortization)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land and easements	\$ 116,088	\$ 114,788	\$ 142,315	\$ 130,321	\$ 258,403	\$ 245,109
Construction in progress	585,565	714,204	168,598	171,748	754,163	885,952
Lease assets:						
Land	16	20	3,575	4,094	3,591	4,114
Buildings	12,802	3,059	-	-	12,802	3,059
Equipment	79	558	-	-	79	558
Software Subscriptions	37,134	26,536	-	-	37,134	26,536
Infrastructure	529,911	509,654	-	-	529,911	509,654
Buildings and structures	588,579	432,657	271,049	281,246	859,628	713,903
Public improvements	161,306	154,849	813,298	763,233	974,604	918,082
Equipment and other capital outlay	94,945	77,724	87,171	82,307	182,116	160,031
Software	6,776	6,279	13	-	6,789	6,279
Total	\$ 2,133,201	\$ 2,040,328	\$ 1,486,019	\$ 1,432,949	\$ 3,619,220	\$ 3,473,277

Major capital asset transactions and events during the current fiscal year included:

- Completion of major projects related to lighting and traffic signals, paving of City streets, purchase of equipment combined to increase governmental assets by \$92,873 net of depreciation.
- The Public Service Building was put into service in 2025, resulting in a significant decrease in governmental construction in progress and increase in buildings and structures.
- Storm and floodwater improvements, water distribution assets including pipes, mains, and hydrant infrastructure, and various other capital improvements, increased the asset value, net of depreciation by \$53,070 in the business-type funds.

Additional information on the City’s capital assets can be found in Note 4 of this report.

Long-term debt—As of December 31, 2025, the City had total long-term bonds and notes outstanding of \$855,315 compared to \$849,539 in the prior year. Of this amount, \$530,315 is related to governmental activities and \$325,000 is related to business-type activities. The City had \$23,220 or approximately 2.7% of the long-term debt

in variable rate mode at year-end. Long-term notes of \$67,960 are included in the above total, all of which are for business-type activities.

The following table shows various classifications of the City’s long-term bonds and notes on December 31, 2025, and the amount of principal due in 2026.

<u>Summary of Outstanding Bonds and Notes</u>	<u>Balance</u>			<u>Balance</u>	
	<u>1/1/2025</u>	<u>Additions</u>	<u>Retirements</u>	<u>12/31/2025</u>	<u>Due in 2025</u>
General Obligation (GO) Bonds and Notes:					
Property Tax Supported GO Bonds	\$ 325,920	\$ 75,540	\$ (47,350)	\$ 354,110	\$ 23,350
Self-Supporting GO Bonds	136,255	-	(32,260)	103,995	6,520
Special Assessment GO Bonds	72,970	4,385	(9,465)	67,890	9,480
Enterprise Fund Related GO Bonds	229,279	54,260	(26,499)	257,040	30,005
Enterprise Fund Related GO Notes	79,395	-	(11,435)	67,960	11,885
Total General Obligation Bonds and Notes	843,819	134,185	(127,009)	850,995	81,240
Revenue Bonds and Notes:					
Tax Increment Revenue Bonds	5,720	-	(1,400)	4,320	1,315
Total Outstanding Bonds and Notes	\$ 849,539	\$ 134,185	\$(128,409)	\$ 855,315	\$ 82,555

The City maintained an “AAA” rating from Standard & Poor’s and Fitch Ratings for its general obligation debt in 2025, and was rated as “Aaa” by Moody’s for its general obligation debt in 2025. Additional information on the City’s Long-term debt can be found in Note 5 of the report.

HISTORICAL AND LONG-TERM FINANCIAL PLANNING

The Mayor and City Council continue to take a long-term view of the City’s finances. The following areas are those with the most significant impacts:

- During the 1990s, due to other external demands, the revenue to support the internal services did not keep pace with the growth in expenses. Significant negative cash balances resulted because annual expenses exceeded revenues. The cumulative net position of the internal service funds at the end of 2025 is \$25.8 million which is a significant improvement over the position of the funds since 2000 when the net position deficit was \$(61.7) million; however, the net position has dropped by \$39.3 million from 2024 to 2025. The drop is due to a large increase in tort liabilities in the self-insurance internal service fund.
- The City continues to manage internal service fund revenue and expenditures to ensure full funding to meet financial policy targets for net position and cash balance wherever possible. Factors outside the City’s direct control have resulted in large liabilities in the self-insurance internal service fund for which the City continues to monitor and plan. Cash balances were increased in the self-insurance fund from \$174.9 million in 2024 to \$201.0 million in 2025. This is off-set by increased tort liability estimates.
- Similar to other jurisdictions, employee wages and benefits make up over 33.2% of the City’s 2025 original expenditure budget, increases to which are driven by growth in wages, cost of living, and overtime costs.

- The City of Minneapolis receives an allocation from the State of Minnesota for Local Government Aid (LGA). This payment from the state is determined by legislative action and sometimes contingent upon the financial health and stability of the state. Reductions to this aid can have significant consequences for the City. Since 2017, the LGA amount has been consistently between \$74.0 million and \$85.0 million. The allocation for 2025 was \$80.3 million. A portion of LGA is passed through to the Minneapolis Park and Recreation Board and the Municipal Building Commission component units.
- The City adopts a six-year capital improvement program (CIP) that is updated annually. Each year, City departments and independent boards and commissions prepare new and/or modify existing capital budget requests (CBRs). The CBRs are then reviewed by the Capital Long-Range Improvement Committee (CLIC) which is a citizen advisory committee to the Mayor and City Council.
- The City continues to lay a foundation for development including large projects and continued investment in housing as well as economic development for businesses. For 2025, the City marked its fourteenth consecutive year in which more than \$1.0 billion in permitted construction projects based on the value of permits issued for the year.
- The City continues to proactively manage its pension liabilities. The City participates in several plans administered by the Public Employees Retirement Association (PERA). PERA is a separate statutory entity that manages plans and can determine contribution rates and other components of the pension plans that can have significant impacts on the City's pension obligations.
- For 2021, the City levied \$8.5 million less for pension obligations than the higher rate of 2018. This is related to a decrease in the City's obligation on closed pension funds that is planned to be in place until 2031 when the obligation is satisfied. The lower amount continued into 2025.
- The City continues to monitor impact of federal funding changes and is prepared to respond appropriately. To date, there has only been modest declines in non-covid related federal grants.

In the course of the City's annual budget planning process, City departments review and document the most significant trends and challenges affecting their work. While some of these issues are specific to department business, several enterprise-wide themes emerge such as the ongoing development work, the reliance on tenuous intergovernmental funding; workforce recruitment challenges and increased demands; workforce turnover; increased demand for technological solutions; regulatory complexity and unfunded mandates; emergency and security management needs; stadium and hospitality facilities; aging facilities and other capital investments; and appropriate levels of fund reserves versus funding current operations.

The long-term effects of the pandemic on the downtown core require strong financial planning. The City continues to diligently monitor trends in downtown commercial and residential occupancy and incorporate these lasting impacts to the City's financial planning process.

Budget Outlook:

The City's future financial outlook is stable even considering the challenges of rebuilding the public safety area and economic uncertainty. The City has financial policies in place to help address funding pressures including personnel costs, pension obligations, and self-insurance obligations. Since 2002, the City has annually adopted a five-year financial direction.

- For 2026, the Council Adopted Budget for all City funds was \$2.04 billion which represents a \$150 million or 8% increase from the 2025 Council Adopted Budget of \$1.89 billion, exclusive of the City's Independent Boards and interfund transfers.

- At the same time, the Council adopted a 2026 property tax levy of \$537.2 million, which results in a 8.0%, or \$39.8 million increase, from the 2025 adopted property tax levy. As part of this budget, funds that have accumulated in the various City funds due to a growing economy and fiscal restraint in prior years allows for utilization of fund balances, operating capital items and other one-time items.
- In 2023, the City's levies for its closed pension funds that merged into the Minnesota State Public Employees' Retirement Association (PERA) decreased 19.4% to \$11.9 million in response to retained fund balance in the employee retirement special revenue funds. These amounts stayed steady in 2025 and will be reevaluated annually going forward.
- For 2025-2030, the six-year capital program totals \$1.8 billion including all funding sources. The 2025 portion of the six-year capital program is \$279.1 million which funds accelerated improvements to the City's infrastructure.

Economic Outlook and Tax Trends

Minneapolis has the highest concentration of commercial office buildings in the State of Minnesota and therefore is the largest contributor of revenue to the state general tax on a per city basis. Minneapolis' commercial/industrial estimated market value per the Minneapolis Assessor's office is \$11.8 billion for 2025 down from \$13.1 billion in 2024.

The City is planning to levy taxes at a rate to allow for moderate growth of planned service levels over the next 4 years. Property tax levy rates for all categories of levy are projected to grow by 8.0% in 2025, decreasing to a growth of 4.1% by 2030.

Downtown Office Space – Vacancy Rate

Because of the importance of real estate taxes as a source of local government revenue, real estate statistics are an important gauge for municipalities. Based on the first quarter 2026 *U.S. Office Marketbeat Report* published by Cushman & Wakefield, the office space vacancy rate for the Minneapolis/St. Paul metro area is up to 27.9% at the end of 2025. The vacancy rate has continued to climb since 2021 until this last year where it declined by 1.4%.

Employment

The City of Minneapolis typically experiences an unemployment level less than that of the State of Minnesota and the national average. As we continue to see unprecedented employment recovery since the worst parts of the Covid-19 pandemic, the unemployment rates are down significantly in many areas of the country. This is true in Minnesota and the Twin Cities metro area as well. The 2025 annual average Minnesota unemployment rate was 4.5% while the Minneapolis metro unemployment rate was 3.8%.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Minneapolis' finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Officer at The City of Minneapolis, 350 South Fifth Street, Minneapolis, Minnesota 55415. The annual financial report is also available online at www.minneapolismn.gov.



THIS PAGE IS INTENTIONALLY BLANK

STATEMENT OF NET POSITION
December 31, 2025

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

	Primary Government			Discrete Component	
	Governmental Activities	Business-type Activities	Total	Units	Total
ASSETS					
Cash and pooled investments	\$ 893,331	\$ 143,952	\$ 1,037,283	\$ 82,459	\$ 1,119,742
Investments with trustees	2,226	26,129	28,355	-	28,355
Receivables - net	297,365	47,844	345,209	26,682	371,891
Due from other governmental agencies	-	2,563	2,563	1,699	4,262
Prepays and other assets	7,088	5,002	12,090	1,010	13,100
Inventories	8,500	6,633	15,133	114	15,247
Internal balances	46,458	(46,458)	-	-	-
Properties held for resale	41,967	-	41,967	-	41,967
Capital assets:					
Nondepreciable/nonamortizable	701,653	310,913	1,012,566	224,537	1,237,103
Depreciable/amortizable, net	1,431,548	1,175,106	2,606,654	319,829	2,926,483
Total assets	<u>\$ 3,430,136</u>	<u>\$ 1,671,684</u>	<u>\$ 5,101,820</u>	<u>\$ 656,330</u>	<u>\$ 5,758,150</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - other postemployment benefits	\$ 54,019	\$ 9,019	\$ 63,038	\$ 887	\$ 63,925
Deferred outflows - pensions	204,407	5,841	210,248	11,033	221,281
Total deferred outflows of resources	<u>\$ 258,426</u>	<u>\$ 14,860</u>	<u>\$ 273,286</u>	<u>\$ 11,920</u>	<u>\$ 285,206</u>
LIABILITIES					
Accrued salaries and benefits	\$ 26,186	\$ 2,803	\$ 28,989	\$ 3,615	\$ 32,604
Accounts payable	53,766	17,389	71,155	10,840	81,995
Retainage payable	3,276	-	3,276	-	3,276
Interest payable	3,695	1,219	4,914	-	4,914
Due to other governmental agencies	-	129	129	-	129
Deposits held for others	9,092	2,017	11,109	10,164	21,273
Unearned revenue	12,679	222	12,901	114	13,015
Long-term liabilities:					
Due within one year	115,931	42,394	158,325	387	158,712
Due beyond one year	811,282	307,254	1,118,536	8,810	1,127,346
Compensated absences:					
Due within one year	39,758	5,245	45,003	6,367	51,370
Due beyond one year	31,384	1,910	33,294	1,588	34,882
Other postemployment benefits:					
Due within one year	7,108	1,187	8,295	167	8,462
Due beyond one year	98,800	16,495	115,295	1,687	116,982
Net pension liability	327,343	31,777	359,120	38,052	397,172
Total liabilities	<u>\$ 1,540,300</u>	<u>\$ 430,041</u>	<u>\$ 1,970,341</u>	<u>\$ 81,791</u>	<u>\$ 2,052,132</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - public-public-partnership agreement	\$ -	\$ -	\$ -	\$ 3,037	\$ 3,037
Deferred inflows - leases	15,731	-	15,731	-	15,731
Deferred inflows - other postemployment benefits	10,401	1,736	12,137	178	12,315
Deferred inflows - pensions	278,522	12,759	291,281	21,468	312,749
Total deferred inflows of resources	<u>\$ 304,654</u>	<u>\$ 14,495</u>	<u>\$ 319,149</u>	<u>\$ 24,683</u>	<u>\$ 343,832</u>
NET POSITION					
Net investment in capital assets	\$ 1,584,075	\$ 1,161,446	\$ 2,745,521	\$ 542,295	\$ 3,287,816
Restricted:					
Public safety	10,173	-	10,173	-	10,173
Debt service	48,024	27,738	75,762	-	75,762
Community and economic development	129,916	-	129,916	-	129,916
Law enforcement	2,177	-	2,177	-	2,177
Grants	18,590	-	18,590	-	18,590
Properties held for resale	41,967	-	41,967	-	41,967
Capital improvements	79,904	-	79,904	801	80,705
Project and grant programs	-	-	-	28,900	28,900
Special trust	-	-	-	225	225
Special reserves	-	-	-	6,022	6,022
Donor restrictions	-	-	-	1,012	1,012
Unrestricted	(71,218)	52,824	(18,394)	(17,479)	(35,873)
Total net position	<u>\$ 1,843,608</u>	<u>\$ 1,242,008</u>	<u>\$ 3,085,616</u>	<u>\$ 561,776</u>	<u>\$ 3,647,392</u>

The notes to the financial statements are an integral part of this statement

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2025

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

FUNCTIONS/PROGRAMS	Program Revenues				Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Discrete	
					Governmental Activities	Business-type Activities	Total	Component Units	Total
Primary government									
Governmental Activities:									
General government	\$ 144,816	\$ 24,792	\$ 8,215	\$ -	\$ (111,809)	\$ -	\$ (111,809)	\$ -	\$ (111,809)
Public safety	458,177	16,936	28,465	-	(412,776)	-	(412,776)	-	(412,776)
Public works	168,113	52,468	73,491	7,475	(34,679)	-	(34,679)	-	(34,679)
Culture and recreation	16,892	-	-	-	(16,892)	-	(16,892)	-	(16,892)
Health and welfare	47,892	3,064	22,433	-	(22,395)	-	(22,395)	-	(22,395)
Community planning and economic development	209,914	56,310	59,673	-	(93,931)	-	(93,931)	-	(93,931)
Interest on long-term debt	21,770	-	-	-	(21,770)	-	(21,770)	-	(21,770)
Total governmental activities	<u>1,067,574</u>	<u>153,570</u>	<u>192,277</u>	<u>7,475</u>	<u>(714,252)</u>	<u>-</u>	<u>(714,252)</u>	<u>-</u>	<u>(714,252)</u>
Business-type Activities:									
Sanitary sewer	84,633	102,808	593	-	-	18,768	18,768	-	18,768
Stormwater	43,893	50,332	11,852	-	-	18,291	18,291	-	18,291
Water treatment and distribution services	82,674	98,287	-	-	-	15,613	15,613	-	15,613
Municipal parking	65,180	77,502	-	-	-	12,322	12,322	-	12,322
Solid waste and recycling	54,885	51,005	1,675	-	-	(2,205)	(2,205)	-	(2,205)
Community planning and economic development	1,301	897	-	-	-	(404)	(404)	-	(404)
Total business-type activities	<u>332,566</u>	<u>380,831</u>	<u>14,120</u>	<u>-</u>	<u>-</u>	<u>62,385</u>	<u>62,385</u>	<u>-</u>	<u>62,385</u>
	<u>\$ 1,400,140</u>	<u>\$ 534,401</u>	<u>\$ 206,397</u>	<u>\$ 7,475</u>	<u>(714,252)</u>	<u>62,385</u>	<u>(651,867)</u>	<u>-</u>	<u>(651,867)</u>
Component units:									
Discrete component units	<u>\$ 191,796</u>	<u>\$ 58,570</u>	<u>\$ 5,098</u>	<u>\$ 59,154</u>				<u>(68,974)</u>	<u>(68,974)</u>
Total primary government									
General Revenues:									
Taxes:									
General property tax and fiscal disparities					398,622	-	398,622	86,675	485,297
Property tax increment					18,838	-	18,838	-	18,838
Museum (county-wide levy)					-	-	-	20,588	20,588
Franchise taxes					46,746	337	47,083	-	47,083
Local taxes					87,923	-	87,923	-	87,923
Local government aid - unrestricted					80,329	-	80,329	9,621	89,950
Grants and contributions not restricted to programs					5,944	95	6,039	451	6,490
Unrestricted interest and investment earnings					51,650	1,207	52,857	2,033	54,890
Other					-	1,762	1,762	679	2,441
Transfers					3,911	(3,911)	-	-	-
Total general revenues and transfers					<u>693,963</u>	<u>(510)</u>	<u>693,453</u>	<u>120,047</u>	<u>813,500</u>
Change in net position					<u>(20,289)</u>	<u>61,875</u>	<u>41,586</u>	<u>51,073</u>	<u>92,659</u>
Net Position - January 1					1,861,737	1,180,133	3,041,870	510,703	3,552,573
Restatement (see Note 1R)					2,160	-	2,160	-	2,160
Net position - January 1, as restated					<u>1,863,897</u>	<u>1,180,133</u>	<u>3,044,030</u>	<u>510,703</u>	<u>3,554,733</u>
Net position - December 31					<u>\$ 1,843,608</u>	<u>\$ 1,242,008</u>	<u>\$ 3,085,616</u>	<u>\$ 561,776</u>	<u>\$ 3,647,392</u>

The notes to the financial statements are an integral part of this statement

**GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	General	Community Planning and Economic Development	Grants- Federal	HUD Consolidated Plan	Permanent Improvement	Special Assessment	Non-Major Governmental	Total
<u>ASSETS</u>								
Cash and cash equivalents	\$ 176,066	\$ 215,953	\$ 9,847	\$ 156	\$ 63,658	\$ 26,455	\$ 161,708	\$ 653,843
Investments with trustees	-	-	-	-	-	-	2,226	2,226
Receivables:								
Accounts - net	7,862	1	14	10	3,252	-	1,125	12,264
Taxes	3,233	70	-	-	38	-	684	4,025
Special assessments	1,058	653	-	-	4,705	66,992	53	73,461
Intergovernmental	1,043	-	8,759	2,138	34,821	-	26,235	72,996
Loans - net	-	57,932	1,382	49,745	-	-	-	109,059
Leases	-	-	-	-	-	-	16,693	16,693
Accrued interest	2,424	959	44	-	526	118	748	4,819
Due from other funds	-	-	-	-	-	-	5,500	5,500
Advances to other funds	-	-	-	-	-	-	2,805	2,805
Properties held for resale	-	20,002	390	5,263	16,312	-	-	41,967
Inventories	15	-	-	-	-	-	-	15
Prepaid items	-	-	-	-	-	-	677	677
Total assets	\$ 191,701	\$ 295,570	\$ 20,436	\$ 57,312	\$ 123,312	\$ 93,565	\$ 218,454	\$ 1,000,350
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>								
Liabilities:								
Salaries payable	\$ 22,805	\$ 14	\$ 340	\$ 133	\$ 579	\$ -	\$ 801	\$ 24,672
Accounts payable	23,124	1,228	1,638	2,171	5,666	13	8,614	42,454
Retainage payable	-	-	-	-	3,276	-	-	3,276
Due to other funds	-	-	5,500	-	-	-	-	5,500
Deposits held for others	5,524	1,081	-	-	665	-	1,820	9,090
Advances from other funds	-	-	-	-	-	-	2,805	2,805
Unearned revenue	34	102	1,351	-	1,484	-	8,931	11,902
Total liabilities	51,487	2,425	8,829	2,304	11,670	13	22,971	99,699
Deferred Inflows of Resources:								
Unavailable revenue	2,669	58,654	1,382	49,745	37,496	67,368	454	217,768
Leases	-	-	-	-	-	-	15,731	15,731
Total deferred inflows of resources	2,669	58,654	1,382	49,745	37,496	67,368	16,185	233,499
Fund balances:								
Restricted	10,173	149,918	10,225	5,263	96,216	26,184	32,772	330,751
Assigned	10,718	84,573	-	-	-	-	149,248	244,539
Unassigned	116,654	-	-	-	(22,070)	-	(2,722)	91,862
Total fund balances	137,545	234,491	10,225	5,263	74,146	26,184	179,298	667,152
Total liabilities, deferred inflows of resources, and fund balances	\$ 191,701	\$ 295,570	\$ 20,436	\$ 57,312	\$ 123,312	\$ 93,565	\$ 218,454	\$ 1,000,350

The notes to the financial statements are an integral part of this statement.

**Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position - Governmental Activities
December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

Fund balances - total governmental funds		\$	667,152
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Non-depreciable / non-amortizable	653,151		
Depreciable / amortizable	2,568,689		
Accumulated depreciation and amortization	<u>(1,253,738)</u>		<u>1,968,102</u>
Deferred inflows are not available to pay for current-period expenditures and, therefore, in the governmental funds, are unavailable revenue.			217,768
Internal service funds are used by management to charge the costs of engineering materials and testing, intergovernmental services, property services, permanent improvement equipment, public works stores, and, self-insurance.			25,834
Receivable from business-type funds for internal service fund activity.			46,458
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Bonds and notes payable and any related unamortized premiums/discounts	(561,208)		
Other postemployment benefits payable	(97,333)		
Net pension liability	(311,038)		
Bond interest payable	(2,378)		
Lease liability	(9,167)		
Lease interest payable	(33)		
Software subscriptions liability	(22,596)		
Software subscriptions interest payable	(521)		
Compensated absences	<u>(46,956)</u>		<u>(1,051,230)</u>
Deferred inflows and deferred outflows resulting from pension obligations and other postemployment benefits obligations are recorded only on the government-wide statement of net position. Balances at year end are:			
Deferred outflows - other postemployment benefits	49,647		
Deferred inflows - other postemployment benefits	(9,559)		
Deferred outflows - pensions	201,410		
Deferred inflows - pensions	<u>(271,974)</u>		<u>(30,476)</u>
Net position of governmental activities		\$	<u><u>1,843,608</u></u>

The notes to the financial statements are an integral part of this statement.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended December 31, 2025

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	General	Community Planning and Economic Development	Grants- Federal	HUD Consolidated Plan	Permanent Improvement	Special Assessment	Non-Major Governmental	Total
REVENUES:								
Taxes	\$ 369,794	\$ 18,099	\$ -	\$ -	\$ 7,084	\$ -	\$ 157,121	\$ 552,098
Licenses and permits	40,200	-	-	-	521	-	236	40,957
Intergovernmental revenues	98,505	8,968	32,417	19,956	47,602	-	43,053	250,501
Charges for services and sales	64,488	948	-	355	10,787	-	9,739	86,317
Fines and forfeits	6,003	320	-	-	-	-	155	6,478
Special assessments	6,595	242	-	3	2,504	12,738	8,699	30,781
Investment earnings	22,902	9,790	574	447	7,595	1,270	9,518	52,096
Miscellaneous revenues	3,706	1,577	31	4,320	946	-	23,877	34,457
Total revenues	<u>612,193</u>	<u>39,944</u>	<u>33,022</u>	<u>25,081</u>	<u>77,039</u>	<u>14,008</u>	<u>252,398</u>	<u>1,053,685</u>
EXPENDITURES:								
Current:								
General government	137,112	-	2,921	4,541	234	-	16,923	161,731
Public safety	412,892	-	4,379	1,091	-	-	12,407	430,769
Public works	82,324	-	10,479	-	-	-	10,480	103,283
Health and welfare	27,348	-	11,008	278	-	-	10,819	49,453
Community planning and economic development	46,814	39,431	6,823	19,246	-	-	91,224	203,538
Capital outlay	-	-	-	-	167,090	-	-	167,090
Intergovernmental:								
General government	-	-	-	-	5,858	-	-	5,858
Culture and recreation	-	-	-	-	16,892	-	-	16,892
Debt Service:								
Principal retirement	1,860	-	-	-	680	9,465	81,179	93,184
Interest and fiscal charges	293	-	-	-	-	2,501	18,402	21,196
Total expenditures	<u>708,643</u>	<u>39,431</u>	<u>35,610</u>	<u>25,156</u>	<u>190,754</u>	<u>11,966</u>	<u>241,434</u>	<u>1,252,994</u>
Excess (deficiency) of revenues over (under) expenditures	(96,450)	513	(2,588)	(75)	(113,715)	2,042	10,964	(199,309)
OTHER FINANCING SOURCES (USES):								
Transfers from other funds	46,815	19,638	-	-	9,709	-	71,798	147,960
Transfers to other funds	(31,355)	(3,304)	(40)	-	(4,444)	-	(109,402)	(148,545)
Premium (discount)	-	-	-	-	4,401	-	-	4,401
Software subscriptions issued	356	-	-	-	17,919	-	513	18,788
Leases issued	9,004	-	-	-	-	-	-	9,004
Bonds issued	-	-	-	-	79,925	-	-	79,925
Total other financing sources (uses)	<u>24,820</u>	<u>16,334</u>	<u>(40)</u>	<u>-</u>	<u>107,510</u>	<u>-</u>	<u>(37,091)</u>	<u>111,533</u>
Net change in fund balances	(71,630)	16,847	(2,628)	(75)	(6,205)	2,042	(26,127)	(87,776)
Fund balances - January 1	209,175	217,644	12,853	5,338	80,351	24,142	203,265	752,768
Restatement (see Note 1R)	-	-	-	-	-	-	2,160	2,160
Fund balances - January 1, as restated	<u>209,175</u>	<u>217,644</u>	<u>12,853</u>	<u>5,338</u>	<u>80,351</u>	<u>24,142</u>	<u>205,425</u>	<u>754,928</u>
Fund balances - December 31	<u>\$ 137,545</u>	<u>\$ 234,491</u>	<u>\$ 10,225</u>	<u>\$ 5,263</u>	<u>\$ 74,146</u>	<u>\$ 26,184</u>	<u>\$ 179,298</u>	<u>\$ 667,152</u>

The notes to the financial statements are an integral part of this statement.

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the
Statement of Activities - Governmental Activities
For the Fiscal Year Ended December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

Net increase (decrease) in fund balances - total governmental funds	\$	(87,776)
Amounts reported for governmental activities in the statement of activities are different because:		
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities with amounts related to business type activities shown as an internal balance.		(39,267)
Transfers from business-type funds for internal service fund activity.		3,288
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.		
Expenditures for general capital assets, infrastructure, and other related capital assets:	175,277	
Less current year depreciation and amortization	<u>(80,359)</u>	<u>94,918</u>
Revenues not collected for several months after the City's fiscal year ends are not considered "available" revenues and are deferred in the governmental funds. The adjustment between the fund statements and the statement of activities is the increase or decrease in revenue deferred as available.		
Deferred inflows of resources - December 31	217,768	
Deferred inflows of resources - January 1	<u>(205,144)</u>	<u>12,624</u>
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Lease proceeds	(9,004)	
Software subscription proceeds	(18,788)	
Bond, lease and software subscription principal payments	93,184	
Bond proceeds	<u>(79,925)</u>	<u>(14,533)</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in accrued interest payable	(574)	
Change in other postemployment benefits payable and related deferred outflows and inflows	(10,292)	
Change in compensated absences	(2,299)	
Change in net pension liability and related deferred outflows and inflows	25,238	
Change in other long-term liabilities	<u>(1,616)</u>	<u>10,457</u>
Increase (decrease) in net position of governmental activities	<u>\$</u>	<u>(20,289)</u>

The notes to the financial statements are an integral part of this statement.

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Internal Service Funds
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 28,122	\$ 32,047	\$ 55,041	\$ 11,202	\$ 17,540	\$ -	\$ 143,952	\$ 239,488
Investments with trustees	-	-	-	-	-	26,129	26,129	-
Receivables:								
Accounts - net	10,990	6,068	9,718	988	8,158	-	35,922	4,048
Special assessments:								
Current	2,824	701	1,780	543	1,724	-	7,572	-
Delinquent	216	117	210	-	201	-	744	-
Noncurrent	1,772	-	1,686	-	-	-	3,458	-
Intergovernmental	-	260	-	2,301	2	-	2,563	-
Accrued interest	-	-	-	-	-	148	148	-
Inventories	-	-	5,158	-	1,475	-	6,633	8,485
Prepaid items	4,750	252	-	-	-	-	5,002	6,411
Total current assets	<u>48,674</u>	<u>39,445</u>	<u>73,593</u>	<u>15,034</u>	<u>29,100</u>	<u>26,277</u>	<u>232,123</u>	<u>258,432</u>
Long-term assets:								
Capital assets:								
Nondepreciable/amortizable:								
Land and easements	1	7,211	17,341	109,735	4,179	3,848	142,315	23,007
Construction in progress	31,859	86,983	45,726	3,564	466	-	168,598	25,495
Depreciable/amortizable:								
Land lease - amortizable	-	-	-	5,618	-	-	5,618	-
Less accumulated amortization	-	-	-	(2,043)	-	-	(2,043)	-
Lease buildings	-	-	-	-	-	-	-	6,168
Less accumulated amortization	-	-	-	-	-	-	-	(2,616)
Lease Equipment	-	-	-	-	-	-	-	1,988
Less accumulated amortization	-	-	-	-	-	-	-	(1,909)
Software Subscriptions	-	-	-	-	-	-	-	29,768
Less accumulated amortization	-	-	-	-	-	-	-	(14,182)
Buildings and structures	-	-	261,517	293,027	36,411	12,743	603,698	55,560
Less accumulated depreciation	-	-	(133,714)	(180,321)	(5,871)	(12,743)	(332,649)	(38,901)
Public improvements	297,761	518,735	355,301	8,089	3,663	-	1,183,549	21,965
Less accumulated depreciation	(87,221)	(162,670)	(113,837)	(5,705)	(818)	-	(370,251)	(10,406)
Equipment and other capital outlay	1,624	1,941	125,015	18,070	32,081	-	178,731	193,912
Less accumulated depreciation	(1,624)	(1,941)	(53,011)	(12,583)	(22,401)	-	(91,560)	(131,510)
Software	-	1,494	315	130	955	-	2,894	73,127
Less accumulated depreciation	-	(1,494)	(302)	(130)	(955)	-	(2,881)	(66,367)
Total long - term assets	<u>242,400</u>	<u>450,259</u>	<u>504,351</u>	<u>237,451</u>	<u>47,710</u>	<u>3,848</u>	<u>1,486,019</u>	<u>165,099</u>
Total assets	<u>\$ 291,074</u>	<u>\$ 489,704</u>	<u>\$ 577,944</u>	<u>\$ 252,485</u>	<u>\$ 76,810</u>	<u>\$ 30,125</u>	<u>\$ 1,718,142</u>	<u>\$ 423,531</u>
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows - other postemployment benefits	\$ 978	\$ 2,134	\$ 2,966	\$ 822	\$ 2,119	\$ -	\$ 9,019	\$ 4,372
Deferred outflows - pensions	619	1,319	2,160	520	1,223	-	5,841	2,997
Total deferred outflows of resources	<u>\$ 1,597</u>	<u>\$ 3,453</u>	<u>\$ 5,126</u>	<u>\$ 1,342</u>	<u>\$ 3,342</u>	<u>\$ -</u>	<u>\$ 14,860</u>	<u>\$ 7,369</u>

The notes to the financial statements are an integral part of this statement.

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Internal Service Funds
LIABILITIES								
Current liabilities:								
Salaries payable	\$ 224	\$ 646	\$ 1,092	\$ 250	\$ 585	\$ 6	\$ 2,803	\$ 1,514
Accounts payable	2,434	2,209	3,850	3,741	2,992	2,163	17,389	11,310
Intergovernmental payable	-	-	66	57	6	-	129	2
Deposits held for others	-	-	276	1,741	-	-	2,017	2
Interest payable	211	208	619	95	53	33	1,219	763
Unearned revenue	-	-	-	-	-	222	222	777
Bonds payable - current portion	7,780	4,860	10,715	5,295	1,355	-	30,005	-
Notes payable - current portion	-	-	8,770	3,115	-	-	11,885	-
Compensated absences payable - current portion	600	1,174	2,018	446	1,007	-	5,245	5,348
Other postemployment benefits - current portion	129	281	390	108	279	-	1,187	576
Software Subscriptions - current portion	-	-	-	-	-	-	-	3,095
Lease liability - current portion	-	-	-	504	-	-	504	1,226
Medical claims payable - current portion	-	-	-	-	-	-	-	12,088
Unpaid claims payable - current portion	-	-	-	-	-	-	-	56,065
Total current liabilities	<u>11,378</u>	<u>9,378</u>	<u>27,796</u>	<u>15,352</u>	<u>6,277</u>	<u>2,424</u>	<u>72,605</u>	<u>92,766</u>
Long-term liabilities:								
Bonds payable	63,718	52,941	105,852	8,201	17,320	-	248,032	-
Notes payable	-	-	35,970	20,105	-	-	56,075	-
Compensated absences payable	219	427	735	162	367	-	1,910	18,838
Lease liability	-	-	-	3,147	-	-	3,147	2,550
Software Subscriptions liability	-	-	-	-	-	-	-	10,323
Other postemployment benefits	1,788	3,904	5,425	1,503	3,875	-	16,495	7,999
Net pension liability	3,368	7,177	11,753	2,827	6,652	-	31,777	16,305
Unpaid claims payable	-	-	-	-	-	-	-	248,895
Total long-term liabilities	<u>69,093</u>	<u>64,449</u>	<u>159,735</u>	<u>35,945</u>	<u>28,214</u>	<u>-</u>	<u>357,436</u>	<u>304,910</u>
Total liabilities	<u>\$ 80,471</u>	<u>\$ 73,827</u>	<u>\$ 187,531</u>	<u>\$ 51,297</u>	<u>\$ 34,491</u>	<u>\$ 2,424</u>	<u>\$ 430,041</u>	<u>\$ 397,676</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows - other postemployment benefits	\$ 188	\$ 411	\$ 571	\$ 158	\$ 408	\$ -	\$ 1,736	842
Deferred inflows - pensions	1,352	2,882	4,719	1,135	2,671	-	12,759	6,548
Total deferred inflows of resources	<u>\$ 1,540</u>	<u>\$ 3,293</u>	<u>\$ 5,290</u>	<u>\$ 1,293</u>	<u>\$ 3,079</u>	<u>\$ -</u>	<u>\$ 14,495</u>	<u>\$ 7,390</u>
NET POSITION								
Net investment in capital assets	\$ 174,484	\$ 394,301	\$ 362,731	\$ 197,084	\$ 28,998	\$ 3,848	\$ 1,161,446	\$ 146,780
Restricted - debt service	-	-	-	-	-	27,738	27,738	-
Unrestricted	36,176	21,736	27,518	4,153	13,584	(3,885)	99,282	(120,946)
Total net position	<u>\$ 210,660</u>	<u>\$ 416,037</u>	<u>\$ 390,249</u>	<u>\$ 201,237</u>	<u>\$ 42,582</u>	<u>\$ 27,701</u>	<u>\$ 1,288,466</u>	<u>\$ 25,834</u>
							Net position - total enterprise funds	\$ 1,288,466
							Some amounts reported for business-type activities in the statement of net position are different because internal service fund assets and liabilities are included with business-type activities.	(46,458)
							Net position of business-type activities	<u>\$ 1,242,008</u>

The notes to the financial statements are an integral part of this statement.

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
For the Fiscal Year Ended December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Internal Service Funds
Operating revenues:								
Taxes	\$ -	\$ -	\$ -	\$ 337	\$ -	\$ -	\$ 337	\$ -
Licenses and permits	-	-	111	767	-	-	878	-
Intergovernmental revenues	-	481	-	-	8	-	489	237
Charges for services and sales	99,702	49,730	96,499	76,679	49,347	47	372,004	224,915
Special assessments	3,107	603	1,413	-	1,657	-	6,780	-
Rents and commissions	-	-	-	56	-	850	906	45,476
Total operating revenues	102,809	50,814	98,023	77,839	51,012	897	381,394	270,628
Operating expenses:								
Personnel costs	8,007	11,897	23,552	6,782	17,334	163	67,735	42,773
Contractual services	16,889	19,805	25,162	46,408	30,203	182	138,649	141,515
Materials, supplies, services and other	54,974	5,008	13,831	3,133	2,032	956	79,934	107,894
Depreciation and amortization	2,938	5,365	15,408	7,469	2,524	-	33,704	24,284
Total operating expenses	82,808	42,075	77,953	63,792	52,093	1,301	320,022	316,466
Operating income (loss)	20,001	8,739	20,070	14,047	(1,081)	(404)	61,372	(45,838)
Nonoperating revenues (expenses):								
Intergovernmental	581	11,345	107	-	1,642	-	13,675	-
Investment earnings	-	-	-	-	-	1,208	1,208	(4)
Interest expense	(1,794)	(1,818)	(4,068)	(966)	(610)	-	(9,256)	(686)
Special assessments	-	-	264	-	-	-	264	-
Other revenues	-	-	1,811	-	-	-	1,811	2,791
Other expenses	-	-	-	-	-	-	-	(26)
Total nonoperating revenues (expenses)	(1,213)	9,527	(1,886)	(966)	1,032	1,208	7,702	2,075
Income (loss) before transfers	18,788	18,266	18,184	13,081	(49)	804	69,074	(43,763)
Transfers in (out):								
Transfers from other funds	-	-	1,536	-	471	-	2,007	4,496
Transfers to other funds	(1,536)	(1,735)	-	(2,647)	-	-	(5,918)	-
Total transfers	(1,536)	(1,735)	1,536	(2,647)	471	-	(3,911)	4,496
Change in net position	17,252	16,531	19,720	10,434	422	804	65,163	(39,267)
Net position - January 1	193,408	399,506	370,529	190,803	42,160	26,897	1,223,303	65,101
Net position - December 31	\$ 210,660	\$ 416,037	\$ 390,249	\$ 201,237	\$ 42,582	\$ 27,701	\$ 1,288,466	\$ 25,834

Change in net position - total enterprise funds \$ 65,163

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities. (3,288)

Change in net position of business-type activities \$ 61,875

The notes to the financial statements are an integral part of this statement.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended December 31, 2025

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental
	Sanitary Sewer	Stormwater	Water Treatment and Distribution Services	Municipal Parking	Solid Waste and Recycling	Community Planning and Economic Development		Internal Service Funds
Cash flows from operating activities:								
Cash received from customers	\$ 99,472	\$ 48,015	\$ 97,169	\$ 77,520	\$ 49,052	\$ 906	\$ 372,134	\$ 7,946
Intergovernmental receipts	-	8,891	-	591	8	-	9,490	43,186
Cash received from interfund activities	916	806	928	378	41	-	3,069	222,341
Payments to suppliers	(62,173)	(16,184)	(20,037)	(41,694)	(24,123)	(670)	(164,881)	(161,777)
Payments to employees	(7,107)	(13,490)	(24,877)	(7,179)	(16,325)	(162)	(69,140)	(37,225)
Payments for interfund activities	(9,802)	(8,369)	(20,729)	(7,375)	(8,222)	-	(54,497)	(21,768)
Other nonoperating revenues	-	-	1,811	-	-	-	1,811	2,763
Net cash provided (used) by operating activities	21,306	19,669	34,265	22,241	431	74	97,986	55,466
Cash flows from non-capital financing activities:								
Transfers from other funds	-	-	1,536	-	471	-	2,007	4,496
Transfers to other funds	(1,536)	(1,735)	-	(2,647)	-	-	(5,918)	-
Intergovernmental receipts	581	11,345	107	-	1,642	-	13,675	-
Net cash provided (used) by non-capital financing activities	(955)	9,610	1,643	(2,647)	2,113	-	9,764	4,496
Cash Flows from capital and related financing activities:								
Bonds issued	16,998	14,540	27,034	-	-	-	58,572	-
Principal paid on bonds	(6,850)	(4,160)	(9,450)	(5,355)	(685)	-	(26,500)	-
Interest paid on bonds	(2,320)	(2,162)	(3,822)	(443)	(728)	-	(9,475)	-
Principal paid on notes	-	-	(8,610)	(2,825)	-	-	(11,435)	-
Interest paid on notes	-	-	(889)	(860)	-	-	(1,749)	-
Principal paid on leases	-	-	-	(507)	-	-	(507)	(1,565)
Interest paid on leases	-	-	-	(48)	-	-	(48)	-
Special assessments	-	-	264	843	-	-	1,107	-
Acquisition and construction of capital assets	(24,816)	(20,894)	(38,476)	(2,898)	(2,219)	-	(89,303)	(17,782)
Principal paid on software subscriptions	-	-	-	-	-	-	-	(5,235)
Interest paid on software subscriptions	-	-	-	-	-	-	-	(685)
Bond issuance costs	(48)	(40)	-	-	-	-	(88)	-
Net cash provided (used) by capital and related financing activities	(17,036)	(12,716)	(33,949)	(12,093)	(3,632)	-	(79,426)	(25,267)
Cash flows from investing activities:								
Purchase of investments	-	-	-	-	-	(3,978)	(3,978)	-
Sale of investments	-	-	-	-	-	2,692	2,692	-
Interest	-	-	-	-	-	1,212	1,212	-
Net cash provided (used) by investing activities	-	-	-	-	-	(74)	(74)	-
Net increase (decrease) in cash and cash equivalents	3,315	16,563	1,959	7,501	(1,088)	-	28,250	34,695
Cash and cash equivalents, beginning of year	24,807	15,484	53,082	3,701	18,628	-	115,702	204,793
Cash and cash equivalents, end of year	\$ 28,122	\$ 32,047	\$ 55,041	\$ 11,202	\$ 17,540	\$ -	\$ 143,952	\$ 239,488
Reconciliation of operating income to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 20,001	\$ 8,739	\$ 20,070	\$ 14,047	\$ (1,081)	\$ (404)	\$ 61,372	\$ (45,838)
Adjustment to reconcile change in net position to net cash provided (used) by operating activities:								
Depreciation and amortization	2,938	5,365	15,408	7,469	2,524	-	33,704	24,284
Accounts receivable	(1,923)	(1,772)	(818)	48	(2,043)	-	(6,508)	(3,727)
Intergovernmental receivable	-	8,410	-	591	-	-	9,001	-
Special assessments receivable	(499)	261	919	-	130	-	811	-
Inventories	-	-	(917)	-	10	-	(907)	352
Prepaid items	(275)	32	-	-	-	-	(243)	509
Deferred outflows - other postemployment benefits	53	811	789	186	362	-	2,201	883
Deferred outflows - pensions	(156)	(70)	(230)	(57)	(147)	-	(660)	(264)
Salaries payable	15	84	170	26	77	-	372	149
Accounts payable	453	711	(435)	436	1,923	470	3,558	(905)
Interest Payable	-	-	-	-	-	-	-	240
Intergovernmental payable	-	(7)	27	35	(320)	-	(265)	-
Deposits held for others	-	-	(26)	11	-	-	(15)	-
Unearned revenue	-	-	-	-	-	8	8	(372)
Compensated absences payable	222	(131)	98	19	4	-	212	1,227
Other postemployment benefits	115	(968)	(754)	(151)	(186)	-	(1,944)	(619)
Net pension liability	256	(1,209)	(1,205)	(281)	(566)	-	(3,005)	(2,046)
Unpaid claims payable	-	-	-	-	-	-	-	77,005
Medical claims payable	-	-	-	-	-	-	-	2,833
Deferred inflows - other postemployment benefits	107	179	276	79	213	-	854	430
Deferred inflows - pensions	(1)	(766)	(918)	(217)	(469)	-	(2,371)	(1,436)
Other nonoperating revenues	-	-	1,811	-	-	-	1,811	2,761
Net cash provided (used) by operating activities	\$ 21,306	\$ 19,669	\$ 34,265	\$ 22,241	\$ 431	\$ 74	\$ 97,986	\$ 55,466
Non-cash investing, capital and financing activities:								
Capital assets purchased on account	\$ 1,597	\$ 263	\$ 38	\$ -	\$ -	\$ -	\$ 1,898	\$ 1,125
Leases issued	-	-	-	-	-	-	-	2,251
Software subscriptions issued	-	-	-	-	-	-	-	1,041

The notes to the financial statements are an integral part of this statement.

**CUSTODIAL FUNDS
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

		Total Custodial Funds
<u>ASSETS</u>		
Cash and cash equivalents		\$ 2,350
Receivables:		
Intergovernmental		9
Accrued interest		10
Prepaid items		<u>2</u>
Total assets		<u>\$ 2,371</u>
<u>LIABILITIES</u>		
Accounts payable		\$ 1
Intergovernmental payable		139
Unearned revenue		<u>1,141</u>
Total liabilities		<u>\$ 1,281</u>
<u>NET POSITION</u>		
Restricted for:		
Other governments		<u>\$ 1,090</u>

The notes to the financial statements are an integral part of this statement.

CUSTODIAL FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended December 31, 2025

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Total Custodial Funds</u>
<u>ADDITIONS</u>	
Intergovernmental revenues	\$ 1,761
Development fees	39
Investment earnings	115
Miscellaneous revenues	<u>89</u>
Total additions	<u>2,004</u>
<u>DEDUCTIONS</u>	
General government	1,971
Legal services	<u>47</u>
Total deductions	<u>2,018</u>
Net increase (decrease) in fiduciary net position	(14)
Net Position - January 1	<u>1,104</u>
Net Position - December 31	<u><u>\$ 1,090</u></u>

The notes to the financial statements are an integral part of this statement.

**COMBINING STATEMENT OF NET POSITION
DISCRETE COMPONENT UNITS
December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Minneapolis Park and Recreation Board	Municipal Building Commission	Meet Minneapolis	Total Discrete Component Units
<u>ASSETS</u>				
Cash and cash equivalents	\$ 71,675	\$ 4,998	\$ 5,786	\$ 82,459
Receivables	25,231	-	1,451	26,682
Due from other governmental agencies	-	1,699	-	1,699
Prepays and other assets	628	-	382	1,010
Inventories	110	-	4	114
Capital assets:				
Nondepreciable/nonamortizable	199,097	25,440	-	224,537
Depreciable/amortizable, net	271,297	45,929	2,603	319,829
Total assets	\$ 568,038	\$ 78,066	\$ 10,226	\$ 656,330
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows - other postemployment benefits	\$ 786	\$ 101	\$ -	\$ 887
Deferred outflows - pensions	10,740	293	-	11,033
Total deferred outflows of resources	\$ 11,526	\$ 394	\$ -	\$ 11,920
<u>LIABILITIES</u>				
Accrued salaries and benefits	\$ 2,822	\$ 47	\$ 746	\$ 3,615
Accounts payable	8,400	2,165	275	10,840
Deposits held for others	10,134	30	-	10,164
Unearned revenue	-	-	114	114
Long-term liabilities:				
Due within one year	94	-	293	387
Due beyond one year	6,101	-	2,709	8,810
Compensated absences:				
Due within one year	5,991	376	-	6,367
Due beyond one year	1,516	72	-	1,588
Other postemployment benefits				
Due within one year	90	77	-	167
Due beyond one year	1,249	438	-	1,687
Net pension liability	35,588	2,464	-	38,052
Total liabilities	\$ 71,985	\$ 5,669	\$ 4,137	\$ 81,791
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows - public-public-partnership agreement	\$ 3,037	\$ -	\$ -	\$ 3,037
Deferred inflows - other postemployment benefits	137	41	-	178
Deferred inflows - pensions	20,549	919	-	21,468
Total deferred inflows of resources	\$ 23,723	\$ 960	\$ -	\$ 24,683
<u>NET POSITION</u>				
Net investment in capital assets	\$ 470,298	\$ 71,369	\$ 628	\$ 542,295
Restricted:				
Capital improvements	801	-	-	801
Project and grant programs	28,900	-	-	28,900
Special trust	225	-	-	225
Special reserves	6,022	-	-	6,022
Donor restrictions	-	-	1,012	1,012
Unrestricted	(22,390)	462	4,449	(17,479)
Total net position	\$ 483,856	\$ 71,831	\$ 6,089	\$ 561,776

The notes to the financial statements are an integral part of this statement.

**COMBINING STATEMENT OF ACTIVITIES
DISCRETE COMPONENT UNITS
For the Fiscal Year Ended December 31, 2025**

CITY OF MINNEAPOLIS , MINNESOTA

(In Thousands)

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Minneapolis Park and Recreation Board	Municipal Building Commission	Meet Minneapolis	Total Discrete Component Units
FUNCTIONS/PROGRAMS								
Minneapolis Park and Recreation Board	\$ 167,214	\$ 31,128	\$ 5,063	\$ 48,610	\$ (82,413)	\$ -	\$ -	\$ (82,413)
Municipal Building Commission	10,916	9,404	-	10,544	-	9,032	-	9,032
Meet Minneapolis	13,666	18,038	35	-	-	-	4,407	4,407
Total discrete component unit activities	<u>\$ 191,796</u>	<u>\$ 58,570</u>	<u>\$ 5,098</u>	<u>\$ 59,154</u>	<u>(82,413)</u>	<u>9,032</u>	<u>4,407</u>	<u>(68,974)</u>
General Revenues:								
Taxes:								
General property tax and fiscal disparities					86,675	-	-	86,675
Museum (county-wide levy)					20,588	-	-	20,588
Local government aid - unrestricted					9,621	-	-	9,621
Grants and contributions not restricted to specific programs					451	-	-	451
Unrestricted interest and investment earnings					2,033	-	-	2,033
Other					404	45	230	679
Total general revenues					<u>119,772</u>	<u>45</u>	<u>230</u>	<u>120,047</u>
Change in net position					37,359	9,077	4,637	51,073
Net Position - January 1					<u>446,497</u>	<u>62,754</u>	<u>1,452</u>	<u>510,703</u>
Net position - December 31					<u>\$ 483,856</u>	<u>\$ 71,831</u>	<u>\$ 6,089</u>	<u>\$ 561,776</u>

The notes to the financial statements are an integral part of this statement.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Minneapolis (City) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A – Reporting Entity

The City is a municipal corporation governed by a Mayor-Council form of government. It was incorporated in 1867, and it adopted a Charter on November 2, 1920. The Mayor and 13 City Council Members from individual wards are elected for terms of four years without limit on the number of terms that may be served. The Mayor and City Council are jointly responsible for the annual preparation of a budget and a five-year capital improvement program. The Mayor has veto power, which the Council may override with a vote of nine members. The City employs a Finance Officer who is charged with maintaining and supervising the various accounts and funds of the City as well as several boards and commissions.

As required by GAAP, the basic financial statements present the reporting entity which consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City's basic financial statements to be misleading or incomplete.

Blended Component Unit

The following component unit has been presented as a blended component unit 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.

▪ Board of Estimate and Taxation

The Board of Estimate and Taxation (BET) is established under Article V of the City Charter. It is composed of six 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 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 Board of Estimate and Taxation. By action of the City Council, or such other governing board of a department requesting the sale of bonds, the Board of Estimate and Taxation 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 Board of Estimate and Taxation also establishes the maximum property tax levies for most City funds. The City has an operational responsibility over the BET. Additionally, BET provides services almost entirely to the City that almost exclusively benefit the City. It is these criteria that results in the BET being reported as a blended component unit. No separately issued financials are prepared.

Discretely Presented Component Units

The component unit column in the government-wide financial statements includes the financial data of the City's other component units. The units are reported in a separate column to emphasize that they are legally separate from the City but are included because the primary government is financially accountable and is able to impose its will on the organizations. These units subscribe to the accounting policies and procedures of the primary government.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A – Reporting Entity****Discretely Presented Component Units (continued)****▪ Minneapolis Park and Recreation Board**

The Minneapolis Park and Recreation Board (Park Board) was established according to Article VI 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. Also, the City has no operational responsibility over the Park Board. It is these criterions that results in the Park Board being reported as a discrete component unit. The Mayor recommends the tax levies and budget for the Park Board, and the City Council and Mayor approve the allocation of the state's local government aid 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 secures debt issued for Park Board projects. The City Finance Officer acts as Treasurer of the Park Board. Complete financial statements for the Park Board can be obtained from the Minneapolis Park and Recreation Board at 2117 West River Road, Minneapolis, Minnesota, 55411.

▪ Municipal Building Commission

The Municipal Building Commission (MBC) is an organization established on January 4, 1904, by the State of Minnesota, to operate and maintain the City Hall/County Court House Building, which was erected 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. It is this criterion that results in the MBC being reported as a discretely presented component unit. 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 the state's local governmental aid to the MBC. The MBC does not issue separate financial statements.

▪ Meet Minneapolis

Greater Minneapolis Convention and Visitors Association (d.b.a. Meet Minneapolis) was incorporated on July 29, 1987. The Association was organized to promote the City of Minneapolis (the City) as a major destination for conventions and visitor travel, and to achieve maximum utilization of the Minneapolis Convention Center. Toward this purpose, the Association receives a majority of its funding through annual contracts with the City. The Association is a nonprofit corporation under Section 501 (c) (6) of the Internal Revenue Code. Management also has no operational responsibility over Meet Minneapolis. Based on its relationship with the City, it would be misleading to exclude Meet Minneapolis as a component unit. It is this criterion that results in Meet Minneapolis being reported as a discretely presented component unit. Complete financial statements for Meet Minneapolis can be obtained from Meet Minneapolis at 801 Marquette Avenue South, Suite 100, Minneapolis, Minnesota 55402.

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 following organizations are related organizations, which have not been included in the reporting entity:

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A – Reporting Entity****Related Organizations (continued)****▪ Minnesota Sports Facilities Authority**

On May 14, 2012, Governor Mark Dayton signed into law a stadium bill which provided for construction and operation of a new National Football League stadium located on the former site of the Metrodome. The bill established a new Minnesota Sports Facilities Authority (MSFA) and required that members be appointed within 30 days. The bill also required the Metropolitan Sports Facilities Commission (MSFC) transfer its assets, liabilities, and obligations to the MSFA within 90 days and then abolish the MFSC. The City was obligated to provide funding to build and maintain the new stadium. The MSFA was charged with the design, construction and operation of the new multi-purpose stadium. The MSFA consists of five members. Three authority members, including the chair, are appointed by the governor. Two authority members are appointed by the City of Minneapolis. Complete financial statements for the MSFA can be obtained from the Minnesota Sports Facilities Authority at 1005 South Fourth Street, Minneapolis, Minnesota, 55415-1903.

▪ 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, and the City Council appoints four Commissioners (one of whom must be a public housing family development resident).

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. Complete financial statements for the MPHA can be obtained from the Minneapolis Public Housing Authority at 1001 Washington Avenue North, Minneapolis, Minnesota, 55401-1043.

▪ Minneapolis Telecommunications Network

The Minneapolis Telecommunication Network (MTN) is a nonprofit corporation organized by the City in 1983 under Minnesota Statutes, Chapter 317. The MTN provides public access media programming to residents of the City as well as providing media production training. Support for the MTN comes from Public, Education, and Government (PEG) fees collected as part of agreements between the City and cable service providers. These agreements require cable companies to provide support for public, educational, and government access TV channels. The City Council and Mayor appoint the nine members of the board. There are up to three ex-officio members representing the City of Minneapolis, Comcast Cable, and the Minneapolis Public Schools. Complete financial statements for the MTN can be obtained from the Minneapolis Telecommunications Network at 1620 Central Avenue Suite 175, Minneapolis, Minnesota, 55413-1674.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A – Reporting Entity****Joint Ventures (continued)**

The City is a participant in several joint ventures in which it retains an ongoing financial interest or an ongoing financial responsibility.

▪ Minneapolis-Duluth/Superior Passenger Rail Alliance

The Minneapolis-Duluth/Superior Passenger Rail Alliance (also known as the “Northern Lights Express”) was established under a joint powers agreement between Anoka County, Hennepin County, Isanti County, Pine County, St. Louis and Lakes Counties Regional Railroad Authority, City of Duluth, City of Minneapolis, and Douglas County (Wisconsin) to explore options for the development of rail transportation between the Twin Cities and Duluth Superior metropolitan areas. The Mille Lacs Band of Ojibwe joined the Alliance in 2011. The City of Superior, Wisconsin joined the Alliance in 2016. Isanti County elected to not participate as a voting member and was replaced by the City of Cambridge in 2016. The Board consists of one elected official selected by each party in the Alliance. Each party also appoints an alternate member. The City of Minneapolis pays an annual membership fee to the Alliance to cover the costs of activities. The percentage share of the City in the Alliance’s assets, liabilities, and equity cannot be determined at fiscal year-end. St. Louis and Lake Counties Regional Railroad Authority serves as the fiscal agent. Complete financial statements for the Minneapolis-Duluth/Superior Passenger Rail Alliance can be obtained from the St. Louis and Lakes Counties Regional Railroad Authority at 111 Station 44 Road, Eveleth, Minnesota 55734.

▪ Minneapolis/Saint Paul Housing Finance Board

The Minneapolis/Saint Paul Housing Finance Board was established in accordance with a joint powers agreement entered into between the Housing and Redevelopment Authority of the City of Saint Paul and the City of Minneapolis and accepted by both cities under State of Minnesota laws. The Board was created for the public purpose of providing decent, safe, sanitary and affordable housing to the residents of the City of Saint Paul and the City of Minneapolis. The powers exercised by the Board include the power to undertake financing programs to implement individual components of the housing plan for each city and to issue revenue bonds to finance such programs. All bonds are special limited obligations of the Board and shall be payable only out of funds specifically pledged for each issue. The City of Minneapolis 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. The percentage share of the City in the Board's assets, liabilities and equity cannot be determined at fiscal year-end. Complete financial statements for the Minneapolis/Saint Paul Housing Finance Board can be obtained from the City of Minneapolis CPED office at City of Minneapolis – Community Planning and Economic Development, 505 4th Ave So #320, Minneapolis Minnesota 55415.

▪ Minneapolis Youth Coordinating Board

The Minneapolis Youth Coordinating Board (YCB) was established 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 YCB, which numbers 10 in size, includes the Mayor, two members each from the Hennepin County Board of Commissioners and the Board of Directors of Special School District No. 1, two representatives from the City Council, one member from the Park Board, the Hennepin County Attorney, and a Judge assigned by the Chief Judge of the District Court. The percentage of each jurisdiction's share in the YCB’s assets, liabilities and equity cannot be determined at fiscal year-end. Complete financial statements for the YCB can be obtained from the Minneapolis Youth Coordinating Board at 330 2nd Avenue South, Room 540, Minneapolis, Minnesota 55401.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A – Reporting Entity****Joint Ventures (continued)****▪ Metropolitan Emergency Services Board**

The Metropolitan Emergency Services Board (MESB) was established by a joint powers agreement pursuant to Minn. Stat. sec. 471.59 between the Counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, and the City of Minneapolis, for the implementation and administration of a regional 911 system. Chisago County entered this agreement effective October 1, 2006. Isanti County joined the joint powers agreement effective January 1, 2010. Sherburne County joined the joint powers agreement effective January 1, 2019. The Board consists of commissioners from each of the member counties and a council member from the City.

There is a financial obligation if MESB incurs any liability for damages arising from any of its activities under the joint powers agreement. There is a formula to assess the participants in the agreement. Washington County serves as the fiscal agent. Current financial statements of the Metropolitan Emergency Services Board are available at the 911 Board Office, 2099 University Avenue, West Saint Paul, Minnesota 55104-3431.

▪ Mississippi Watershed Management Organization

The Mississippi Watershed Management Organization (MWMO) encompasses 25,543 acres (39.9 square miles) of fully-developed urban lands and waters within the Minneapolis—Saint Paul metropolitan core area. The current members include the cities of Lauderdale, Columbia Heights, Fridley, Hilltop, Minneapolis, Saint Anthony Village, Saint Paul and the Minneapolis Park and Recreation Board. These entities entered a new, revised joint and cooperative agreement (i.e., joint powers agreement under Minn. Stat. sec. Section 471.59) that now form the MWMO. Current financial statements of the Mississippi Watershed Management Organization are available at the MWMO Stormwater Park and Learning Center, 2522 Marshall Street NE, Minneapolis, Minnesota 55418-3329.

▪ Shingle Creek Watershed Management Commission

The City is one of nine member cities of the Shingle Creek Watershed Management Commission (SCWMC), a joint powers organization formed to assist its members' preservation and use of natural water storage and retention systems. The original nine cities with land in the Shingle Creek watershed entered into a joint powers agreement to form the Shingle Creek Water Management Organization, governed by a citizen Commission with one representative from each city. In addition to Minneapolis, the other participating cities are Brooklyn Center, Brooklyn Park, Crystal, Maple Grove, New Hope, Osseo, Plymouth, and Robbinsdale. Current financial statements of the Shingle Creek Watershed Management Commission are available by contacting them at 3235 Fernbrook Lane N, Plymouth, Minnesota 55447.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A – Reporting Entity****Joint Ventures (continued)****▪ Bassett Creek Watershed Management Commission**

The City is one of nine member cities of the Bassett Creek Watershed Management Commission (BCWMC), a joint powers organization formed to assist its members' preservation and use of natural water storage and retention systems. Each member city is entitled to appoint one representative to BCWMC board. The nine-member board develops a budget for the year each July 1. Each member City contributes funds to cover the budgeted costs of operations-based half on the assessed valuation of all taxable property, and half on the total area each member city has within the boundaries of the watershed. Any capital costs incurred by the BCWMC are apportioned to the members-based half on the real property valuation of each member city within the watershed, and half on the total area each member city has within the boundaries of the watershed. Current financial statements of the Bassett Creek Watershed Management Commission are available on its website at www.bassettcreekwmo.org.

B – Basis of Presentation**Government-Wide Financial Statements**

The *statement of net position* and *statement of activities* display information about the primary government (the City) and its component units using the economic resources measurement focus and the full accrual basis of accounting. Governmental funds recognize revenue in the accounting period in which they become susceptible to accrual. Susceptible to accrual means that revenues are both measurable and available to finance expenditures of the fiscal period. Financial resources are available only to the extent that they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The availability period used for revenue recognition is generally 60 days. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider, if any, have been met. These statements include the financial activities of the overall government, except for fiduciary activities. Generally, interfund activity has been eliminated from the government-wide financial statements to minimize the double counting of internal activities, except in those instances where the elimination of activities would distort the direct costs and program revenues reported for the various functions concerned. These statements distinguish between *governmental* and *business-type activities* of the City and between the City and its discretely presented component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type* activities, which rely, to a significant extent, on fees charged to external parties.

The *statement of activities* presents a comparison between direct expenses and program revenues for each segment of the *business-type* activities of the City and for each function of the City's *governmental activities*. Direct expenses are those that are specifically associated with a program or function, and therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**B – Basis of Presentation (continued)****Fund Financial Statements**

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The fund financial statements provide information about the City's funds. The City's funds include fiduciary funds and a blended component unit; the Board of Estimate and Taxation, a non-major special revenue fund. Funds are classified into three categories: *Governmental*, *Proprietary*, and *Fiduciary*, each category is divided into separate fund types. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are separately aggregated and reported as non-major funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Governmental Funds

All governmental funds are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Unearned revenue is reported in the governmental funds and government-wide financial statements in connection with resources that have been received but not earned. Tax revenues are recognized in the year for which the taxes are levied. Property tax levies are approved and certified to the County in December prior to the year collectible. The County acts as a collection agency. Such tax levies constitute a lien on the property on January 1st of the year collectible. Taxes are payable to the County in two installments by the fifteenth day of May and the fifteenth day of October. City property taxes are recognized as revenues when they become measurable and available to finance expenditures of the current period.

Major revenues that are determined to be susceptible to accrual include property taxes, special assessments, grants-in-aid, intergovernmental revenues, rentals, and intra-city charges. Interest on investments, short-term notes and loans receivable are accrued; interest on special assessments receivable is not accrued. Major revenues that are determined not to be susceptible to accrual because they are not available soon enough to pay liabilities of the current period or are not objectively measurable include delinquent property taxes and assessments, licenses, permits, fines and forfeitures. Issuances of long-term debt and acquisitions under leases and software subscriptions are reported as other financing sources in governmental fund financial statements.

Governmental fund expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt which is recognized when due. Compensated absences, which include accumulated unpaid vacation, accumulated unpaid sick, compensatory time and severance pay, are not payable from expendable available financial resources. Compensated absences are considered expenditures when paid to employees.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**B – Basis of Presentation****Governmental Funds (continued)**

The accounting and reporting treatment applied to the assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending, or "financial flow," measurement focus. This means that only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, as defined by GAAP, are generally included on the balance sheets. Reported fund balance (net current assets and deferred outflows of resources) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, governmental funds are said to present a summary of sources and uses of "available spendable resources" during a period.

Special reporting treatments are also applied to governmental fund inventories to indicate that the inventories do not represent "available spendable resources," even though they are a component of net current assets.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the government-wide statement of net position and statement of activities.

The City reports the following major governmental 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 accounted for in another fund. For the City, the General Fund includes such activities as general government administration, public safety, public works, health and welfare, and community planning and economic development.

▪ Special Revenue Fund – Community Planning and Economic Development

This fund is used to account for the activities of the Department of Community Planning and Economic Development (CPED). CPED is responsible for promoting the City's planning and community development goals in the areas of housing development, economic development, community planning, development services, workforce development and strategic partnerships. The major source of revenue is property tax increment.

▪ Special Revenue Fund – Grants - Federal

This fund is used to account for all federal grants, except for those included in the HUD Consolidated Plan Special Revenue Fund, Permanent Improvement Capital Projects Fund, Police Special Revenue Fund, Enterprise and Internal Service Funds.

▪ Special Revenue Fund – HUD Consolidated Plan

This fund is used to account for federal formula-based grants received from the U.S. Department of Housing and Urban Development's Community Planning and Development Office.

▪ Capital Project Fund – Permanent Improvement

This fund is used to account for capital acquisition, construction and improvement projects including bridge construction, sidewalk construction, street construction, infrastructure projects and property services capital projects.

▪ Debt Service Fund – Special Assessment

This fund is used to account for debt supported by special assessments including Park Diseased Tree debt.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**B – Basis of Presentation (continued)****Proprietary Funds**

Proprietary funds are accounted for using the full accrual basis of accounting. Revenues are recognized when they are earned. Unbilled utility service receivables are recorded at year-end. Expenses are recognized when they are incurred. Compensated absences are considered expenses when they are incurred.

All proprietary funds are accounted for on an economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on the balance sheets. Their reported net positions are categorized as net investment in capital assets, restricted and unrestricted. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

Depreciation and amortization of all exhaustible capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation and amortization is reported on proprietary fund balance sheets.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. *Operating* revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing business operations. The principal operating revenues of the City's enterprise and internal service funds are charges to customers for sales and services. *Operating* expenses for the City's enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation and amortization on capital assets. All revenues and expenses not meeting this definition are reported as *nonoperating* revenues and expenses.

Enterprise Funds

Enterprise funds are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation and amortization) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The City reports the following major enterprise funds:

- **Sanitary Sewer Fund**
This fund is used to account for sewage fees collected from customers connected to the City's sanitary sewer system and for all expenses of operating this system.
- **Stormwater Fund**
This fund is used to account for stormwater fees collected from customers, and for the City's street cleaning and other stormwater management activities.
- **Water Treatment and Distribution Services 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.
- **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.
- **Solid Waste and Recycling Fund**
This fund is used to account for the revenues and expenses for solid waste collection, disposal and recycling activities.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B – Basis of Presentation

Enterprise Funds (continued)

▪ **Community Planning and Economic Development Fund**

This fund is used to account for the enterprise fund activities of the Department of Community Planning and Economic Development.

Non-Major Funds

The City reports the following non-major governmental funds:

Special Revenue Funds:

- Arena Reserve
- Board of Estimate and Taxation
- Downtown Assets
- Convention Center
- Self-Managed Special Service Districts
- Employee Retirement
- Grants – Other
- Police
- Neighborhood and Community Relations

Debt Service Funds:

- Community Development Agency
- Development
- General Debt Service

Additionally, the City reports the following fund types:

▪ **Internal Service Funds**

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The internal service funds used by the City include:

- Engineering Materials and Testing
- Intergovernmental Services
- Property Services
- Equipment Services
- Public Works Stores
- Self-Insurance

▪ **Custodial Funds**

Financial statements of custodial funds are used to account for assets held by the City for fiduciary activities, for private organizations or other governments. They use the economic resources measurement focus and utilize the full accrual basis of accounting. Custodial funds are included in the Statement of Fiduciary Net Position and in the Statement of Changes in Fiduciary Net Position.

- Minneapolis Youth Coordinating Board
- Joint Board

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C – Budgets

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds.

The 2024 process for the 2025 budget involved the following:

January – early April*Department-level assessment of prior year and planning for current year*

Analysis of what a department accomplished over the past year leads it to assess its business plan and make appropriate changes to the plan for the next year.

March*Preliminary prior year-end budget status report*

Finance presents a year-end budget status report for the previous year to the Budget Committee. This is a preliminary report because the audited Annual Comprehensive Financial Report (ACFR) is not available until the second quarter of the year.

March – April*Capital Improvement Budget Development*

The City has a six-year capital improvement plan. The departments prepare and modify capital improvement proposals on an annual basis. Finance and Property Services, Community Planning and Economic Development (CPED), and the Capital Long-Range Improvements Committee (CLIC) review the capital improvement proposals of the departments. CLIC is the citizen advisory committee to the Mayor and the City Council on capital programming. Capital improvement proposals are due on or around April 1st each year.

April – June*Operating Budget Development*

Departments work in coordination with the Finance and Property Services Department to prepare department operating budgets based on programs. In addition to preparing operating budgets for programs, departments prepare proposals that describe policy and organizational changes with financial implications. The program proposals form the basis for the Mayor's budget meetings with departments held in June and July.

Capital Long-Range Improvement Committee (CLIC) Process

From April through June, the CLIC Committee reviews capital requests, hears presentations from submitting departments and rates the capital requests. They prepare comments about projects and summarize their final recommendations in a report called "The CLIC Report" which is provided to the Mayor and City Council in mid-July as the starting point for their decisions on the Six-Year Capital Plan.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**C – Budgets (continued)****June – August***Mayor's Recommended Budget*

The 2025 Mayor's Recommended Budget will be based on program proposals submitted by departments. These program proposals are reviewed and discussed by the submitting department, the Mayor's Office, and staff from the Office of Public Service and Finance and Property Services for priority-setting. In addition to reviewing operating budgets, the Mayor meets with representatives from CLIC before finalizing the capital budget recommendation. By City Charter, the Mayor must make recommendations to the City Council on the budget no later than August 15 of each year.

September*Maximum Proposed Property Tax Levy*

As a requirement of State law, the maximum proposed property tax levy increase is authorized September 30 by the Board of Estimate and Taxation (BET). The BET sets the maximum property tax levies for the City, the Municipal Building Commission, the Public Housing Authority, and the Minneapolis Park and Recreation Board.

September – November*City Council Budget Review and Development*

The City Council budget review and development process begins with a series of public hearings on the budget. Departments present their Mayor's Recommended Budget to the Budget Committee which is comprised of all Council members. Following departmental budget hearings, the Budget Committee amends and moves forward final budget recommendations to the full City Council. The Committee-recommended budget includes any and all changes that are recommended by the Committee to the Mayor's Recommended Budget.

Truth in Taxation

Truth in Taxation (TNT) property tax statements are mailed by Hennepin County to property owners indicating the maximum amount of property taxes that the owner will be required to pay based upon the preliminary levies approved in September. These statements also indicate the dates when public hearings will be held to provide opportunities for public input. State law was changed in the 2009 legislative session to eliminate a separate TNT hearing in lieu of a mandate to allow public comments at the meeting at which the final budget adoption occurs. The City Council has maintained a separate hearing however as part of the regularly scheduled budget meetings. According to State law, the meeting at which the budget is adopted must be held after 6:00 p.m., on a date after November 24.

This Section Left Blank Intentionally

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**C – Budgets (continued)****December***City Council Budget Adoption*

The City Council adopts a final budget that reflects any and all changes made by the full Council to the Mayor's Recommended Budget. Once the final budget resolutions are adopted, requests from departments for additional funds or positions made throughout the year are to be brought as amendments to the original budget resolutions before the Budget Committee and the City Council for approval. The independent boards and commissions adopt their own operating budgets.

The legal level of budgetary control is at the department level within a fund. The City Coordinator's Office and the Public Works Department are considered to be legal levels of budgetary control within a fund even though budgetary data is presented at the level of the Departments within the Coordinator's Office and the Divisions within the Public Works Department. Budgetary amendments at the department/fund level must be approved by the City Council. Appropriations lapse at year-end.

Purchase orders, contracts and other commitments are recorded as encumbrances, which reserve appropriation authority. This accounting practice is an extension of formal budgetary integration in the general and special revenue funds.

D – Non-Current Governmental Assets/Liabilities

GASB Statement No. 34 eliminates the presentation of account groups but provides for these records to be maintained and incorporates the information into the *Governmental Activities* column in the government-wide *Statement of Net Position*.

E – Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and investments with original maturities of three months or less from the date of purchase. The City maintains a general portfolio which is a pool of investments covering pooled cash and cash equivalents for the primary government as well as the discretely presented component units of the Municipal Building Commission and the Minneapolis Park and Recreation Board. The City has contracted with investment management firms for management of some of these investments. The City also, from time to time, invests non-pooled cash within individual funds, which are reported as fund investments. All investments are reported at fair value.

Investment earnings in the investment pool, net of daily amortization of premiums and discounts, are calculated monthly and allocated to participating funds based on each fund's share of equity (positive or negative) in the investment pool.

Some funds, such as debt service funds, retain their monthly allocation of investment earnings while other funds, which are not required to retain their allocated interest, pass the interest on to either the City General Fund or to the Community Planning and Economic Development Special Revenue Fund. Also, periodically the City distributes investment earnings from the General Fund to various projects below the fund level, as may be required, on the basis of the calculated average daily cash balance of the project and the average yield of the City's general portfolio.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**F – Inventories of Materials and Supplies and Prepaid Items**

Depending on the nature of the item, inventories are valued using the moving average valuation method or using the last price of the item purchased. Also, and depending on the nature of the item or the fund in which the inventory is recorded, the costs of inventories are recorded as expenses/expenditures when purchased, or when consumed rather than when purchased. Inventory recorded in the proprietary funds and the government-wide level are expensed as the supplies and materials are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide statement of net position and fund financial statements. Prepaid expenditures of governmental funds are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

G – Receivables

Loans receivable recorded in the governmental funds consist of business loans using funds provided through state and federal grants and loan recaptures. The loans have been collateralized and call for periodic payments of principal and interest. Loans receivable recorded in the enterprise funds consist primarily of low interest home improvement and home mortgage loans, which are secured by either a first or second mortgage. Interest on loans is recorded where applicable.

Several developers under various financial arrangements have agreed to pay back development loans only if certain events occur. They are presented net of an estimated allowance for doubtful accounts. These loans include redevelopment agreements, neighborhood economic, commercial, and housing development loans, and second mortgages on rehabilitated homes. Some of these loans may be forgiven for continued owner occupancy, the attainment of certain employment goals, or the continuation of specified services.

Amounts due from individuals, organizations or other governmental units are recorded as receivables at year end. These amounts include charges for services rendered, or for goods and material provided by the City, including amounts for unbilled services. Receivables are shown net of an allowance for uncollectible accounts where applicable. Receivables are also recognized for property taxes, sales and excise taxes, loans, assessments, accrued interest, and intergovernmental grants.

Taxes and tax increments receivable consist of uncollected taxes levied and payable in prior years, net of allowance for uncollectible taxes. These receivables are deferred to indicate they are not available to finance expenditures of the current fiscal period.

Assessments receivable include current, delinquent and noncurrent assessments for various services including street and utility improvements. Delinquent assessments are payable in the years 2024 and earlier, current assessments are payable in 2025, and noncurrent assessments are payable in the year 2026. City Council approves special assessments throughout the year. These assessments are reported in the General Fund, Community Planning and Economic Development Special Revenue Fund, Permanent Improvement Capital Projects Fund, Special Assessment Debt Service Fund, Non-Major Governmental Funds, and Enterprise Funds (except for the Community Planning and Economic Development Enterprise Fund). The amounts that are approved by City Council are set up as a receivable and not collected at year end are recorded as unavailable revenue.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H – Capital Assets

Capital assets (including infrastructure) are recorded in the government-wide and proprietary fund financial statements at historical cost or at estimated historical cost if actual historical cost is not available. Infrastructure assets acquired prior to December 31, 1980, are included. Contributed and donated capital assets are recorded at acquisition value. Capital assets include infrastructure (e.g. roads, bridges, water/sewer and lighting systems), land, buildings, improvements, equipment, software and right-to-use assets acquired under leasing and software subscription arrangements. The City defines capital assets as assets with an individual cost of more than \$5; or \$35 per group of assets by year for bike paths, street signage, street lighting and traffic signals; and \$100 per group of assets for parking meters. Capital assets used in operations are depreciated or amortized using the straight-line method over their estimated useful lives or the lesser of the lease or subscription period in the government-wide statements and proprietary funds. As of 2008 the City no longer uses salvage values and depreciates/amortizes assets to zero.

The estimated useful lives are as follows:

Right-to-use land	2 to 10 years
Right-to-use buildings and structures	2 to 8 years
Right-to-use equipment	2 to 5 years
Right-to-use software subscriptions	2 to 13 years
Infrastructure	10 to 100 years
Buildings and structures	20 to 60 years
Equipment	3 to 15 years
Public improvements	15 to 40 years
Software	5 years

Major outlays for capital assets and improvements, including land, are capitalized as projects are constructed. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities, or extend useful lives, are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

I – Compensated Absences

The City accrues compensated absences (vacation, sick leave, and compensatory time benefits) that is attributable to services already rendered, it accumulates, and it’s more likely than not to be used or settled through cash or noncash means. The current and non-current portions are recorded in the government-wide and proprietary fund financial statements and represent a reconciling item between the governmental funds and government-wide presentation. The City typically liquidates the liability for compensated absences to the fund where employees’ salaries were originally charged. In governmental funds, a liability is reported only if they have matured (as a result of employee resignations and retirements). The current portion of the liability is determined based on historical information.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**J – Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and the Teacher's Retirement Association (TRA) and additions to/deductions from PERA's and TRA's fiduciary net position have been determined on a basis different than reported by PERA and TRA. The City has reported its long-term projected contribution effort to the pension plan rather than the allocated amounts based on current year contributions of all contributing members. PERA's and TRA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value. The City typically liquidates the net pension liability to the fund where employees' salaries were originally charged. The major governmental funds that hold the net pension liability and OPEB liability are the General Fund, CPED Special Revenue Fund, Grants-Federal Special Revenue Fund, HUD Consolidated Plan Special Revenue Fund, and the Permanent Improvement Capital Project Fund. In addition to these funds, the Employee Retirement Special Revenue fund has been used to liquidate the fixed contribution portion of the city's pension liabilities.

K – Interfund Transactions

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans are reported as receivables or payables where appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., current portion of interfund loans) or "advances to/from other funds" (i.e. noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." Advances to other funds, as reported in the fund financial statements, are included in assigned fund balance in applicable governmental funds and in nonspendable fund balance in the General Fund to indicate they are not available for appropriation and are not available financial resources. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when a fund incurs costs that are eventually repaid through charges to the benefiting fund. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

L – Properties Held for Resale

Properties held for resale in the Community Planning and Economic Development, the Grants – Federal, the HUD Consolidated Plan Special Revenue funds, and the Permanent Improvement Capital Projects Fund have been obtained as a result of repossessions in default situations. Repossessed properties are held solely to be re-marketed as part of the ongoing operations of the programs. They are valued at the outstanding principal balance of the related bonds, which is not in excess of the realizable value; or are valued at the amount of the related loan balance at the time of default plus subsequent improvement costs. The proceeds of any sales related to properties held for resale in the Community Planning and Economic Development, the Grants – Federal, the HUD Consolidated Plan Special Revenue funds, and the Permanent Improvement Capital Projects Fund are classified as restricted. As a result, fund balance/net position related to properties held for resale is classified as restricted in those funds.

M – Debt Service and Requirements

The debt service funds service all long-term obligations with the exception of bonds payable recorded within the proprietary funds. Some general long-term debt obligations are serviced in part by Council approved transfers from enterprise funds. Minnesota State Law requires agencies issuing general obligation bonds to certify an irrevocable tax levy to the County Auditor covering annual principal and interest requirements plus 5% (deducting, in certain cases, estimated tax increments and certain other revenue) at the time bonds are issued. The annual tax levy can be reduced by an amount equal to the issuing agency's annual certification of funds on hand.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**M – Debt Service and Requirements (continued)**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. The differences between reacquisition prices and the net carrying amounts of current or advance refunding resulting in the defeasance of debt has been considered immaterial and has not been reported as either a deferred inflow of resources or a deferred outflow of resources on the statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as an other financing source, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

N – Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources only under the full accrual basis of accounting associated with pension plans and other postemployment benefit (OPEB) and accordingly, are reported in the statement of net position.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from primarily six sources: taxes, special assessments, intergovernmental, long-term loan receivables, interest, and other. These amounts are recognized as an inflow of resources in the period that the amounts become available. Unavailable revenue arises only under the modified accrual basis of accounting and, accordingly, is reported only in the governmental funds balance sheet. The City also reports deferred inflows of resources for the net present value of leases that mature beyond one year, amortized to revenue on a straight-line basis over the lease terms. These amounts arise under both the modified accrual and the full accrual basis of accounting and are reported in both the governmental fund balance sheet and the statement of net position. The City also reports deferred inflows of resources associated with the public-public-partnership agreement, leases, and pension and OPEB benefits. These inflows, except those associated with leases, arise only under the full accrual basis of accounting, and, accordingly, are reported only in the statement of net position.

O – Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

P – Stewardship, Accountability and Compliance

The Internal Service Self-Insurance Fund has a deficit fund balance of \$134,712. Actuarially determined values are in two categories. One relates to pending and anticipated litigation against the City, and the other is projected workers' compensation settlement costs. The City is monitoring and managing fund inflows to ensure sufficient resources to pay liabilities as they come due.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q – Change in Accounting Principle

During the year ended December 31, 2025, the City adopted new accounting guidance by implementing provisions of GASB Statement number 102. GASB Statement No. 102 – Certain Risk Disclosures. This pronouncement requires governments to discuss certain concentrations or constraints that have a material effect on the entity. The City of Minneapolis didn’t have any of these in 2025 that met the reportable criteria.

R – Restatement of Net Position and Fund Balance

In early 2025, the Target Center received a revenue sharing payment from the vendor who operates the Target Center. This was recorded in 2025 but should have been recorded in 2024 as accounts receivable and miscellaneous revenue. The fund balance and net position has been adjusted per the below.

	Arena Reserve Special Revenue Fund	Governmental Activities
Balance January 1, 2025	\$ 7,045	\$ 1,861,737
Miscellaneous Revenue - Target Center	2,160	2,160
Balance January 1, 2025 - Restated	<u>\$ 9,205</u>	<u>\$ 1,863,897</u>

S – Change in Estimate

During the fiscal year ending December 31, 2025 the City revised the method used to estimate Self-Insurance tort liability. Previously, the City used an undiscounted rate obtained from the actuarial report provided to the City. The City has now estimated the liability utilizing a discounted rate obtained from the same actuarial report. This resulted in a \$42,752 decrease in the Self Insurance Fund’s liability. The change was done to make this liability more consistent with other liabilities that are discounted such as leases and pensions.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS

A – Deposits

Deposits and investments appear in the financial statements consistent with the following analysis:

Deposits and investments:	
Deposits, per book	\$ 4,863
Investments	1,124,989
Imprest cash held by City	279
Component unit investments not held by City	20,316
Total	<u>\$ 1,150,447</u>
Primary Government:	
Cash and pooled Investments	\$ 1,037,283
Cash and pooled investments in custodial funds	2,350
Investments with trustees	28,355
Total primary government	<u>\$ 1,067,988</u>
Discretely Presented Component Units:	
Park and Recreation Board:	
Cash and pooled investments	71,675
Municipal Building Commission:	
Cash and pooled investments	4,998
Meet Minneapolis:	
Cash and pooled investments	5,786
Total discretely presented component units	<u>\$ 82,459</u>
Total reporting entity	<u>\$ 1,150,447</u>

The City has executed a Depository Pledge Agreement with its depository bank. The bank secures deposits not insured by the Federal Deposit Insurance Corporation (FDIC) by pledging collateral held in safekeeping in a restricted account or by providing a corporate surety bond, in accordance with Chapter 118A of Minnesota Statutes. As of December 31, 2025, the City’s bank balance at its designated depository totaled \$8,364.

Reconciliation of bank cash balances to book cash balance:	
Bank balance, per bank statement	\$ 8,364
Reconciling items and outstanding checks	<u>(3,501)</u>
Deposits, per book	<u>\$ 4,863</u>

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS**A – Deposits (continued)***Custodial Credit Risk*

Custodial credit risk for deposits is the risk that, in the event of a financial institution failure, the City may not recover its deposits or may experience delays in access to them. The City's policy requires its depositories to comply with Chapter 118A of the Minnesota Statutes, by providing a corporate surety bond, pledging eligible securities, or issuing a letter of credit (LOC) from the Federal Home Loan Bank (FHLB) to collateralize deposits. As of December 31, 2025, the City was not exposed to custodial credit risk since all deposits are either FDIC insured (where applicable) or are collateralized through securities pledged to the City of Minneapolis by the financial institution and held in safekeeping at the Federal Reserve Bank at 110% of the deposit value or collateralized by the FHLB LOC.

B – Investments

In accordance with Minnesota Statutes, Chapter 118A, and the City's Investment Policy, the City may invest, subject to restrictions, in: (1) U.S. government securities, (2) state and local securities, including municipal bonds, (3) commercial paper, and (4) time deposits. The City may also enter into certain investment-related agreements, subject to restrictions, including: (1) repurchase agreements, (2) securities lending transactions, (3) participation in the Minnesota Joint Powers Investment Trust, and (4) guaranteed investment contracts.

The following is an excerpt of applicable investment provisions from Minnesota Statutes, Chapter 118A:

INVESTMENTS – MINNESOTA STATUTES SECTION 118A.04

Subdivision 1. What may be invested. Any public funds, not presently needed for other purposes or restricted for other purposes, may be invested in the manner and subject to the conditions provided for in this section.

Subd. 2. United States securities. Public funds may be invested in governmental bonds, notes, bills, mortgages (excluding high-risk mortgage-backed securities), and other securities, which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress.

Subd. 3. State and local securities. Funds may be invested in the following:

- (1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
- (2) any security which is a revenue obligation of any state or local government which is rated "AA" or better by a national bond rating service;
- (3) a general obligation of the Minnesota housing finance agency which is a moral obligation of the state of Minnesota and is rated "A" or better by a national bond rating agency; and
- (4) any security which is an obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to section 126C.55.

Subd. 4. Commercial papers. Funds may be invested in commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less.

Subd. 5. Time deposits. Funds may be invested in time deposits that are fully insured by the Federal Deposit Insurance Corporation, the National Credit Union Administration, or bankers acceptances of United States banks.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS**B – Investments (continued)**

CONTRACTS AND AGREEMENTS – MINNESOTA STATUTES SECTION 118A.05

Subdivision 1. May enter into. In addition to other authority granted in sections 118A.01 to 118A.06, government entities may enter into contracts and agreements as follows.

Subd. 2. Repurchase agreements. Repurchase agreements consisting of collateral allowable in section 118A.04, and reverse repurchase agreements may be entered into with any of the following entities:

- (1) a financial institution qualified as a "depository" of public funds of the government entity;
- (2) any other financial institution which is a member of the Federal Reserve System and whose combined capital and surplus equals or exceeds \$10,000,000;
- (3) a primary reporting dealer in United States government securities to the Federal Reserve Bank of New York; or
- (4) a securities broker-dealer licensed pursuant to chapter 80A, or an affiliate of it, regulated by the Securities and Exchange Commission and maintaining a combined capital and surplus of \$40,000,000 or more, exclusive of subordinated debt.

Reverse agreements may only be entered into for a period of 90 days or less and only to meet short-term cash flow needs. In no event may reverse repurchase agreements be entered into for the purpose of generating cash for investments, except as stated in subdivision 3.

Subd. 3. Securities lending agreements. Securities lending agreements, including custody agreements, may be entered into with a financial institution meeting the qualifications of subdivision 2, clause (1) or (2), and having an office located in Minnesota. Securities lending transactions may be entered into with entities meeting the qualifications of subdivision 2 and the collateral for such transactions shall be restricted to the securities described in this section and section 118A.04.

Subd. 4. Minnesota joint powers investment trust. Government entities may enter into agreements or contracts for:

- (1) shares of a Minnesota joint powers investment trust whose investments are restricted to securities described in this section, section 118A.04, and section 118A.07, subdivision 7;
- (2) units of a short-term investment fund established and administered pursuant to regulation 9 of the Office of the Comptroller of the Currency, in which investments are restricted to securities described in this section and section 118A.04;
- (3) shares of an investment company which is registered under the Federal Investment Company Act of 1940 and which holds itself out as a money market fund meeting the conditions of rule 2a-7 of the Securities and Exchange Commission and is rated in one of the two highest rating categories for money market funds by at least one nationally recognized statistical rating organization; or
- (4) shares of an investment company which is registered under the Federal Investment Company Act of 1940, and whose shares are registered under the Federal Securities Act of 1933, as long as the investment company's fund receives the highest credit rating and is rated in one of the two highest risk rating categories by at least one nationally recognized statistical rating organization and is invested in financial instruments with a final maturity no longer than 13 months.

Subd. 5. Guaranteed investment contracts. Agreements or contracts for guaranteed investment contracts may be entered into if they are issued or guaranteed by United States commercial banks, domestic branches of foreign banks, United States insurance companies, or their Canadian subsidiaries, or the domestic affiliates of any of the foregoing. The credit quality of the issuer's or guarantor's short- and long-term unsecured debt must be rated in one of the two highest categories by a nationally recognized rating agency. Agreements or contracts for guaranteed investment contracts with a term of 18 months or less may be entered into regardless of the credit quality of the issuer's or guarantor's long-term unsecured debt, provided that the credit quality of the issuer's short-term unsecured debt is rated in the highest category by a nationally recognized rating agency. Should the issuer's or guarantor's credit quality be downgraded below "A", the government entity must have withdrawal rights.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS

B – Investments (continued)

Fair Value Measurement

The City categorizes fair value measurements in accordance with generally accepted accounting principles, which establish a three-level hierarchy of inputs to valuation techniques. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are observable inputs other than Level 1 quoted prices, either directly or indirectly. Level 3 inputs are unobservable inputs.

At December 31, 2025, the City had the following recurring fair value measurements:

	Total Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Debt Securities:				
U.S. Treasury Securities	\$ 391,717	\$ -	\$ 391,717	\$ -
U.S. Federal Agency Obligations	137,175	-	137,175	-
U.S. Mortgage Obligations	108,966	-	108,074	892
Municipal Bonds	52,101	-	52,101	-
Total Investments by Fair Value Level	\$ 689,959	\$ -	\$ 689,067	\$ 892

Investments Measured at Net Asset Value (NAV)

Money Market Mutual Funds	\$ 435,030
Total Investments Measured at NAV	\$ 435,030
Total Investments Measured at Fair Value and NAV	\$ 1,124,989

Debt securities classified in Level 1 are valued using a market approach with quoted prices (unadjusted) in active markets for identical securities. Debt securities classified in Level 2 are valued using the following approaches:

- U.S. Treasury and federal agency obligations are valued using a market approach with quoted prices for identical securities in markets that are not active;
- U.S. mortgage-backed securities are valued using matrix pricing based on relationships to benchmark quoted prices; and
- Municipal bonds are valued using a market approach with quoted prices for similar securities in active markets.

Debt Securities classified as level 3 are valued using unobservable inputs, such as management’s assumptions about default rates underlying mortgage-backed securities.

The City also holds \$435,030 in money market mutual funds. The fair value of the investment is the fair value per share of the underlying portfolio. The City may redeem these funds at any time and for any use the City has designated.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS

B – Investments (continued)

Interest and Reinvestment Rate Risk

Increases in market interest rates may result in unrealized losses in the fair value of the City’s investments; however, such losses typically reverse as bonds approach maturity. Unrealized losses may be realized when bonds are sold prior to maturity. The City’s Investment Policy addresses interest rate risk through maturity constraints, cashflow matching, portfolio segmentation, and a conservative operating liquidity objective, as well as prudent investment principles. When currently held bonds mature, there is a risk that they will be reinvested at a lower yield. The City diversifies the impact of this reinvestment rate risk by diversifying the timing of maturities, coupon rates, and coupon payment dates, while limiting the amount of callable bonds and monitoring market rate levels.

The following table presents the City of Minneapolis’ interest rate risk weighted by fair market value as of December 31, 2025:

Investment Type	Portfolio Weighted Final Maturity (Years)	Market Value
U.S. Treasury Obligation	6.5	391,717
U.S. Federal Agency Obligations	0.8	137,175
U.S Mortgage Obligations	18.2	108,966
Municipal Bonds	4.1	52,101
Money Market Mutual Funds	-	435,030
Portfolio Weighted Average Final Maturity	4.3	
Total Investments		\$ 1,124,989
Deposits, per Book		4,863
Imprest Cash held by City		279
Component Unit Investment Note Held by City		20,316
Total Cash and Investments		\$ 1,150,447

This Section Left Blank Intentionally

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS

B – Investments (continued)

Credit Risk

Credit risk is the risk that an issuer will not fulfill its obligations to investors. This risk is measured using ratings assigned by nationally recognized statistical rating organizations. The City’s policy is to invest only in securities that meet the rating requirements of Minnesota Statutes, Chapter 118A.

At December 31, 2025, the City's investments were rated by Standard & Poor's and Moody's as follows:

Investment Type	Standard & Poor's Rating		Moody's Rating	
U.S. Treasury Obligations	AA+	\$ 391,717	Aa1	\$ 391,717
U.S. Federal Agency Obligations	AA+	\$ 137,175	Aa1	\$ 137,175
U.S. Mortgage Obligations	AAA	\$ 17	Aaa	\$ 17
	AA+	108,485	Aa1	107,219
	Not Available	464	Not Available	1,730
Total U.S. Mortgage Obligations		\$ 108,966		\$ 108,966
Municipal Bonds	AAA	\$ 17,383	Aaa	\$ 12,136
	AA+	15,051	Aa1	14,678
	AA	8,574	Aa2	10,935
	AA-	2,857	Aa3	3,230
	Not Available	8,236	Not Available	11,122
Total Municipal Bonds		\$ 52,101		\$ 52,101
Money Market Mutual Funds	AAAm	\$ 421,938	Aaa	\$ 435,030
	Not Available	13,092	Not Available	-
		\$ 435,030		\$ 435,030
Total		\$ 1,124,989		\$ 1,124,989

* All City securities holdings are rated “AA-” or higher by at least one Nationally Recognized Statistical Ratings Organization (NRSRO). The ‘Not Available’ lines under a rating agency column are specific to that rating agency, and any City investment security in such group is alternatively rated at least “AA-” by another NRSRO.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS**B – Investments (continued)***Custodial Credit Risk*

Custodial credit risk for investments is the risk that, in the event of counterparty failure, a government will not be able to recover the value of its investments or related collateral held by a third party. The City's policy is to comply with Minnesota Statutes Chapter 118A and use a third-party financial institution for safekeeping of securities, which mitigates custodial credit risk. At December 31, 2025, the City's investments were not exposed to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss due to the City's investment in a single issuer. The City's policy is to diversify its investment portfolio to avoid over-concentration by issuer, maturity, or security type. Portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity. Maturities shall be selected which provide for stability of income and reasonable liquidity. At December 31, 2025, the City's investments in any one issuer did not represent five percent or more of the City's investments.

Investment derivative instruments

The City and its investment managers will exercise caution in the use of derivative instruments, maintaining awareness of risk management developments and considering derivatives only when sufficient expertise and understanding have been developed. Any derivative must also comply with Minnesota Statutes, Chapter 118A. As of December 31, 2025, the City held no derivative instruments in its investment portfolio.

This Section Left Blank Intentionally

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 3 – RECEIVABLES

A – Receivables Detail

Receivables at year-end for the City’s major individual governmental and enterprise funds and non-major and internal service funds in the aggregate, including applicable allowances for uncollectible amounts are as follows:

Governmental Activities	Community Planning and Economic Development			HUD		Special Assessment	Non-Major Governmental Funds	Internal Service Funds	Total Governmental
	General Fund	Grants-Federal	Consolidated Plan	Permanent Improvement					
Accounts	\$ 9,302	\$ 1	\$ 14	\$ 10	\$ 3,324	\$ -	\$ 1,127	\$ 4,059	\$ 17,837
Taxes	3,233	70	-	-	38	-	684	-	4,025
Special assessments	1,058	653	-	-	4,705	66,992	53	-	73,461
Intergovernmental	1,043	-	8,759	2,138	34,821	-	26,235	-	72,996
Loans	-	231,261	9,138	216,266	-	-	-	-	456,665
Leases	-	-	-	-	-	-	16,693	-	16,693
Accrued interest	2,424	959	44	-	526	118	748	-	4,819
Gross receivables	17,060	232,944	17,955	218,414	43,414	67,110	45,540	4,059	646,496
Less:									
Allowance for uncollectibles	(1,440)	(173,329)	(7,756)	(166,521)	(72)	-	(2)	(11)	(349,131)
Total receivables*	\$ 15,620	\$ 59,615	\$ 10,199	\$ 51,893	\$ 43,342	\$ 67,110	\$ 45,538	\$ 4,048	\$ 297,365

*Amounts not scheduled for collection during the subsequent year consist of loans and leases receivable.

Business-type Activities	Water Treatment and Distribution				Solid Waste and Recycling	Community Planning and Economic Development		Total Business-type
	Sanitary Sewer	Stormwater	Services	Municipal Parking				
Accounts	\$ 10,990	\$ 6,068	\$ 9,966	\$ 1,542	\$ 8,162	\$ -	\$ -	\$ 36,728
Special assessments	4,812	818	3,676	543	1,925	-	-	11,774
Intergovernmental	-	260	-	2,301	2	-	-	2,563
Accrued interest	-	-	-	-	-	148	-	148
Gross receivables	15,802	7,146	13,642	4,386	10,089	148	-	51,213
Less:								
Allowance for uncollectibles	-	-	(248)	(554)	(4)	-	-	(806)
Total receivables (due within one year)	\$ 15,802	\$ 7,146	\$ 13,394	\$ 3,832	\$ 10,085	\$ 148	\$ -	\$ 50,407

B – Leases Receivable Payment Schedule

The City of Minneapolis holds one lease agreement in which the City is a lessor. The City is the lessor for the Target Center, a mixed-use sports and entertainment facility. Currently, the City leases the facility to the Minnesota Timberwolves professional basketball team with annual lease payments through 2035. The City received \$1,475 of principal payments and \$187 of interest payments for the total of \$1,662 in 2025.

Principal and Interest Expected to Maturity

Year Ending December 31	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 1,475	\$ 187	\$ 1,662
2027	1,578	169	1,747
2028	1,631	150	1,781
2029	1,686	131	1,817
2030	1,743	111	1,854
2031-2035	8,580	234	8,814
Total Lease Receivable	16,693	982	17,675

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS

A – Current Year Activity

Capital asset activity for the year ended December 31, 2025 was as follows:

	Balance January 1, 2025	Additions	Retirements	Balance December 31, 2025
Governmental activities				
<i>Capital assets, not being depreciated/amortized</i>				
Land and easements	\$ 114,788	\$ 1,300	\$ -	\$ 116,088
Construction in progress	714,204	156,013	(284,652)	585,565
Total capital assets, not being depreciated/amortized	<u>828,992</u>	<u>157,313</u>	<u>(284,652)</u>	<u>701,653</u>
<i>Capital assets, being depreciated/amortized</i>				
Lease land	32	-	-	32
Lease buildings	5,436	11,407	(457)	16,386
Lease equipment	1,992	-	(4)	1,988
Software subscriptions	38,105	19,829	(880)	57,054
Infrastructure	1,268,531	60,303	-	1,328,834
Buildings and structures	807,179	180,761	(483)	987,457
Public improvements	194,976	16,806	-	211,782
Equipment and other capital outlay	248,182	33,990	(8,412)	273,760
Software	70,591	3,291	-	73,882
Total capital assets, being depreciated/amortized	<u>2,635,024</u>	<u>326,387</u>	<u>(10,236)</u>	<u>2,951,175</u>
Less accumulated depreciation/amortization for:				
Lease land	(12)	(4)	-	(16)
Lease buildings	(2,377)	(1,562)	355	(3,584)
Lease equipment	(1,434)	(475)	-	(1,909)
Software subscriptions	(11,569)	(9,231)	880	(19,920)
Infrastructure	(758,877)	(40,046)	-	(798,923)
Buildings and structures	(374,522)	(24,685)	329	(398,878)
Public improvements	(40,127)	(10,350)	1	(50,476)
Equipment and other capital outlay	(170,458)	(16,725)	8,368	(178,815)
Software	(64,312)	(2,794)	-	(67,106)
Total accumulated depreciation/amortization	<u>(1,423,688)</u>	<u>(105,872)</u>	<u>9,933</u>	<u>(1,519,627)</u>
Total capital assets, being depreciated/amortized, net	<u>1,211,336</u>	<u>220,515</u>	<u>(303)</u>	<u>1,431,548</u>
Governmental activities capital assets, net	<u>\$ 2,040,328</u>	<u>\$ 377,828</u>	<u>\$ (284,955)</u>	<u>\$ 2,133,201</u>

Some construction in progress amounts were expensed in the current year.

Depreciation expense/amortization was charged to governmental functions as follows:

General government	\$ 33,791
Public safety	2,898
Public works	48,116
Health and welfare	127
Community planning and economic development	20,940
Total depreciation/amortization expense - governmental functions	<u>\$ 105,872</u>

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS

A – Current Year Activity (continued)

	Balance January 1, 2025	Additions	Retirements	Balance December 31, 2025
Business-type activities				
<i>Capital assets, not being depreciated/amortized</i>				
Land and easements	\$ 130,321	\$ 11,994	\$ -	\$ 142,315
Construction in progress	171,748	86,523	(89,673)	168,598
Total capital assets, not being depreciated/amortized	<u>302,069</u>	<u>98,517</u>	<u>(89,673)</u>	<u>310,913</u>
<i>Capital assets, being depreciated/amortized</i>				
Lease land	5,689	-	(71)	5,618
Buildings and structures	601,636	2,062	-	603,698
Public improvements	1,120,208	63,341	-	1,183,549
Equipment and other capital outlay	166,217	12,514	-	178,731
Software	2,881	13	-	2,894
Total capital assets, being depreciated/amortized	<u>1,896,631</u>	<u>77,930</u>	<u>(71)</u>	<u>1,974,490</u>
Less accumulated depreciation/amortization for:				
Lease land	(1,595)	(519)	71	(2,043)
Buildings and structures	(320,390)	(12,259)	-	(332,649)
Public improvements	(356,975)	(13,276)	-	(370,251)
Equipment and other capital outlay	(83,910)	(7,650)	-	(91,560)
Software	(2,881)	-	-	(2,881)
Total accumulated depreciation/amortized	<u>(765,751)</u>	<u>(33,704)</u>	<u>71</u>	<u>(799,384)</u>
Total capital assets, being depreciated/amortization, net	<u>1,130,880</u>	<u>44,226</u>	<u>-</u>	<u>1,175,106</u>
Business-type activities capital assets, net	<u>\$ 1,432,949</u>	<u>\$ 142,743</u>	<u>\$ (89,673)</u>	<u>\$ 1,486,019</u>

Some construction in progress amounts were expensed in the current year.

Depreciation/amortization expense was charged to business-type functions as follows:

Sanitary sewer	\$ 2,938
Stormwater	5,365
Water treatment and distribution services	15,408
Municipal parking	7,469
Solid waste and recycling	2,524
Total depreciation/amortized expense - business-type functions	<u>\$ 33,704</u>

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS (continued)

B – Capital Project Commitments

For the year ended December 31, 2025, the City of Minneapolis made capital project commitments for the following:

Public works department	\$ 323,109
Public grounds and facilities	18,862
Miscellaneous projects	<u>1,690</u>
Total capital project commitments	<u>\$ 343,661</u>

C – Discretely Presented Component Units

Activity for the discretely presented component units for the year ended December 31, 2025, was as follows:

	Balance			Balance
Minneapolis Park and Recreation Board	January 1, 2025	Additions	Retirements	December 31, 2025
Capital assets, not being depreciated/amortized	\$ 168,219	\$ 50,107	\$ (19,229)	\$ 199,097
Capital assets, being depreciated/amortized, net	<u>272,691</u>	<u>(1,394)</u>	<u>-</u>	<u>271,297</u>
	<u>\$ 440,910</u>	<u>\$ 48,713</u>	<u>\$ (19,229)</u>	<u>\$ 470,394</u>
Depreciation expense/amortized charged	\$ 19,713			
	Balance			Balance
Municipal Building Commission	January 1, 2025	Additions	Retirements	December 31, 2025
Capital assets, not being depreciated/amortized	\$ 61,535	\$ 11,535	\$ (47,630)	\$ 25,440
Capital assets, being depreciated/amortized, net	<u>1,353</u>	<u>44,576</u>	<u>-</u>	<u>45,929</u>
	<u>\$ 62,888</u>	<u>\$ 56,111</u>	<u>\$ (47,630)</u>	<u>\$ 71,369</u>
Depreciation expense/amortized charged	\$ 3,054			

This Section Left Blank Intentionally

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 5 – LONG-TERM DEBT

The City's full faith, credit and taxing power are pledged to pay general obligation debt principal and interest.

Property Tax Supported General Obligation Bonds

Various issues of general obligation (GO) bonds are recorded in the Governmental Funds and are backed by the full faith and credit of the City. Annual property tax levies are used to pay debt service on these bonds.

Self-Supporting General Obligation Bonds and Notes

Self-supporting bonds and notes issued by the City are recorded in the Enterprise Funds, Internal Service Funds or Governmental Funds. While these bonds and notes are backed by the full faith and credit of the City, they are payable from revenue derived from the function for which they were issued.

General Obligation Improvement Bonds

Improvement bonds are recorded in the Governmental Funds and are payable from special assessments levied and collected for local improvements and are backed by the full faith and credit of the City. The general credit of the City is obligated only to the extent that liens foreclosed against properties involved in special assessment districts are insufficient to retire outstanding bonds.

Tax Increment Revenue Bonds

Tax Increment Revenue Refunding Bonds are recorded in the Governmental Funds. A separate reserve fund has been provided for each bond issue. These bonds are special limited obligations of the City which are payable from tax increments and investment earnings in the reserve fund. The City is required to have a reserve equal to the lesser of the maximum principal and interest due on the bonds in any succeeding bond year or 125 percent of the average principal and interest due on the bonds in succeeding bond years.

In addition, the City has pledged one-half percent of tax capacity to secure payment of bond principal and interest on all bonds issued after May 22, 1987, for the General Agency Reserve Fund System (GARFS) bonds within the Community Planning and Economic Development (CPED) Enterprise Fund.

Sinking Fund Provisions

Sinking fund provisions on certain general obligation bonds require sufficient deposits on or before October 1st of each year to pay all principal and interest amounts coming due on such bonds for the remainder of the current year, and during all of the following year. If this provision is not met, a general tax levy will be made for the balance required. Minnesota State Laws generally require initial tax levies for general obligation bonds to be at least five percent in excess of the bond and interest maturities less estimated pledged assessments and revenues. The initial tax levies cannot be repealed and can only be modified as they relate to current levies and then only upon certification to the Director of Property Taxation that funds are available to pay current maturities in whole or in part.

2025 Bond and Note Sales

In 2025, the City of Minneapolis issued general obligation bonds and notes totaling \$134,185 of new bonds. Below are details of the 2025 debt issuances.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 5 – LONG-TERM DEBT (continued)

In September 2025, the City issued \$134,185 of General Obligation Bonds, Series 2025 to fund a variety of special assessment improvement projects, general infrastructure projects, sanitary and storm sewer projects, and water enterprise projects. The City received bond proceeds of \$142,682 including an original issue premium of \$8,770 offset by a \$216 underwriter's discount. The proceeds were used to reimburse design and construction costs of \$4,620 for special assessment projects related to street reconstruction and resurfacing and \$138,062 for a variety of other capital infrastructure and enterprise fund improvements. With the net premium received, the par amount of bonds required for the projects has been reduced to \$4,385 and \$129,800, respectively. \$200 of the proceeds not required for projects was used to pay cost of issuance expenses. The bonds were dated September 10, 2025, and were issued with fixed interest rates ranging from 4.38% to 5.00% and a final maturity date of December 1, 2044.

Minnesota Public Facilities Authority Notes

The City has entered eight general obligation notes with the Minnesota Public Facilities Authority (PFA) to finance the City's drinking water ultra-filtration project, new filter presses project and a major rehabilitation of the Fridley water treatment plant. The notes are part of a federally sponsored market financing program related to the Safe Drinking Water Act and the City saves up to 1.5% on interest costs by participating in the program. The City has received proceeds totaling \$160,388 on these notes in total and the outstanding debt balance of the four remaining notes in this program is \$44,740 as of December 31, 2025. The interest rates range from 1.01% - 2.69% and the final maturity dates range from August 20, 2026, to August 20, 2035.

The most recently issued note was for \$27,300; it was issued on November 9, 2018, at a 1.47% interest rate with a final maturity of August 20, 2035. The note began funding expenses beginning in 2019. This note was fully utilized in 2023.

Lease Liability

The City of Minneapolis is a party in several lease contracts where the City is a lessee. Generally, the City leases office or storage space at locations throughout the City where there is no access to City-owned facilities. The City manages lease contracts primarily through the Property Services internal service fund where practicable. The schedules in Note 4 show the lease assets.

Software Subscriptions Liability

The City of Minneapolis is a party in several software subscription contracts where the City is a subscriber. Generally, the City subscribes to various software services to manage the technology and software needs of departments across the enterprise. The schedules in Note 4 show the software subscription asset amounts.

Discrete Component Unit Debt

The City issues debt on behalf of the Minneapolis Park & Recreation Board and the Municipal Building Commission. As of December 31, 2025, \$19,394 of the outstanding governmental debt is related to activities of these discretely presented component units and is reported within the debt balances of the primary government. The capital assets purchased with proceeds from debt issuances are held by the respective discrete component units and are reported with their capital assets on the Statement of Net Position, except for the library assets which are now held by Hennepin County.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 5 – LONG-TERM DEBT (continued)

Long-term debt on December 31, 2025 (in thousands) are detailed below.

	<u>Balance</u> <u>1/1/2025</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2025</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental activities:					
<u>Bonds</u>					
Property Tax Supported GO Bonds	325,920	75,540	(47,350)	354,110	23,350
Self Supporting GO Bonds	136,255	-	(32,260)	103,995	6,520
Special Assessment GO Improvement Bonds	72,970	4,385	(9,465)	67,890	9,480
Tax Increment Revenue Bonds	5,720	-	(1,400)	4,320	1,315
Total Bonds	<u>540,865</u>	<u>79,925</u>	<u>(90,475)</u>	<u>530,315</u>	<u>40,665</u>
<u>Other Long-term Debt</u>					
Unamortized Premium (Discount)	29,181	4,401	(2,689)	30,893	-
Lease Liability	3,736	11,197	(1,990)	12,943	1,688
Software Subscriptions	23,703	19,829	(7,518)	36,014	5,425
Total Long-term Debt Governmental	<u>597,485</u>	<u>115,352</u>	<u>(102,672)</u>	<u>610,165</u>	<u>47,778</u>
Business-type activities:					
<u>Bonds and Notes</u>					
Sanitary Sewer Fund GO Bonds	56,869	15,745	(6,849)	65,765	7,780
Stormwater Fund GO Bonds	43,850	13,470	(4,160)	53,160	4,860
Water Treatment and Distribution Services Fund GO Bonds	92,240	25,045	(9,450)	107,835	10,715
Water Treatment and Distribution Services Fund GO Notes	53,350	-	(8,610)	44,740	8,770
Municipal Parking Fund GO Bonds	18,145	-	(5,355)	12,790	5,295
Municipal Parking Fund GO Notes	26,045	-	(2,825)	23,220	3,115
Solid Waste Fund GO Bonds	18,175	-	(685)	17,490	1,355
Total Bonds and Notes	<u>308,674</u>	<u>54,260</u>	<u>(37,934)</u>	<u>325,000</u>	<u>41,890</u>
<u>Other Long-term Debt</u>					
Unamortized Premium (Discount)	18,821	4,312	(2,136)	20,997	-
Lease Liability	4,158	-	(507)	3,651	504
Total Long-term Debt Business-Type	<u>331,653</u>	<u>58,572</u>	<u>(40,577)</u>	<u>349,648</u>	<u>42,394</u>
Total Long-term Debt	<u>\$ 929,138</u>	<u>\$ 173,924</u>	<u>\$ (143,249)</u>	<u>\$ 959,813</u>	<u>\$ 90,172</u>

This Section Left Blank Intentionally

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 5 – LONG-TERM DEBT (continued)

For governmental activities, debt service is generally paid from Debt Service Funds.

Debt Service Requirements of Outstanding Governmental City Debt

As of December 31, 2025, all annual debt service requirements for Governmental activities are as follows:

Year Ending December 31:	Governmental Activities	
	Bonds	
	Principal	Interest
2026	\$ 40,665	\$ 20,008
2027	44,070	18,543
2028	29,960	16,970
2029	34,390	15,821
2030	38,550	14,652
2031 - 2035	123,850	56,548
2036 - 2040	116,045	32,637
2041 - 2045	92,200	10,620
2046	10,585	361
	<u>\$ 530,315</u>	<u>\$ 186,160</u>

Debt Service Requirements of Outstanding Business-type Activities City Debt

As of December 31, 2025, all annual debt service requirements for Business-type Activities are as follows:

Year Ending December 31:	Business-type Activities				Total Business-type Activities Bonds & Notes	
	Bonds		Notes		Principal	Interest
	Principal	Interest	Principal	Interest		
2026	\$ 30,005	\$ 10,422	\$ 11,885	1,444	\$ 41,890	\$ 11,866
2027	26,170	9,359	12,425	1,136	\$ 38,595	\$ 10,495
2028	25,275	8,443	7,915	845	\$ 33,190	\$ 9,288
2029	21,335	7,565	6,370	679	\$ 27,705	\$ 8,244
2030	15,125	6,770	6,610	563	\$ 21,735	\$ 7,333
2031 - 2035	65,865	24,361	22,755	1,015	\$ 88,620	\$ 25,376
2036 - 2040	49,860	11,170	-	-	\$ 49,860	\$ 11,170
2041 - 2045	23,405	1,915	-	-	\$ 23,405	\$ 1,915
	<u>\$ 257,040</u>	<u>\$ 80,005</u>	<u>\$ 67,960</u>	<u>\$ 5,682</u>	<u>\$ 325,000</u>	<u>\$ 85,687</u>

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 5 – LONG-TERM DEBT (continued)

Leases Payable Payment Schedule

Principal and Interest Requirements to Maturity

Year Ending December 31:	Governmental Activities			Business-type Activities		
	Principal Payments	Interest Payments	Total Payments	Principal Payments	Interest Payments	Total Payments
2026	\$ 1,688	\$ 444	\$ 2,132	504	\$ 39	\$ 543
2027	1,629	409	2,038	510	34	544
2028	977	379	1,356	516	28	544
2029	864	357	1,221	521	22	543
2030	330	339	669	527	16	543
2031 - 2035	1,340	1,522	2,862	1,073	15	1,088
2036 - 2040	1,673	1,189	2,862	-	-	-
2041 - 2045	2,089	773	2,862	-	-	-
2046 - 2050	2,353	254	2,607	-	-	-
	<u>\$ 12,943</u>	<u>\$ 5,666</u>	<u>\$ 18,609</u>	<u>\$ 3,651</u>	<u>\$ 154</u>	<u>\$ 3,805</u>

Software Subscriptions Payable Payment Schedule

Principal and Interest Requirements to Maturity

Year Ending December 31:	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 5,425	\$ 1,007	\$ 6,432
2027	4,585	870	5,455
2028	4,255	750	5,005
2029	5,173	636	5,809
2030	3,880	490	4,370
2031-2035	12,696	936	13,632
	<u>\$ 36,014</u>	<u>\$ 4,689</u>	<u>\$ 40,703</u>

This Section Left Blank Intentionally

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 6 – INDUSTRIAL, COMMERCIAL, AND HOUSING REVENUE BONDS AND NOTES

As of December 31, 2025, outstanding industrial, commercial, and housing revenue bonds and notes is \$2,105,663. The bonds are payable solely from revenues of the respective enterprises and do not constitute an indebtedness of the City. They are not a charge against the City’s general credit or taxing power.

NOTE 7 – DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources for the City’s major individual governmental funds and non-major funds in aggregate include the following unavailable revenue sources:

Deferred Inflows of Resources	General Fund	Community Planning and Economic Development	Grants- Federal	HUD		Special Assessment	Non-Major Governmental Funds	Total Governmental
				Consolidated Plan	Permanent Improvement			
Unavailable Revenue								
Property taxes	\$ 1,745	\$ 70	\$ -	\$ -	\$ -	\$ -	\$ 407	\$ 2,222
Special assessments	924	653	-	-	4,723	67,368	47	73,715
Intergovernmental	-	-	-	-	32,773	-	-	32,773
Loans receivable	-	57,931	1,382	49,745	-	-	-	109,058
Leases	-	-	-	-	-	-	15,731	15,731
Total deferred inflows of resources	\$ 2,669	\$ 58,654	\$ 1,382	\$ 49,745	\$ 37,496	\$ 67,368	\$ 16,185	\$ 233,499

NOTE 8 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables

The composition of interfund balances as of December 31, 2025 are as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Non-Major Governmental Fund	Grants-Federal Special Revenue Fund	5,500

Interfund balances are either due to timing differences or to the elimination of negative cash balances within the various funds. All interfund balances are expected to be repaid with in one year.

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
Non-Major Governmental Fund	Non-Major Governmental Fund	2,805

Advances to other funds are to provide working capital for general operations of the other fund.

Transfers:

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations and re-allocations of special revenues. The following schedule briefly summarizes the City’s transfer activity:

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 8 – INTERFUND TRANSACTIONS

Transfers (continued)

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>		<u>Total Transfers In</u>
Governmental Funds:			
General Fund	Municipal Parking Fund	\$ 2,501	
	Stormwater Fund	110	
	Grants - Federal Fund	40	
	CPED Special Revenue Fund	2	
	Non-major Governmental Funds	<u>44,162</u>	<u>46,815</u>
CPED Special Revenue Fund	General Fund	18,758	
	Non-Major Governmental Funds	<u>880</u>	<u>19,638</u>
Permanent Improvement Fund	General Fund	8,084	
	Stormwater Fund	<u>1,625</u>	<u>9,709</u>
Non-Major Governmental Funds	General Fund	4	
	CPED Special Revenue Fund	3,302	
	Permanent Improvement Fund	4,132	
	Non-Major Governmental Funds	<u>\$ 64,360</u>	<u>71,798</u>
Total Governmental Funds			<u>\$ 147,960</u>

This Section Left Blank Intentionally

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 8 – INTERFUND TRANSACTIONS

Transfers (continued)

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Total Transfers In</u>
Proprietary Funds:		
Business-type Activities		
Water Treatment and Distribution Services Fund	Sanitary Sewer Fund	\$ 1,536
		<u>1,536</u>
Solid Waste & Recycling Fund	General Fund	325
	Municipal Parking Fund	146
		<u>471</u>
	Total Business-type Activities	<u>\$ 2,007</u>
Governmental Activities		
Internal Service Funds	General Fund	4,184
	Permanent Improvement Fund	\$ 312
		<u>4,496</u>
	Total Governmental Activities	<u>\$ 4,496</u>

Transfers are made throughout the year between various funds. The majority of the transfers are funding the repayment of debt in the Development Debt and the General Debt Service Funds, transfers to Internal Service Funds for intergovernmental services and transfers to pass through grant resources between funds. Other significant transfers are to support economic development projects and capital projects.

NOTE 9 – NET POSITION/FUND BALANCES

The government-wide, proprietary funds, and internal service fund-type financial statements use a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and amortization and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – This category represents net position of the City, not restricted for any project or other purpose.

In the governmental fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 9 – NET POSITION/FUND BALANCES (continued)

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Council has authorized the Finance Officer to assign fund balances. This authorization is included in the financial policies section of the City’s budget book, and is approved by resolution each year.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In the other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

This Section Left Blank Intentionally

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 9 – NET POSITION/FUND BALANCES (continued)

The City Council has formally adopted a fund balance policy for the General Fund. The City’s policy is to maintain a minimum unassigned fund balance of 17% of the following year’s budgeted expenditures , less internal service fund payments, for cash-flow timing needs.

Fund Balances	General	Community Planning and Economic Development	Grants-Federal	HUD Consolidated Plan	Permanent Improvement	Special Assessment	Non-Major Governmental	Total
Restricted for								
Public safety	\$ 10,173	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,173
Debt service:								
Community development	-	-	-	-	-	-	2,329	2,329
General debt service	-	-	-	-	-	-	19,511	19,511
Special assessment	-	-	-	-	-	26,184	-	26,184
Community and economic development	-	129,917	-	-	-	-	-	129,917
Law enforcement:								
Forfeitures	-	-	-	-	-	-	2,177	2,177
Grants	-	-	9,835	-	-	-	8,755	18,590
Properties held for resale	-	20,001	390	5,263	16,312	-	-	41,966
Capital improvements	-	-	-	-	79,904	-	-	79,904
Total restricted	<u>10,173</u>	<u>149,918</u>	<u>10,225</u>	<u>5,263</u>	<u>96,216</u>	<u>26,184</u>	<u>32,772</u>	<u>330,751</u>
Assigned to								
General government								
Budget Rollovers	1,513	-	-	-	-	-	-	1,513
2026 budget use of fund balance	9,205	-	-	-	-	-	-	9,205
Board of estimate and taxation	-	-	-	-	-	-	326	326
Self-managed special districts	-	-	-	-	-	-	413	413
Public safety:								
Police	-	-	-	-	-	-	723	723
Community and economic development	-	84,573	-	-	-	-	105,635	190,208
Neighborhood and community relations	-	-	-	-	-	-	284	284
Pension obligations	-	-	-	-	-	-	41,867	41,867
Total assigned	<u>10,718</u>	<u>84,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>149,248</u>	<u>244,539</u>
Unassigned								
Unassigned	116,654	-	-	-	(22,070)	-	(2,722)	91,862
Total fund balances	<u>\$ 137,545</u>	<u>\$ 234,491</u>	<u>\$ 10,225</u>	<u>\$ 5,263</u>	<u>\$ 74,146</u>	<u>\$ 26,184</u>	<u>\$ 179,298</u>	<u>\$ 667,152</u>

The City’s net position that is restricted by enabling legislation include the following:

Governmental Activities: Law Enforcement \$2,177

This Section Left Blank Intentionally

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS**A – Plan Description**

The City, Park Board, and MBC participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code. The City participates as a non-employer contributing entity in the Teachers' Retirement Association (TRA) which is administered on a statewide basis.

1. General Employees Retirement Plan (GERP)

The General Employees Plan (accounted for in the General Employees Fund) has multiple benefit structures with members belonging to the Coordinated Plan, the Basic Plan, or the Minneapolis Employees Retirement Fund. Coordinated Plan members are covered by Social Security, and the Basic Plan and Minneapolis Employees Retirement Fund members are not. The Basic Plan was closed to new members in 1967. The Minneapolis Employees Retirement Fund was closed to new members during 1978 and merged into the General Employees Plan in 2015. All new members must participate in the Coordinated Plan, for which benefits vest after three years of credited service.

2. Public Employees Police and Fire Plan (PEPFP)

Police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Police and Fire Plan (accounted for in the Police and Fire Fund). For members first hired after June 30, 2010, but before July 1, 2014, benefits vest on a prorated basis starting with 50 percent after five years and increasing ten percent for each year of service until fully vested after ten years. Benefits for members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years and increasing five percent for each year of service until fully vested after 20 years.

3. Teacher Retirement Association Fund (TRA)

TRA administers a Basic Plan (without Social Security coverage) and a Coordinated Plan (with Social Security coverage) in accordance with Minnesota Statutes, Chapters 354 and 356. TRA is a separate statutory entity and administered by a Board of Trustees. The Board consists of four active members, one retired member and three statutory officials.

B – Benefits Provided

PERA and TRA provide retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2 percent of the highest salary for each of the first 10 years of service and 1.7 percent for each additional year. Under the Level formula, General Plan members receive 1.7 percent of highest average salary for all years of service. For General Employees Plan members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. For PEPFP members, normal retirement age is 55, and for members who were hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90. Disability benefits and disability qualification requirements vary by plan.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS**B – Benefits Provided (continued)**

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90. Police and Fire Plan benefits recipients will receive a 1.0 percent post-retirement increase. Recipients that have been receiving the annuity or benefits for at least 36 months as of June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduce prorated increase.

The Teachers Retirement Association (TRA) covers teachers and other related professionals employed by school districts or by the state. Approximately 591 employers participate in this plan. The plan provides retirement, survivor, and disability benefits. Basic membership includes participants who are not covered by the Social Security Act, while coordinated membership includes participants who are covered by the Act. The annuity formula for the coordinated members is the greater of a step rate with a flat reduction for each month of early retirement, or a level rate (the higher step rate) with an actuarially based reduction for early retirement. The annuity formula for Tier I basic members is 2.2 percent for the first 10 years and 2.7 percent for each subsequent year and Tier II is 2.7 percent of the member's high-five average salary. The annuity formula for Tier I coordinated members for services prior to July 1, 2006, is 1.2 percent for the first 10 years and 1.7 percent each subsequent year of the member's high-five average salary. The annuity formula for Tier I coordinated members for services subsequent to July 1, 2006, is 1.4 percent for the first 10 years and 1.9 percent each subsequent year of the member's high-five average salary. The annuity formula for Tier II coordinated members is 1.7 percent for services prior to July 1, 2006, and 1.9 percent for each year subsequent of the member's high-five average salary. Annual benefits increase by 2.0 percent each year and 2.5 percent if the plan is funded at least 90 percent of full funding.

The benefit provisions stated in the preceding paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

C – Contributions

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. Minnesota Statutes Chapter 353, 353F, and 353G sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS**C – Contributions (continued)****1. GERP Contributions**

General Plan members were required to contribute 6.50 percent of their annual covered salary in calendar year 2025 and the City, Park Board, and MBC were required to contribute 7.50 percent for General Plan members. The City, Park Board, and MBC contributions related to payroll to the GERP for the year ended December 31, 2025, were \$22,423, \$4,199, and \$257 respectively. The City, Park Board, and MBC fixed contributions to the GERP for the year ended December 31, 2025, were \$11,869, \$2,169, and \$227 respectively. Total contributions were equal to the required contributions as set by state statute.

2. PEPFP Contributions

Plan members were required to contribute 11.80 percent of their annual covered salary in calendar year 2025. Employers were required to contribute 17.70 percent of pay for PEPFP members in calendar year 2025. Contributions to the PEPFP related to payroll for the year ended December 31, 2025, were \$28,227 for the City and \$827 for the Park Board. The City also made fixed contributions to PEPFP, non-payroll related, of \$7,679 for the year ended December 31, 2025. Total contributions were equal to the required contractual contributions as set by state statute.

3. TRA Contributions

The City's non-employer contribution to the TRA for the year ended December 31, 2025, was \$2,250. The City's contributions were equal to the required contributions as set by state statute.

D – Pension Costs**1. General Employees Fund Pension Costs**

At December 31, 2025, the City, Park Board, and MBC reported a liability of \$102,045, \$19,732, and \$1,180 respectively for the proportionate share of the General Employee Fund's net pension liability related to payroll contributions. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City, Park Board, and MBC proportion of the net pension liability was based on each entity's contributions received by PERA during the measurement period for employer payroll paid from July 1, 2024, through June 30, 2025, relative to the total employer payroll related contributions received from all of PERA's participating employers. At June 30, 2025, the City's proportionate share related to payroll contributions was 3.2871 percent, which was an increase of 0.1512 percent from its proportion measured as of June 30, 2024. At June 30, 2025 the Park Board's proportionate share related to payroll contributions was 0.6356 percent, which was a decrease of 0.0018 percent from its proportion measured as of June 30, 2024. At June 30, 2025, MBC's proportionate share related to payroll contributions was 0.0380 percent, which was a decrease of 0.0025 percent from its proportion measured as of June 30, 2024.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

1. General Employees Fund Pension Costs (continued)

In addition to the payroll contributions, the City, Park Board, and MBC contribute statutorily fixed amounts related to closed pension plans now merged into PERA. The City, Park Board, and MBC will continue to make these contributions through 2031, and the net present values of these fixed contributions are \$67,206, \$12,282, and \$1,284 respectively as of the June 30, 2025 measurement date. The resulting combined net pension liability reported by the City, Park Board, and MBC as of December 31, 2025 is \$169,251, \$32,014 and \$2,464, respectively. The combined liability represents a proportionate share of the Plan’s net pension liability equal to 5.1073 percent for the City, 0.9661 percent for Park Board, and 0.0743 percent for MBC.

For the year ended December 31, 2025, the City, Park Board, and MBC recognized pension expense of (\$29,992), (\$5,841), and (\$554), respectively for the proportionate share of the GERP’s pension expense.

In addition, the City, Park Board, and MBC also recognized (\$597), (\$113), and (\$7), respectively as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s expense related to its contribution to the General Employees Plan, which qualifies as a special funding situation. Legislation requires the State of Minnesota to contribute \$16,000 to the General Employees Plan annually until September 15, 2031.

The table below shows the share of each category of pension liability for the City and Park Board and the total by entity.

	<u>City Governmental Activities</u>	<u>City Business- type Activities</u>	<u>City Total</u>	<u>Park Board</u>	<u>MBC</u>
Payroll related proportionate share of the net pension liability	\$ 82,886	\$ 19,159	\$ 102,045	\$ 19,732	\$ 1,180
Net present value of fixed pension contributions	\$ 54,588	\$ 12,618	\$ 67,206	\$ 12,282	\$ 1,284
State of Minnesota’s proportionate share of the net pension liability associated with the entity	<u>\$ 3,160</u>	<u>\$ 731</u>	<u>\$ 3,891</u>	<u>\$ 737</u>	<u>\$ 46</u>
Total	<u>\$ 140,634</u>	<u>\$ 32,508</u>	<u>\$ 173,142</u>	<u>\$ 32,751</u>	<u>\$ 2,510</u>

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

1. General Employees Fund Pension Costs (continued)

At December 31, 2025, the City, Park Board, and MBC reported proportionate shares of the GERP’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	City	Park Board	MBC	City	Park Board	MBC
Differences between expected and actual economic experiences	\$ 10,068	\$ 2,018	\$ 125	\$ -	\$ -	\$ -
Changes in actuarial assumptions	2,624	507	30	24,176	5,006	319
Difference between projected and actual investment earnings	-	-	-	43,783	8,556	501
Changes in proportion	6,808	661	-	-	495	99
Contributions paid to PERA subsequent to the measurement date	11,609	2,157	138	-	-	-
Total	\$ 31,109	\$ 5,343	\$ 293	\$ 67,959	\$ 14,057	\$ 919

Contributions subsequent to the measurement date are shown as deferred outflows in the above table and will be recognized as a reduction to net pension liability for the year ended December 31, 2026. These contributions total \$11,609 for the City, \$2,157 for the Park Board, and \$137 for MBC. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	Pension Expense Amount		
	City	Park Board	MBC
2026	(9,209)	(2,232)	(193)
2027	(18,313)	(4,233)	(280)
2028	(13,193)	(2,908)	(201)
2029	(7,744)	(1,498)	(90)

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS**D – Pension Costs (continued)****2. Police and Fire Fund Pension Costs**

At December 31, 2025, the City reported a liability of \$118,179 for the proportionate share of the Police and Fire Fund's net pension liability related to payroll contributions. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid from July 1, 2024, through June 30, 2025, relative to the total employer payroll related contributions received from all of PERA's participating employers. At June 30, 2025, the City's proportionate share related to payroll contributions was 10.9857 percent, which was an increase of 0.7342 percent from its proportion measured as of June 30, 2024. In addition to the payroll contributions, the City contributes statutorily fixed amounts related to closed pension plans now merged into PERA. The City will continue to make these contributions through 2031, and the net present value of these fixed contributions is \$44,155 as of the June 30, 2025 measurement date. The resulting combined net pension liability reported by the City as of December 31, 2025 is \$162,334. The combined liability represents a proportionate share of the Plan's net pension liability equal to 13.8550 percent for the City.

At December 31, 2025, the Park Board reported a liability of \$3,574 for the proportionate share of the PEPFP's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. Each employer's proportion of the net pension liability was based on the employer's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2024, through June 30, 2025, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2025, the Park Board's proportion share was 0.3322 percent, which was an increase of 0.0534 percent from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the City and Park Board recognized pension expense of (\$2,964) and \$(225) respectively for the proportionate share of the PEPFP's pension expense.

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2025. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state aid was paid on October 1, 2024. The direct state aid payment will increase by \$17.7 million which was paid on October 1, 2025. Thereafter, by October 1 of each year, the state will pay \$26.7 million to the Police and Fire Fund until the fund is 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis). The \$9 million in supplemental state aid will continue until the fund and the State Patrol Plan (administered by the Minnesota State Retirement System) are 100% funded for three consecutive years (on an actuarial value of assets basis).

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2025, the City and Park Board respectively recognized pension expense of \$1,406 and \$34 for its proportionate share of the Police and Fire Plan's pension expense. The City and Park Board respectively recognized \$1,406 and \$34 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

2. Police and Fire Fund Pension Costs (continued)

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City and Park Board recognized (\$1,188) and (\$28) for the year ended December 31, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Fund.

The table below shows the share of each category of pension liability for the City and Park Board and the total by entity.

	City Governmental Activities	Park Board
Payroll related proportionate share of the net pension liability	\$ 118,179	\$ 3,574
Net present value of fixed pension contributions	44,155	-
State of Minnesota’s proportionate share of the net pension liability associated with the entity	5,362	127
Total	\$ 167,696	\$ 3,701

At December 31, 2025, the City and Park Board reported proportionate shares of the PEPFP’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	City	Park Board	City	Park Board
Differences between expected and actual economic experiences	\$ 57,652	\$ 1,670	\$ -	\$ -
Changes in actuarial assumptions	99,061	2,703	154,274	4,518
Difference between projected and actual investment earnings	-	-	54,825	1,606
Changes in proportion	7,399	588	14,223	368
Contributions paid to PERA subsequent to the measurement date	14,651	436	-	-
Total	\$ 178,763	\$ 5,397	\$ 223,322	\$ 6,492

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

2. Police and Fire Fund Pension Costs (continued)

Contributions subsequent to the measurement date are shown as deferred outflows in the above table and will be recognized as a reduction to net pension liability for the year ended December 31, 2026. These contributions total \$14,651 for the City and \$436 for the Park Board. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Pension Expense Amount</u>	
	<u>City</u>	<u>Park Board</u>
2026	29,677	822
2027	(28,634)	(750)
2028	(62,391)	(1,718)
2029	(2,713)	(96)
2030	4,851	211

3. TRA Pension Costs

At December 31, 2025, the City reported a liability of \$27,535 for its share of the TRA’s net pension liability. The net pension liability for TRA is equivalent to the net present value of the City’s statutorily required contributions for the life of the obligation. The City is statutorily obligated to contribute \$2,250 each year to TRA until the plan is fully funded as determined by the plan’s actuary. It is currently expected that the plan will be fully funded, ending the City’s obligation, in the year 2039. The net present value of the City’s obligation was determined using the expected remaining years of contributions, discounted at the plan’s discount rate of 4.00 percent.

For the year ended December 31, 2025, the City recognized pension expense of \$(66) for its share of the TRA’s pension expense.

At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to TRA’s pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in actuarial assumptions	\$ 376	\$ -

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

3. TRA Pension Costs (continued)

As mentioned above, the City has a statutory obligation to contribute to the TRA as a non-employer contributing agency. There were no contributions subsequent to the measurement date that would be recognized as a reduction to net pension liability for the year ended December 31, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31:</u>	<u>Pension Expense Amount</u>
2026	376

4. Total Pension Costs

Total pension expense for year ended December 31, 2025 is as shown in the chart below:

	<u>City</u>	<u>Park Board</u>	<u>MBC</u>
GERP	\$ (29,992)	\$ (5,841)	\$ (554)
PEPFF	(2,964)	(225)	-
TRA	(66)	-	-
	<u>\$ (33,022)</u>	<u>\$ (6,066)</u>	<u>\$ (554)</u>

E – Long-Term Expected Return on Investment

The long-term expected rate of return on pension plan investments is 7.00 percent. The State Board of Investment, which manages the investments of PERA and TRA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building block method in which best estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	33.50%	5.10%
International Equity	16.50	5.30
Fixed Income	25.00	0.75
Private Markets	25.00	5.90

F. Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent in 2025. This was the same as 2024. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the fiduciary net position of the General Employees Plan and the Police and Fire Plan were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS

F. Discount Rate (continued)

In the TRA Plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. The long-term expected rate of return on investments of 7.00 percent was applied to all periods of projected payments to determine the total pension liability.

G – Actuarial Assumptions

The total pension liability in the June 30, 2025, actuarial valuation was determined using the individual entry age normal actuarial cost method and the following additional actuarial assumptions:

Assumption	GERP	PEPFF	TRA
Inflation	2.25% per year	2.25% per year	2.50%
Active Member Payroll Growth	3.00% per year	3.00% per year	2.85%
Investment Rate of Return	7.00%	7.00%	4.00%

Salary growth assumptions in the General Employees Plan range in annual increments from 11.5 percent after one year of service to 3.0 percent after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 10.75 percent after one year of service to 3.0 percent after 23 years of service. Mortality rates for active members, retirees, survivors, and debilitants were based on the Pub-2010 General Employee Mortality Table for the General Employees Plan and the Pub-2010 Public Safety Employee Mortality tables for the Police and Fire Plan. The tables are adjusted slightly to fit PERA’s experience. Cost of living benefit increases for retirees are assumed to be 1.5 percent for the General Employees Plan. For the Police and Fire Plan, cost of living benefit increases for retirees are 1.00 percent as set by state statute. Cost of living increases for TRA are 1.00 percent for January 2019 through January 2023, then increasing by 0.1 percent each year up to 1.5 percent annually.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2022. The assumption changes were adopted by the Board and became effective with the July 1, 2023 actuarial valuation. The most recent four-year experience studies for the Police and Fire and the Correctional Plan were completed in 2024 were adopted by the Board and became effective with the July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2025:

Changes in Actuarial Assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for non-vested, terminated members
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions:

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75% , beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS**G – Actuarial Assumptions (continued)**

- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

Police and Fire Fund

Changes in Actuarial Assumptions:

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.

Changes in Plan Provisions:

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026 benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.
- The threshold to end the \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional \$17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.
- Join and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS

G – Actuarial Assumptions (continued)

Teachers Retirement Association

Changes in Plan Provisions:

- Liability load for inactive non-vested members changed from 9% to 13% and the liability load for inactive vested members changed from 7% to 6%.

H – Pension Liability Sensitivity

The following presents the City’s, Park Board’s, and MBC’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s, Park Board’s, and MBC’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

<u>Plan and Entity</u>	<u>1% Decrease to Discount Rate</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
GERF Discount Rate	6.0%	7.0%	8.0%
City	326,631	169,251	41,338
Park Board	62,426	32,014	7,301
MBC	4,298	2,464	971
PEPFF Discount Rate	6.0%	7.0%	8.0%
City	371,773	162,334	(9,766)
Park Board	9,872	3,574	(1,597)
TRA Discount Rate	6.0%	7.0%	8.0%
City	29,860	27,535	25,503

I – Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

Detailed information about TRA’s fiduciary net position is available in a separately issued TRA financial report. That report can be obtained at www.MinnesotaTRA.org.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 11 - DEFINED CONTRIBUTION PLAN – CPED**A – Plan Description**

Qualified CPED employees belong to a defined contribution pension plan administered by Union Central Life Insurance Company. A permanent employee becomes a participant in the plan on April 1 or October 1, following completion of his or her probationary period and after attaining age 20 1/2.

Benefits and contribution requirements are established and can be amended by the City of Minneapolis City Council. All provisions are within limitations established by Minnesota Statutes.

The payroll for employees covered by the CPED's defined contribution plan for the year ended December 31, 2025, was \$1,193 and the CPED's total payroll was \$26,196.

B – Contributions Required and Made

The City of Minneapolis and CPED employee participants are each required to contribute five percent of the participants' annual compensation to an investment fund administered by Union Central Life Insurance Company, which will provide retirement benefits under a Money Purchase Plan. Participants are vested at the rate of 20 percent per year, for the employer's share of the contribution, and are 100 percent vested immediately for their individual contribution.

The City and CPED employee participants contributed \$66 and \$61 respectively to the plan during the year, which amounts represented 5.53 percent and 5.10 percent respectively of the covered payroll.

NOTE 12 – POSTEMPLOYMENT BENEFITS PLAN

The City engaged a consulting actuary who has conducted a review of liabilities to be reported as required by Governmental Accounting Standards Board (GASB) Statement number 75. In general, the City does not pay the cost of health insurance for retired employees, except in limited circumstances. Retired City employees, however, may purchase health insurance offered to City employees at the retired employee's expense. Including retired employees with current employees causes health insurance premiums for current employees to be more than if retired employees were not in the same pool of insureds. The City and current employees share the cost of health insurance for current employees. The increased cost of health insurance premiums for current employees is considered an implicit subsidy for the retired employees and is disclosed as required by GASB 75. Retirees grandfathered into the plan are assumed to continue coverage for life, while future retirees are assumed to continue coverage until Medicare eligible.

A – Plan Description

The City, Park Board and MBC provide a single employer defined benefit healthcare plan to eligible retirees and their spouses. The plan offers medical and dental coverage. Medical coverage is administered by Medica. Dental coverage is administered through the Delta Dental Plan of Minnesota. The City and Park Board are self-insured for both medical and dental coverage. Beginning in 2018, MBC was no longer under the City's insurance plan. Results below reflect the results of the December 31, 2025, actuarial valuation. Retirees pay 100 percent of the blended active/retiree premium rate, in accordance with Minnesota Statutes Section 471.61, subd. 2b.

No assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. The other postemployment benefit plan (OPEB) does not issue a stand-alone financial report.

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 12 – POSTEMPLOYMENT BENEFITS PLAN

A – Plan Description (continued)

As of the actuarial valuation for the fiscal year ending December 31, 2025, the following employees were covered by the benefit terms:

<u>Category</u>	<u>City</u>	<u>Park Board</u>	<u>MBC</u>
Inactive employees or beneficiaries currently receiving benefit payments	499	7	5
Active plan participants	4,099	511	42
Total	<u>4,598</u>	<u>518</u>	<u>47</u>

B – Total OPEB Liability

The City’s and Park Board’s total OPEB liability of \$123,590 and \$1,339 respectively, was measured as of December 31, 2024, with an actuarial valuation as of December 31, 2024. MBC’s total OPEB liability of \$515 was measured as of January 1, 2025, and was determined by an actuarial valuation as of January 1, 2025.

This Section Left Blank Intentionally

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 12 – POSTEMPLOYMENT BENEFITS PLAN

B – Total OPEB Liability (continued)

The total OPEB liability in the fiscal year-end December 31, 2025, actuarial valuations were determined using the following actuarial assumptions and other inputs, applied to all periods and entities included in the measurement, unless otherwise specified:

Inflation	2.25 % for City and Park Board; 2.50% for MBC
Salary increases	Based on years of service, ranging from 3.00 % to 11.50% for City and Park Board; based on years of service, ranging from 3.00% to 11.50% for MBC
Health care cost trend	3.50% in 2025, gradually increasing over several decades to an ultimate rate of 4.04% in 2075 and later years for City and Park Board. 6.50% for 2025, grading to 5.00% over 5 years and then 4.00% over the next 48 years for MBC
Discount Rate	4.08% for City and Park Board; 4.20% for MBC
Mortality Rate	<p>City and Park Board General Healthy Pre-Retirement: Pub-2010 General Employee Mortality Table adjusted for mortality improvements using projection scale MP-2021. Rates are multiplied by a factor of 1.07 for males and 0.94 for females.</p> <p>City and Park Board General Healthy Post-Retirement: Pub-2010 General Employee Mortality Table adjusted for mortality improvements using projection scale MP-2021. Rates are multiplied by a factor of 1.09 for males and 0.90 for females.</p> <p>City and Park Board General Disabled Retiree: Pub-2010 General/Teacher Disabled Retiree Mortality Table adjusted for mortality improvements using projection scale MP-2021. Rates are multiplied by a factor of 1.12 for males and 1.23 for females.</p> <p>City and Park Board Police Fire Healthy Pre-Retirement: Pub-2010 Public Safety Employee Mortality Table adjusted for mortality improvements using projection scale MP-2021.</p> <p>City and Park Board Police Fire Healthy Post-Retirement: Pub-2010 Public Safety Employee Mortality Table adjusted for mortality improvements using projection scale MP-2021. Male rates are multiplied by a factor of 1.01.</p> <p>City and Park Board Police Fire Disabled Retiree: Pub-2010 Public Safety Disabled Retiree Mortality Table adjusted for mortality improvements using projection scale MP-2021. Male rates are multiplied by a factor of 1.17.</p> <p>MBC All Participants: Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale</p>
Actuarial Cost Method	Entry age, normal percentage of pay

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 12 – POSTEMPLOYMENT BENEFITS PLAN (continued)

C – Changes in the Total OPEB liability

	<u>City</u>	<u>Park Board</u>	<u>MBC</u>
Balance at January 1, 2025	\$ 128,027	\$ 1,418	\$ 603
Changes for the year			
Service cost	2,818	32	27
Interest cost	4,154	46	22
Changes of assumptions	(8,980)	(131)	(62)
Experience Gain/(Loss)	4,402	49	23
Benefit payments	(6,831)	(76)	(98)
Total net change	<u>(4,437)</u>	<u>(80)</u>	<u>(88)</u>
Balance at December 31, 2025	<u>\$ 123,590</u>	<u>\$ 1,338</u>	<u>\$ 515</u>

Liabilities arising from postemployment benefits are generally liquidated from the fund where the employee’s salary was originally charged.

D – OPEB Liability Sensitivity

The following presents the total OPEB liability of the City, Park Board, and MBC, calculated using the discount rate previously disclosed, as well as what each entity’s total OPEB liability would be if it were calculated using a discount rate that is 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Discount Rate	3.08%	4.08%	5.08%
City total OPEB liability	\$ 134,552	\$ 123,590	\$ 113,978
Park Board total OPEB liability	\$ 1,457	\$ 1,338	\$ 1,234
Discount Rate	3.20%	4.20%	5.20%
MBC total OPEB liability	\$ 534	\$ 515	\$ 497

The following presents the total OPEB liability of the City, Park Board, and MBC, calculated using the health care cost trend previously disclosed, as well as what the City’s, Park Board’s, and MBC’s total OPEB liability would be if it were calculated using health care cost trend rates that are 1.0 percentage point lower or 1.0 percentage point higher than the current health care cost trend rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Medical Trend Rate	2.5% Decreasing to 4.04% by 2075	3.50% Decreasing to 4.04% by 2075	4.50% Decreasing to 4.04% by 2075
City total OPEB liability	\$ 112,004	\$ 123,590	\$ 137,016
Park Board total OPEB liability	\$ 1,213	\$ 1,338	\$ 1,484
Medical Trend Rate	5.50% Decreasing to 4.00% over 5 years	6.50% Decreasing to 5.00% over 5 years	7.50% Decreasing to 6.00% over 5 years
MBC total OPEB liability	\$ 489	\$ 515	\$ 545

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 12 – POSTEMPLOYMENT BENEFITS PLAN (continued)

E – OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2025, the City, Park Board, and MBC recognized OPEB expense of \$12,093, \$99, and (\$105), respectively. The City, Park Board, and MBC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	City	Park Board	MBC	City	Park Board	MBC
Liability experience (gains) and losses	\$ 51,194	\$ 569	\$ 16	\$ -	\$ -	\$ -
Changes in actuarial assumptions	4,201	47	2	12,137	137	41
Contributions paid subsequent to the measurement date	7,643	170	83	-	-	-
Total	63,038	786	101	12,137	137	41

Contributions subsequent to the measurement date are shown as deferred outflows in the above table and will be recognized as a reduction to OPEB liability for the year ended December 31, 2026. These contributions total \$7,643 for the City, \$170 for the Park Board, and \$83 for MBC. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ended December 31:	OPEB Expense Amount		
	City	Park Board	MBC
2026	\$ 12,486	\$ 135	\$ -
2027	11,617	126	(11)
2028	11,264	122	(12)
2029	8,554	103	-
2030	(128)	(1)	-
Thereafter	(535)	(6)	-

F – Changes in Actuarial Assumptions

The following changes in actuarial assumptions occurred in 2025 for the City and Park Board:

- The discount rate has been updated from 3.26% to 4.08%.
- The salary increase rates were updated to reflect the experience of the analogous population for Public Employees’ Retirement Association of Minnesota (July 1, 2025 Funding valuations).
- The medical cost increase trend rates have been updated based on short and long-term expectations.
- The Per Capita Claims cost tables for medical coverage have been updated to reflect actual claims information for 2024.
- The Mortality Base Table factors have been updated to reflect the experience of the analogous population for Public Employees’ Retirement Association of Minnesota (July 1, 2025 funding valuations).
- The retirement, withdrawal, and disability rates have been updated to reflect the experience of the analogous population for Public Employees’ Retirement Association of Minnesota (July 1, 2025 funding valuations)

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 12 – POSTEMPLOYMENT BENEFITS PLAN

F – Changes in Actuarial Assumptions (continued)

The following changes in actuarial assumptions occurred in 2025 for MBC:

- The discount rate was changed from 3.70% to 4.20%.
- The health care trend rates were changed to better anticipate short term and long term medical increases.
- The retirement, withdrawal, and salary increase rates were updated to reflect the latest experience study.

NOTE 13 – VACATION, SEVERANCE, SICK AND COMPENSATORY TIME PAY

Depending on the terms of their collective bargaining contract, or the policies applicable to their classification, employees may accumulate up to 400 hours of vacation.

Sick leave may be accumulated indefinitely by employees. Also, employees have the option of being paid once a year for current unused sick leave accumulated over a minimum base of 480 hours or, under certain circumstances, CPED employees may be allowed to have unused sick leave converted to vacation and added to their vacation balance. Payments are based on a sliding scale ranging from 50 percent to 100 percent depending on the base level attained. In addition, under certain circumstances, employees leaving City employment may qualify to receive payment for 50 percent of their unused sick leave at their current rate of pay.

Employees, depending on their classification, and subject to prior approval of their supervisor, may earn compensatory time in lieu of paid overtime. Policies are in effect which are designed to place constraints on the amount of compensatory time an employee may accumulate.

Liabilities arising from compensated absences are generally liquidated from the fund where the employee’s salary was originally charged.

Primary Government

Activity for the primary government for the year ended December 31, 2025, was as follows:

	<u>Balance</u> <u>1/1/2025</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2025</u>
Compensated absences payable:				
Governmental activities	\$ 67,620	\$ 33,023	\$ (29,501)	\$ 71,142
Business-type activities	6,946	3,880	(3,671)	7,155
Total	<u>\$ 74,566</u>	<u>\$ 36,903</u>	<u>\$ (33,172)</u>	<u>\$ 78,297</u>

Discretely Presented Component Units

Activity for the discretely presented component units for the year ended December 31, 2025, was as follows:

	<u>Balance</u> <u>1/1/2025</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/2025</u>
Compensated absences payable:				
Minneapolis Park and Recreation Board	\$ 7,347	\$ 4,505	\$ (4,345)	\$ 7,507
Municipal Building Commission	388	292	(232)	448
Total	<u>\$ 7,735</u>	<u>\$ 4,797</u>	<u>\$ (4,577)</u>	<u>\$ 7,955</u>

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 14 – SELF-INSURED EMPLOYEE HEALTH PLANS

Employee health claims are accounted for in the Self-Insurance internal service fund. The City makes premium payments to the fund that include both employer and employee contributions. A liability was recorded at year-end for estimated open and IBNR claims which are evaluated through a review of current year claims paid as well as claims paid subsequent to year-end. Changes in the employee health plan liability during fiscal 2024 and 2025 are as follows:

	<u>2024</u>	<u>2025</u>
Incurring but not Received Claims (IBNR)	\$ 9,026	\$ 11,175
Claims Adjustment Expense	29	715
Provision for Adverse Deviation	200	198
Total Estimated Actuarial Liabilities	<u>\$ 9,255</u>	<u>\$ 12,088</u>

In addition to this, as of January 1, 2023, the City of Minneapolis began receiving all Pharmacy Rebates under a “pass through” arrangement with Medica. There is significant lag between the date a prescription was filled and the date the associated rebate (if applicable) was paid to the City. As a result, a receivable is appropriate as of December 31, 2025 for rebates earned but not yet paid. Changes to the Pharmacy Rebate Receivable in the Self-insurance internal service fund during fiscal years 2024 and 2025 are as follows:

	<u>2024</u>	<u>2025</u>
Estimated Rebate Receivable	\$ 0	\$ 5,271
Provision for Adverse Experience	0	(264)
Estimated Administrative Expenses Payable	0	(1,157)
Total Net Pharmacy Rebate Receivable	<u>\$ 0</u>	<u>\$ 3,850</u>

NOTE 15 – RISK MANAGEMENT AND CLAIMS

The City is self-insured and exposed to a variety of risks related to liability claims, property, personal injury and accidents. The City is self-insured for workers' compensation, general liability, and re-employment. Liability claims under \$25 and unrepresented are managed by Risk Management and Claims. Liability claims that are represented and over \$25 are managed by the City Attorneys' Office. The City, CPED and the BET are self-insured for general liability. The workers' compensation program includes the BET and all City departments. The Park Board and MBC maintain their own workers' compensation and liability programs. The claims liability of \$304,960 reported in the Self-Insurance Internal Service Fund at December 31, 2025, is based on the requirements of GASB Statement No. 10 - *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* and covers the exposures of workers' compensation and liability. An actuarial study completed in April of 2026 for claim exposure and settlements payments, calculated that the claims liability at December 31, 2025 is \$304,960, an increase of \$77,005 from the liability amount of \$227,955 at December 31, 2024.

Per State Statute, the City purchases excess insurance for its workers' compensation program from the Workers' Compensation Reinsurance Association (WCRA) and supports the State's regulation authority through payments in the Special Compensation Fund (SCF). The WCRA reimburses members for individual claim losses exceeding the City's retention limit. Reimbursements by the Second Injury Fund come through the SCF. Workers' compensation coverage is governed by State of Minnesota statutes. Claims liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can reasonably be estimated. Liabilities include an amount for estimated claims administration expenses and an amount for claims that have been incurred but are not reported (IBNR).

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 15 – RISK MANAGEMENT AND CLAIMS (continued)

The City, including all discrete and blended component units of government, also maintains a self-funded dental plan for covered employees. Dental coverage is based on plan design and includes Delta Dental PPO coverage of up to \$1.5 or Delta Dental Premier coverage of up to \$1.0 per person annually.

Changes in the claim’s liabilities during fiscal 2024 and 2025 are:

	<u>2024</u>	<u>2025</u>
Liability balance – January 1	\$ 192,030	\$ 227,955
Changes in estimates	47,285	91,103
Claims payments	<u>(11,360)</u>	<u>(14,098)</u>
Liability balance – December 31	<u>\$ 227,955</u>	<u>\$ 304,960</u>

Please note that 2024 changes in estimates only included short-term estimates. Claims payments included changes in long-term estimates. Both short-term and long-term estimates are now included with “Changes in estimates” for the year 2025.

NOTE 16 – CLEANUP OF HAZARDOUS MATERIALS

Properties owned by the City of Minneapolis may have certain contingent liabilities associated with them due to potential contamination from hazardous material or difficulty in securing vacant structures located on them. It is not expected that these contingencies will have a material effect on the financial statements of the City.

Any of these related costs that are incurred during City project construction are charged to the project that incurs them and are capitalized when the project is completed.

NOTE 17 – TAX ABATEMENTS

Tax Increment Financing Notes

The City is a party to tax abatements created by tax increment finance (TIF) agreements for development within City. TIF authorities are defined in Minn. Stat. § 469.174 and can include cities, housing redevelopment authorities, economic development authorities and port authorities. TIF captures the increased property taxes (increment) that a new real estate development generates to pay qualifying expenses related to the development. In many instances, the developer agrees to provide financing for the qualifying expenses. In exchange, the TIF authority agrees to annually pay a portion of the increment to the developer. These TIF agreements affect the property tax revenues of all governments that levy property tax on the property subject to the TIF agreement.

In the case of the City, TIF agreements with various developers have effectively reduced the property tax revenues for the year ended December 31, 2025, as shown below:

<u>Tax Abatement Program</u>	<u>Taxes Abated</u>
Tax Increment Financing	\$ 8,012

For the fiscal year ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 18 – OTHER COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the grantor agencies. Any disallowed claims, including amounts previously recognized by the City as revenue, would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time. City officials expect such amounts, if any, to be immaterial.

As a large municipality with varied operations, the City is subject to various claims and litigations seeking money damages. While actions against the City vary in exposure, overall there is not an unusual number of pending actions, nor is there an unusual amount of money damages claimed except for the following notable claims:

- The City is a defendant in a pending government administration suit regarding collected developer fees.
- The City is a defendant in a lawsuit involving the rental licensing of Minneapolis Public Housing dwellings.
- The City is a defendant in five alleged high exposure police misconduct actions.

The City has stopped work on a capital project currently included in the City's construction in progress balance as of December 31, 2025. The project (Water18) is a multi-year land development and building construction project to be used by both business-type and governmental activities for various functions including office space, maintenance shops, and more. The project is funded through bonds and cash contributions from participating funds. Work has been on hold pending the outcome of various legal challenges and proposed contractual agreements with a local group that seeks to purchase the location for an alternate use. At the end of 2025, the project's balances were transferred to other active capital projects except for the security costs and a small amount of interest cost. In addition, the value of the land is also included and is awaiting a possible sale.

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
REQUIRED SUPPLEMENTAL INFORMATION
For the Fiscal Year Ended December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 391,748	\$ 391,748	\$ 369,794	\$ (21,954)
Licenses and permits	45,609	45,609	40,200	(5,409)
Intergovernmental revenues	90,319	90,349	98,505	8,156
Charges for services and sales	58,747	58,747	64,488	5,741
Fines and forfeits	5,305	5,305	6,003	698
Special assessments	5,060	5,060	6,595	1,535
Investment earnings	15,744	15,744	22,902	7,158
Miscellaneous revenues	3,362	3,378	3,706	328
Total revenues	<u>615,894</u>	<u>615,940</u>	<u>612,193</u>	<u>(3,747)</u>
CURRENT EXPENDITURES:				
Current:				
General government:				
Mayor	2,709	2,709	2,590	119
Legislative department	22,568	23,579	21,373	2,206
Assessing	7,206	7,206	7,350	(144)
Attorney	22,700	22,700	23,135	(435)
Civil rights	7,530	7,583	7,327	256
Office of public service	65,302	72,800	69,296	3,504
Arts and cultural affairs	3,616	4,563	2,588	1,975
Racial equity inclusion and belonging	1,510	1,710	1,692	18
Performance management and innovation	2,027	1,892	1,204	688
Contingency	13,571	13,471	-	13,471
General government pensions	-	-	557	(557)
Total general government	<u>148,739</u>	<u>158,213</u>	<u>137,112</u>	<u>21,101</u>
Public safety:				
Regulatory services	30,684	31,296	29,985	1,311
Neighborhood Safety	9,234	17,921	8,631	9,290
Office of Community Safety	16,756	18,226	17,224	1,002
Fire	90,206	90,444	97,247	(6,803)
Police	225,800	226,740	255,092	(28,352)
Public safety pensions	-	-	4,713	(4,713)
Total public safety	<u>372,680</u>	<u>384,627</u>	<u>412,892</u>	<u>(28,265)</u>
Public works	<u>74,897</u>	<u>74,437</u>	<u>82,324</u>	<u>(7,887)</u>
Health and welfare - Health and family support	<u>26,248</u>	<u>29,982</u>	<u>27,348</u>	<u>2,634</u>
Community planning and economic development	<u>47,350</u>	<u>52,368</u>	<u>46,814</u>	<u>5,554</u>
Debt Service:				
Principal retirement	-	-	1,860	(1,860)
Interest and fiscal charges	-	-	293	(293)
Total expenditures	<u>669,914</u>	<u>699,627</u>	<u>708,643</u>	<u>(9,016)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(54,020)</u>	<u>(83,687)</u>	<u>(96,450)</u>	<u>(12,763)</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	46,773	46,773	46,815	42
Transfers to other funds	(17,314)	(31,343)	(31,355)	(12)
Software subscriptions issued	-	-	356	356
Leases issued	-	-	9,004	9,004
Total other financing sources (uses)	<u>29,459</u>	<u>15,430</u>	<u>24,820</u>	<u>9,390</u>
Net change in fund balance	(24,561)	(68,257)	(71,630)	(3,373)
Fund balances - January 1	<u>209,175</u>	<u>209,175</u>	<u>209,175</u>	<u>-</u>
Fund balances - December 31	<u>\$ 184,614</u>	<u>\$ 140,918</u>	<u>\$ 137,545</u>	<u>\$ (3,373)</u>

The notes to the required supplementary information are an integral part of this schedule

**COMMUNITY PLANNING AND ECONOMIC DEVELOPMENT
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
REQUIRED SUPPLEMENTAL INFORMATION
For the Fiscal Year Ended December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 29,285	\$ 29,285	\$ 18,099	\$ (11,186)
Intergovernmental revenues	8,200	8,200	8,968	768
Charges for services and sales	-	-	948	948
Fines and forfeits	-	-	320	320
Special assessments	-	-	242	242
Investment earnings	5,665	5,665	9,790	4,125
Miscellaneous revenues	5,750	5,750	1,577	(4,173)
Total revenues	<u>48,900</u>	<u>48,900</u>	<u>39,944</u>	<u>(8,956)</u>
EXPENDITURES:				
Current:				
Public Safety	195	-	-	-
Community planning and economic development	56,114	161,624	39,431	122,193
Total expenditures	<u>56,309</u>	<u>161,624</u>	<u>39,431</u>	<u>122,193</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,409)</u>	<u>(112,724)</u>	<u>513</u>	<u>113,237</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	12,062	21,012	19,638	(1,374)
Transfers to other funds	(4,652)	(5,500)	(3,304)	2,196
Total other financing sources (uses)	<u>7,410</u>	<u>15,512</u>	<u>16,334</u>	<u>822</u>
Net change in fund balance	1	(97,212)	16,847	114,059
Fund balances - January 1	<u>217,644</u>	<u>217,644</u>	<u>217,644</u>	<u>-</u>
Fund balances - December 31	<u>\$ 217,645</u>	<u>\$ 120,432</u>	<u>\$ 234,491</u>	<u>\$ 114,059</u>

The notes to the required supplementary information are an integral part of this schedule.

**GRANTS - FEDERAL
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
REQUIRED SUPPLEMENTAL INFORMATION
For the Fiscal Year Ended December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 14,025	\$ 67,311	\$ 32,417	\$ (34,894)
Investment earnings	-	-	574	574
Miscellaneous revenues	-	-	31	31
Total revenues	<u>14,025</u>	<u>67,311</u>	<u>33,022</u>	<u>(34,289)</u>
EXPENDITURES:				
Current:				
General government	461	3,316	2,921	395
Public safety	3,512	5,941	4,379	1,562
Public works	-	25,310	10,479	14,831
Health and welfare	7,046	30,101	11,008	19,093
Community planning and economic development	3,000	6,861	6,823	38
Total expenditures	<u>14,019</u>	<u>71,529</u>	<u>35,610</u>	<u>35,919</u>
Excess (deficiency) of revenues over (under) expenditures	6	(4,218)	(2,588)	1,630
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	-	-	(40)	(40)
Net change in fund balances	6	(4,218)	(2,628)	1,590
Fund balances - January 1	<u>12,853</u>	<u>12,853</u>	<u>12,853</u>	<u>-</u>
Fund balances - December 31	<u>\$ 12,859</u>	<u>\$ 8,635</u>	<u>\$ 10,225</u>	<u>\$ 1,590</u>

The notes to the required supplementary information are an integral part of this schedule.

**HUD CONSOLIDATED PLAN
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Intergovernmental revenues	\$ 18,374	\$ 24,672	\$ 19,956	\$ (4,716)
Charges for services and sales	-	-	355	355
Special assessments	-	-	3	3
Investment earnings	-	-	447	447
Miscellaneous revenues	525	525	4,320	3,795
Total revenues	<u>18,899</u>	<u>25,197</u>	<u>25,081</u>	<u>(116)</u>
EXPENDITURES:				
Current:				
General government	4,284	4,284	4,541	(257)
Public safety	1,118	1,477	1,091	386
Health and welfare	469	469	278	191
Community planning and economic development	13,106	19,586	19,246	340
Total expenditures	<u>18,977</u>	<u>25,816</u>	<u>25,156</u>	<u>660</u>
Net change in fund balances	(78)	(619)	(75)	544
Fund balances - January 1	<u>5,338</u>	<u>5,338</u>	<u>5,338</u>	-
Fund balances - December 31	<u>\$ 5,260</u>	<u>\$ 4,719</u>	<u>\$ 5,263</u>	<u>\$ 544</u>

The notes to the required supplementary information are an integral part of this schedule.

DEFINED BENEFIT PENSION PLANS

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2025

(Dollar Amounts Expressed In Thousands)

**Schedule of City of Minneapolis' Contributions
PERA General Employees Retirement Plan
Required Supplementary Information (Last Ten Years)**

Fiscal Year Ending	Required Contributions (a)	Actual Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll* (d)	Actual Contributions as a Percentage of Covered Payroll** (b/d)
December 31, 2016	\$ 30,921	\$ 30,921	\$ -	\$ 178,002	17.4%
December 31, 2017	25,977	25,977	-	187,351	13.9%
December 31, 2018	26,798	26,798	-	198,557	13.5%
December 31, 2019	27,487	27,487	-	208,180	13.2%
December 31, 2020	28,174	28,174	-	217,363	13.0%
December 31, 2021	27,157	27,157	-	203,866	13.3%
December 31, 2022	27,899	27,899	-	213,400	13.1%
December 31, 2023	29,813	29,813	-	239,552	12.4%
December 31, 2024	31,807	31,807	-	266,814	11.9%
December 31, 2025	34,292	34,292	-	300,339	11.4%

**Schedule of Municipal Building Commission's Contributions
PERA General Employees Retirement Plan
Required Supplementary Information (Last Ten Years)**

Fiscal Year Ending	Required Contributions (a)	Actual Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll* (d)	Actual Contributions as a Percentage of Covered Payroll** (b/d)
December 31, 2016	\$ 527	\$ 527	\$ -	\$ 2,392	22.0%
December 31, 2017	538	538	-	2,706	19.9%
December 31, 2018	436	436	-	2,814	15.5%
December 31, 2019	430	430	-	2,708	15.9%
December 31, 2020	444	444	-	2,887	15.4%
December 31, 2021	444	444	-	2,900	15.3%
December 31, 2022	446	446	-	2,916	15.3%
December 31, 2023	462	462	-	3,133	14.7%
December 31, 2024	477	477	-	3,463	13.8%
December 31, 2025	484	484	-	3,450	14.0%

* For purposes of this schedule, covered payroll is defined as "pensionable wages."

** Statutorily required contributions include additional contributions as required by statute which affects contributions as a percentage of covered payroll.

The notes to the required supplementary information are an integral part of this schedule.

For the Fiscal Year Ended December 31, 2025

(Dollar Amounts Expressed In Thousands)

Schedule of City of Minneapolis' Proportionate Share of Net Pension Liability
 PERA General Employees Retirement Plan
 Required Supplementary Information (Last Ten Years)

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with City of Minneapolis (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Employer's Covered Payroll* (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/c)	Plan Fiduciary Net Position of the Total Pension Liability
June 30, 2016	6.5619%	\$ 532,790	6,959	\$ 539,749	\$ 172,446	309.0%	68.9%
June 30, 2017	5.2275%	333,721	4,254	337,975	182,342	183.0%	75.9%
June 30, 2018	5.6525%	313,579	9,555	323,134	193,999	161.6%	79.5%
June 30, 2019	4.7294%	261,478	10,610	272,088	202,835	128.9%	80.2%
June 30, 2020	4.7247%	283,266	9,617	292,883	212,140	133.5%	79.1%
June 30, 2021	5.0671%	216,387	6,602	222,989	203,990	106.1%	87.0%
June 30, 2022	4.0135%	317,869	11,403	329,272	209,243	151.9%	76.7%
June 30, 2023	4.4338%	247,933	7,767	255,700	232,649	106.6%	83.1%
June 30, 2024	4.9532%	183,117	4,632	187,749	251,024	72.9%	89.1%
June 30, 2025	5.1073%	169,251	3,891	173,142	282,186	60.0%	90.8%

Schedule of Municipal Building Commission's Proportionate Share of Net Pension Liability
 PERA General Employees Retirement Plan
 Required Supplementary Information (Last Ten Years)

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with Municipal Building Commission (b)	Employer's Proportionate Share of the Net Pension Liability and the State's Related Share of the Net Pension Liability (Asset) (a + b)	Employer's Covered Payroll* (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/c)	Plan Fiduciary Net Position of the Total Pension Liability
June 30, 2016	0.1116%	\$ 9,061	118	\$ 9,179	\$ 2,398	377.9%	68.9%
June 30, 2017	0.0857%	5,469	70	5,539	2,499	218.8%	75.9%
June 30, 2018	0.0931%	5,164	156	5,320	2,750	187.8%	79.5%
June 30, 2019	0.0739%	4,086	175	4,261	2,753	148.4%	80.2%
June 30, 2020	0.0705%	4,230	150	4,380	2,772	152.6%	79.1%
June 30, 2021	0.0817%	3,490	106	3,596	2,811	124.2%	87.0%
June 30, 2022	0.0621%	4,916	180	5,096	2,939	167.3%	76.7%
June 30, 2023	0.0671%	3,753	121	3,874	3,079	121.9%	83.1%
June 30, 2024	0.0764%	2,826	66	2,892	3,310	85.4%	89.1%
June 30, 2025	0.0743%	2,464	46	2,510	3,326	74.1%	90.8%

* For purposes of this schedule, covered payroll is defined as "pensionable wages."

The notes to the required supplementary information are an integral part of this schedule.

For the Fiscal Year Ended December 31, 2025

(Dollar Amounts Expressed In Thousands)

Schedule of City of Minneapolis' Contributions
PERA Public Employees Police and Fire Plan
Required Supplementary Information (Last Ten Years)

Fiscal Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll* (d)	Actual Contributions as a Percentage of Covered Payroll** (b/d)
December 31, 2016	\$ 31,460	\$ 31,460	\$ -	\$ 109,924	28.6%
December 31, 2017	33,652	33,652	-	123,464	27.3%
December 31, 2018	33,814	33,814	-	124,135	27.2%
December 31, 2019	29,160	29,160	-	126,780	23.0%
December 31, 2020	31,566	31,566	-	134,819	23.4%
December 31, 2021	28,713	28,713	-	118,830	24.2%
December 31, 2022	28,906	28,906	-	117,964	24.5%
December 31, 2023	30,994	30,994	-	133,577	23.2%
December 31, 2024	33,468	33,468	-	150,763	22.2%
December 31, 2025	35,906	35,906	-	169,365	21.2%

Schedule of City of Minneapolis' Proportionate Share of Net Pension Liability
PERA Public Employees Police and Fire Plan
Required Supplementary Information (Last Ten Years)

Measurement Date	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share of the Net Pension Liability Associated with City of Minneapolis (b)	Employer's Proportionate Share of the Net Pension Liability and the Share of the Net Pension Liability (Asset) (a+b)	Employer's Covered Payroll* (c)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/c)	Net Position of the Total Pension Liability
June 30, 2016	19.8370%	\$ 796,093	N/A	\$ 796,093	\$ 106,039	750.8%	63.9%
June 30, 2017	20.8345%	281,291	N/A	281,291	120,133	234.1%	85.4%
June 30, 2018	22.5320%	240,167	N/A	240,167	123,917	193.8%	88.8%
June 30, 2019	17.5833%	187,192	N/A	187,192	124,200	150.7%	89.3%
June 30, 2020	16.5738%	218,460	4,812	223,272	130,203	167.8%	87.2%
June 30, 2021	18.6986%	144,333	4,945	149,278	124,980	115.5%	93.7%
June 30, 2022	12.0884%	526,041	25,500	551,541	119,405	440.6%	70.5%
June 30, 2023	13.1791%	227,586	9,354	236,940	127,015	179.2%	86.5%
June 30, 2024	13.1421%	172,899	6,370	179,269	135,273	127.8%	90.2%
June 30, 2025	13.8550%	162,334	5,362	167,696	162,684	99.8%	91.8%

* For purposes of this schedule, covered payroll is defined as "pensionable wages."

** Statutorily required contributions include additional contributions as required by statute which affect contributions as a percentage of covered payroll.

The notes to the required supplementary information are an integral part of this schedule.

DEFINED BENEFIT PENSION PLANS

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2025

(Dollar Amounts Expressed In Thousands)

**Schedule of City of Minneapolis' Contributions
Teachers Retirement Association (Special Funding Situation)
Required Supplementary Information (Last Ten Years)**

Fiscal Year Ending	Statutorily Required Contributions (a)	Actual Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll* (d)	Actual Contributions as a Percentage of Covered Payroll (b/d)
December 31, 2016	\$ 2,250	\$ 2,250	\$ -	\$ -	N/A
December 31, 2017	2,250	2,250	-	-	N/A
December 31, 2018	2,250	2,250	-	-	N/A
December 31, 2019	2,250	2,250	-	-	N/A
December 31, 2020	2,250	2,250	-	-	N/A
December 31, 2021	2,250	2,250	-	-	N/A
December 31, 2022	2,250	2,250	-	-	N/A
December 31, 2023	2,250	2,250	-	-	N/A
December 31, 2024	2,250	2,250	-	-	N/A
December 31, 2025	2,250	2,250	-	-	N/A

**Schedule of City of Minneapolis' Proportionate Share of Net Pension Liability
Teachers Retirement Association (Special Funding Situation)
Required Supplementary Information (Last Ten Years)**

Measurement Date	City's Proportion (Percentage) of the Net Pension Liability (Asset)	City's Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll* (b)	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position of the Total Pension Liability
June 30, 2016	0.5767%	\$ 137,557	\$ -	N/A	44.9%
June 30, 2017	N/A	29,294	-	N/A	51.6%
June 30, 2018	N/A	26,573	-	N/A	78.1%
June 30, 2019	N/A	26,316	-	N/A	78.2%
June 30, 2020	N/A	27,248	-	N/A	75.5%
June 30, 2021	N/A	29,138	-	N/A	86.6%
June 30, 2022	N/A	28,777	-	N/A	76.2%
June 30, 2023	N/A	28,390	-	N/A	76.4%
June 30, 2024	N/A	27,977	-	N/A	82.1%
June 30, 2025	N/A	27,535	-	N/A	84.5%

* For purposes of this schedule, covered payroll is defined as "pensionable wages."

The notes to the required supplementary information are an integral part of this schedule.

For the Fiscal Year Ended December 31, 2025

(Dollar Amounts Expressed In Thousands)

Schedule of Changes in the City of Minneapolis'
Total OPEB Liability and Related Ratios
Required Supplementary Information (Last Ten Years*)

Fiscal Year Ending	Service Cost	Interest	Differences Between Expected and Actual		Benefit Payments	Net Change in Total OPEB Liability	Total OPEB Liability - Beginning	Total OPEB Liability - Ending	Covered - Employee Payroll	Total OPEB Liability as a Percentage of Covered Payroll
			Experience	Assumptions						
December 31, 2018	\$ 1,453	\$ 1,106	\$ -	\$ -	\$ (1,871)	\$ 688	\$ 32,986	\$ 33,674	\$ 288,517	11.67%
December 31, 2019	1,531	1,147	3,124	186	(2,048)	3,940	33,674	37,614	315,652	11.92%
December 31, 2020	1,900	1,424	-	2,648	(2,305)	3,667	37,614	41,281	354,304	11.65%
December 31, 2021	1,967	1,164	5,375	(303)	(2,271)	5,932	41,281	47,213	348,530	13.55%
December 31, 2022	2,566	1,028	-	180	(2,565)	1,209	47,213	48,422	368,160	13.15%
December 31, 2023	2,661	1,001	83,815	(7,813)	(5,659)	74,005	48,422	122,427	392,758	31.17%
December 31, 2024	2,553	4,530	-	4,900	(6,383)	5,600	122,427	128,027	438,207	29.22%
December 31, 2025	2,818	4,154	4,402	(8,980)	(6,831)	(4,437)	128,027	123,590	485,980	25.43%

Schedule of Changes in the Municipal Building Commission's
Total OPEB Liability and Related Ratios
Required Supplementary Information (Last Ten Years*)

Fiscal Year Ending	Service Cost	Interest	Differences Between Expected and Actual		Benefit Payments	Net Change in Total OPEB Liability	Total OPEB Liability - Beginning	Total OPEB Liability - Ending	Covered - Employee Payroll	Total OPEB Liability as a Percentage of Covered Payroll
			Experience	Assumptions						
December 31, 2018	\$ 35	\$ 30	\$ -	\$ -	\$ (108)	\$ (43)	\$ 937	\$ 894	\$ 2,489	35.92%
December 31, 2019	31	29	46	(4)	(115)	(13)	894	881	2,596	33.94%
December 31, 2020	36	33	-	28	(103)	(6)	881	875	2,674	32.72%
December 31, 2021	37	25	115	(14)	(90)	73	875	948	2,727	34.76%
December 31, 2022	39	19	-	-	(89)	(31)	948	917	2,809	32.65%
December 31, 2023	30	18	(162)	(38)	(106)	(258)	917	659	2,940	22.41%
December 31, 2024	32	25	-	6	(119)	(56)	659	603	3,028	19.91%
December 31, 2025	27	22	23	(62)	(98)	(88)	603	515	3,177	16.21%

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2018

Assets have not been accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75 to pay related benefits.

The notes to the required supplementary information are an integral part of this schedule.

For the Fiscal Year Ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 1 – BUDGETS

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and major special revenue funds.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATION

The legal level of budgetary control is at the department level within a fund. This means all Public Works departments report as one department, all Coordinator departments report as one department, and the Council and Clerk and Clerk – Elections departments report as one. The following departments in the General Fund and HUD Consolidated Fund had expenditures in excess of appropriation for the fiscal year ending December 31, 2025.

	Final Budgeted Amounts	Actual	Variance
General Fund:			
General Government:			
Assessing	7,206	7,350	(144)
Attorney	22,700	23,135	(435)
General government pensions	-	557	(557)
Public Safety:			
Fire	90,444	97,247	(6,803)
Police	226,740	255,092	(28,352)
Public safety pensions	-	4,713	(4,713)
Public Works	74,437	82,324	(7,887)
Debt Service:			
Principal retirement	-	1,860	(1,860)
Interest and fiscal charges	-	293	(293)
HUD Consolidated Fund			
HUD Consolidated Plan - General Government	4,284	4,541	(257)

To mitigate the effects of these excess expenditures, the City regularly reviews budgetary performance and makes adjustments as necessary. No budgets are established for general government or public safety pensions. Because the expense recorded here is offset by an equal amount of revenue related to contributions to the pension plans from the State of Minnesota, it is not expected that the City will budget for this activity. The Assessing Department exceeded budget due to a software project that had shifted costs to 2025. The Attorney Department exceeded budget due to required Settlement Agreement contracts not originally budgeted by the City. The Fire Department exceeded budget due to overtime costs and back pay due to a settled union contract. The Police Department exceeded budget primarily due to overtime costs as well as required Settlement Agreement contracts not originally budgeted by the City. Additionally, the Police Department entered into a lease for \$8.6 million which was not budgeted due to this activity being offset by an equal amount of other financing sources. Public Works exceeded budget primarily due to wage expense incurred to provide internal and external entities services. These services also generated offsetting revenue for the City. The HUD Consolidated Plan for CPED was over budget due to an adjustment for Properties Held for Resale. No budgets are established for lease and software subscriptions principal retirement and interest and fiscal charges.

For the Fiscal Year Ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 3 – DEFINED BENEFIT PENSION PLANS**A – Changes in Actuarial Assumptions**

The following changes in actuarial assumptions occurred:

General Employees Retirement Plan2025

- The combined service annuity loading factors increased from 15% to 19% for vested, terminated members and from 3% to 44% for non-vested, terminated members
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%
- The Post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75%, beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

2024

- Salary increase rates of merit and seniority were increased slightly.
- Slight adjustment made to assumed rates of retirement and rates of withdrawal.
- Rates of disability were lowered.
- Slight adjustments made to mortality as recommended in the most recent experience study.
- Minor changes with respect to missing participant data.
- Continued use of Pub-2010 general mortality table with slight rate adjustment as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- The workers' compensation offset of disability benefits was eliminated.
- The actuarial equivalent factors updated to reflect the changes in assumptions.

2023

- The investment return assumption and single discount rate were changed from 6.5 percent to 7.00 percent.
- A one-time direct state aid contribution of \$170.1 million occurred on October 1, 2023.
- The vesting period for those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.
- For Basic Plan members, a one-time, non-compounding benefit of 4.00 percent, minus the actual 2024 payment adjustment, will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- For Coordinated Plan members, a one-time, non-compounding benefit increase of 2.50 percent, minus the actual 2024 adjustment, will be payable in a lump sum for a calendar year 2024 by March 31, 2024.

2022

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

For the Fiscal Year Ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 3 – DEFINED BENEFIT PENSION PLANS**A – Changes in Actuarial Assumptions****General Employees Retirement Plan (continued)**2020

- The price inflation assumption was decreased from 2.50 percent to 2.25 percent.
- The payroll growth assumption was decreased from 3.25 percent to 3.00 percent.
- Assumed salary increase rates were changed as recommended in the June 30, 2019, experience study. The net effect is assumed rates that average 0.25 percent less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019, experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019, experience study. The new rates are based on service and are generally lower than the previous rates for years two to five and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019, experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Employee Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 Disabled Annuitant Mortality table to the Pub-2010 General/Teacher Disabled Retiree Mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP- 2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint and Survivor option changed from 35 percent to 45 percent. The assumed number of married female new retirees electing the 100% Joint and Survivor option changed from 15 percent to 30 percent. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.
- Augmentation for current privatized members was reduced to 2.00 percent for the period July 1, 2020, through December 31, 2023, and 0.00 percent thereafter. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.0 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.
- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Post-retirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90 percent funding to 50 percent of the Social Security cost-of-living adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to the Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

For the Fiscal Year Ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 3 – DEFINED BENEFIT PENSION PLANS**A – Changes in Actuarial Assumptions****General Employees Retirement Plan (continued)**2017

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members (30 percent for deferred Minneapolis Employees Retirement Fund members). The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.
- Minneapolis Employees Retirement Fund plan provisions changed the employer supplemental contribution to \$21,000 in calendar years 2017 and 2018 and returns to \$31,000 through calendar year 2031. The State's required contribution is \$16,000 in PERA's fiscal years 2018 and 2019 and returns to \$6,000 annually through calendar year 2031.

2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was also changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Public Employees Police and Fire Plan2025

- Assumed rates of salary increases were reduced slightly
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of PUB-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for non-vested, terminated members.
- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026, benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.
- The threshold to end the \$9 million annual state aid contribution changed from the earlier of July 1, 2048, or 90% funded for both PERA Police and Fire and State Patrol Retirement Fund for three consecutive years to 100% funded for both PERA Police and Fire and State Patrol Retirement for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional \$9 million annual state aid contribution changed from the earlier of July 1, 2048, or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).

For the Fiscal Year Ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 3 – DEFINED BENEFIT PENSION PLANS**A – Changes in Actuarial Assumptions****Public Employees Police and Fire Plan**2025 (continued)

- An additional \$17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025, through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

2024

- The state contribution of \$9 million per year will continue until the earlier of: (1) both the Public Employees Retirement Association Police and Fire Plan and the State Patrol Retirement Fund attaining 90 percent funded status for three consecutive years (on an actuarial value of basis basis), or (2) July 2, 2048. The contribution was previously due to expire upon attainment of 90 percent funded status for one year.
- The additional \$9 million contribution will continue until the Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis or July 1, 2048, if earlier. This contribution was previously due to expire upon retirement of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048, if earlier).

2023

- The investment return assumption was changed from 6.50 percent to 7.00 percent.
- The single discount rate changed from 5.40 percent to 7.00 percent.
- A one-time direct aid contribution of \$19.4 million occurred on October 1, 2023.
- The vesting requirement for new hires after June 30, 2014, was changed from a graded 20-year vesting schedule to a graded ten-year vesting schedule, with 50 percent vesting after five years, increasing incrementally to 100 after ten years.
- A one-time, non-compounding benefit increase of 3.00 percent will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition to the member's occupation.
- A total and permanent duty disability benefit was added effective July 1, 2023.

2022

- The investment return and single discount rates were changed from 6.50 percent to 5.40 percent
- The mortality improvement scale was changed from MP-2020 to MP-2021

2021

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020, experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020, experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.

For the Fiscal Year Ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 3 – DEFINED BENEFIT PENSION PLANS**A – Changes in Actuarial Assumptions****Public Employees Police and Fire Plan**2021 (continued)

- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

2020

- The mortality projection scale was changed from MP-2018 to MP-2019.

2019

- The mortality projection scale was changed from MP-2017 to MP-2018.

2018

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.
- An end date of July 1, 2048, was added to the existing \$9.0 million state contribution. Additionally, annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter, until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed effective January 1, 2019, and January 1, 2020, from 10.80 percent to 11.30 and 11.80 percent of pay, respectively. Employer contributions were changed effective January 1, 2019, and January 1, 2020, from 16.20 percent to 16.95 and 17.70 percent of pay, respectively. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017

- Assumed salary increases were changed as recommended in the June 30, 2016, experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 per annum to 7.50 percent per annum.

For the Fiscal Year Ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 3 – DEFINED BENEFIT PENSION PLANS**A – Changes in Actuarial Assumptions****Public Employees Police and Fire Plan (continued)**2016

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter, to 1.00 percent for all future years.
- The assumed investment rate was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent.
- The assumed payroll growth and inflation were decreased by 0.25 percent. Payroll growth was reduced from 3.50 percent to 3.25 percent. Inflation was reduced from 2.75 percent to 2.50 percent.

Teachers' Retirement Association Fund2025

- Liability load for inactive non-vested members changed from 9% to 13% and the liability load for inactive vested members changed from 7% to 6%.

2024

- Mortality tables were updated for active employees, retirees, disabled retirees, and contingent beneficiaries to recently published tables derived from public plan data known as the Pub2010 family of tables.
- Retirement rates were increased for some of the tier 2 early retirement ages and some of the unreduced retirement rates were modified for both tiers to better align with actual experience.
- Probability that new female retirees elect either the Straight Life Annuity or 100% Joint & Survivor Annuity were refined to reflect the actual experience.
- Termination rates were reduced in the first ten years of employment and slightly increased in years 16 to 25 to better match the observed experience.
- Disability rates were decreased beyond age 45 by 15% to reflect the continued lower than expected observations.

2023

- There were no changes in actuarial assumptions.

2022

- There were no changes in actuarial assumptions.

2021

- The investment return assumption was changed from 7.50% to 7.00%.

2020

- Assumed termination rates were changed to more closely reflect actual experience.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 5 years and female rates set back 7 years. Generational projections use the MP-2015 scale.
- Assumed form of annuity election proportions were changed to more closely reflect experience for female retirees.

2019

- No changes in actuarial assumptions for 2019.

For the Fiscal Year Ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 3 – DEFINED BENEFIT PENSION PLANS**A – Changes in Actuarial Assumptions****Teachers' Retirement Association Fund (continued)**2018

- The investment return assumption was changed from 8.50 percent to 7.50 percent.
- The wage inflation assumption (above price inflation) was reduced from 0.75 percent to 0.35 percent for the next 10 years, and 0.75 percent thereafter.
- The price inflation was lowered from 3.00 percent to 2.50 percent.
- The total salary increase assumption was adjusted by the wage inflation change.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The amortization date for the funding of the Unfunded Actuarial Accrued Liability (UAAL) was reset to June 30, 2048 (30 years).
- A mechanism in the law that provided the TRA Board with some authority to set contribution rates were eliminated.

2017

- The investment return assumption was changed from 8.00 percent to 7.50 percent.
- The cost-of-living adjustment (COLA) was not assumed to increase to 2.50 percent but remain at 2.0 percent for all future years.
- The price inflation was lowered from 2.75 percent to 2.50 percent.
- The general wage growth assumption was lowered from 3.50 percent to 2.85 percent for 10 years followed by 3.25 percent, thereafter.
- The payroll growth assumption was lowered from 3.50 percent to 3.00 percent.
- The salary increase assumption was adjusted to reflect the changes in the general wage growth assumption.
- The Combined Service Annuity (CSA) loads were reduced from 1.40 percent to 0.00 percent for active load, the vested inactive load increased from 4.00 percent to 7.00 percent and the non-vested inactive load increased from 4.00 percent to 9.00 percent.

2016

- The Cost-of-Living Adjustment was not assumed to increase (it remained at 2% for all future years).
- The price inflation assumption was lowered from 3.00% to 2.75%.
- The general wage growth and payroll growth assumptions were lowered from 3.75% to 3.50%.
- Minor changes at some durations for the merit scale of the salary increase assumption.
- The pre-retirement mortality assumption was changed to the RP-2014 white collar employee table, male rates set back 6 years and female rates set back 5 years. Generational projection uses the MP-2015 scale.
- The post-disability mortality assumption was changed to the RP-2014 disabled retiree mortality table, without adjustment.
- Separate retirement assumptions for members hired before or after July 1, 1989, were created to better reflect each group's behavior in light of different requirements for retirement eligibility.
- Assumed termination rates were changed to be based solely on years of service in order to better fit the observed experience.
- A minor adjustment and simplification of the assumption regarding the election of optional forms of payment at retirement were made.

For the Fiscal Year Ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 4 – POSTEMPLOYMENT BENEFITS PLAN**A – Employer Contributions to Postemployment Benefits Plan**

Assets have not been accumulated in a trust that meets the criteria in paragraph four of the Governmental Accounting Standards Board (GASB) Statement No. 75 to pay related benefits.

B – Plan Changes Affecting Actuarial Accrued Liability2025

The following changes in actuarial assumptions occurred in 2025 for the City and Park Board:

- The discount rate has been updated from 3.26% to 4.08%.
- The salary increase rates were updated to reflect the experience of the analogous population for Public Employees' Retirement Association of Minnesota (July 1, 2025 funding valuations).
- The medical cost increase trend rates have been updated based on short and long-term expectations.
- The Per Capita Claims cost tables for medical coverage have been updated to reflect actual claims information for 2024.
- The Mortality Base Table factors have been updated to reflect the experience of the analogous population for Public Employees' Retirement Association of Minnesota (July 1, 2025 funding valuations).
- The retirement, withdrawal, and disability rates have been updated to reflect the experience of the analogous population for Public Employees' Retirement Association of Minnesota (July 1, 2025 funding valuations).

The following changes in actuarial assumptions occurred in 2025 for MBC:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The retirement, withdrawal, and salary increase rates were updated to reflect the latest experience study.
- The discount rate was changed from 3.70% to 4.20%

2024

The following changes in actuarial assumptions occurred in 2024 for the City and Park Board:

- The discount rate has been updated from 3.72% to 3.26%.

The following changes in actuarial assumptions occurred in 2024 for MBC:

- The discount rate was changed from 4.00% to 3.70%.

2023

The following changes in actuarial assumptions occurred in 2023 for the City and Park Board:

- The discount rate has been updated from 2.06% to 3.72%.
- The salary increase rates were updated to reflect the experience of the analogous population for Public Employees' Retirement Association of Minnesota (July 1, 2022, funding valuations).
- The medical cost increase trend rates have been updated based on short and long-term expectations.
- The mortality improvement projection scale has been updated from MP-2020 to MP-2021.
- The Per Capita Claims cost tables for medical coverage have been updated to reflect actual claims information from for 2022.
- Risk scores/Age-Based Factors for Pre-65 Retirees were updated to be based on "Health Care Costs - From Birth to Death" published by the Society of Actuaries (Chart 5, Cost Curve by Age for 2010), based on an average age of 65.

The following changes in actuarial assumptions occurred in 2023 for MBC:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2020 Generational Improvement Scale to the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2021 Generational Improvement Scale.
- The inflation rate was changed from 2.00% to 2.50%.
- The discount rate was changed from 2.00% to 4.00%.

For the Fiscal Year Ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 4 – POSTEMPLOYMENT BENEFITS PLAN**B – Plan Changes Affecting Actuarial Accrued Liability (continued)**2022

The following changes in actuarial assumptions occurred in 2022 for the City and Park Board:

- Discount rate was updated to reflect the Bond Buyer 20-Bond General Obligation Index as of 12/31/2021.

No changes in actuarial assumptions occurred in 2022 for MBC.

2021

The following changes in actuarial assumptions occurred in 2021 for the City and Park Board:

- Salary increase rates were updated to reflect the 2019 Experience Study for PERA.
- Retirement rates were updated to reflect the 2019 Experience Study for PERA.
- Termination rates were updated to reflect the 2019 Experience Study for PERA.
- Mortality rates were updated to reflect the 2019 Experience Study for PERA.
- Disability rates were updated to reflect the 2019 Experience Study for PERA.
- Discount rate was updated to reflect the Bond Buyer 20-Bond General Obligation Index as of 12/31/2020.
- Medical trends increase rates was updated to reflect current and anticipated future economic environment.

The following changes in actuarial assumptions occurred in 2021 for MBC:

- The health care trend rates, mortality tables, salary increase rates, and retirement and withdrawal rates were updated.
- The inflation rate was changed from 2.50% to 2.00%.
- The discount rate was changed from 2.90% to 2.00%.

2020

The following changes in actuarial assumptions occurred in 2020 for the City and Park Board:

- The discount rate was changed from 3.71% to 2.75% based on updated 20-year municipal bond rates.

The following changes in actuarial assumptions occurred in 2020 for MBC:

- The discount rate was changed from 3.80% to 2.90%.

2019

The following changes in actuarial assumptions occurred in 2019 for the City and Park Board:

- The discount rate was changed from 3.30% to 3.71% based on updated 20-year municipal bond rates.
- Healthcare trend rates were reset to reflect updated cost increase expectations.
- The increases in explicit subsidy amounts were updated to reflect recent experience and future increase expectations.
- Medical per capita claims costs were updated to reflect recent experience and new plan offerings, including an adjustment to reflect age/gender-based risk scores published by the Society of Actuaries.
- Withdrawal and retirement rates were updated from the rates used in the 7/1/2016 PERA Police & Fire Plan valuation to the rates used in the 7/1/2019 valuation.
- Mortality rates were updated from the RP-2014 White Collar and Blue-Collar mortality tables with MP-2016 generational improvement scale to the rates used in the 7/1/2019 PERA General Employees Plan and 7/1/2019 PERA Police & Fire Plan valuations.
- The salary scale assumption was updated from a flat 2.90% to the rates used in the 7/1/2019 PERA General Employees Plan and 7/1/2019 PERA Police & Fire Plan valuations.
- 25% percent of future retirees are assumed to elect family coverage at retirement. The prior valuation assumed 85% of future male retirees and 65% of future female retirees would be married. Of these married retirees, 30% would elect family coverage.
- The percent of active ex-spouses assumed to continue coverage under the original member changed from 20% to 25% based on the change in family coverage assumption.

For the Fiscal Year Ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 4 – POSTEMPLOYMENT BENEFITS PLAN

B – Plan Changes Affecting Actuarial Accrued Liability

2019 (continued)

- The percent of future non-Medicare eligible retirees electing each medical plan was updated to reflect recent experience.

The following changes in actuarial assumptions occurred in 2019 for MBC:

- The health care trend rates were changed to better anticipate short term and long-term medical increases.
- The mortality tables were updated from the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale to the Pub-2010 Public Retirement Plans General Headcount-Weighted Mortality Tables with MP-2018 Generational Improvement Scale.
- The discount rate was changed from 3.30% to 3.80%.

2018

The following changes in actuarial assumptions occurred for all entities in 2018:

- The discount rate used changed from 3.50% percent to 3.30% percent.



THIS PAGE IS INTENTIONALLY BLANK

Non-Major Special Revenue Funds

Arena Reserve (Target Center) – This fund is used to account for the ownership, capital maintenance, and operations of the City owned Arena (Target Center).

Board of Estimate and Taxation – This fund is used to account for the operations of the Board of Estimate and Taxation which issues and sells bonds, and establishes the maximum levies for the City, its Boards, and Commissions.

Downtown Assets – This fund is used to clearly delineate the uses of local sales, liquor, restaurant, entertainment, and lodging taxes; to provide stable, predictable ongoing support from these taxes to the General Fund; and to support the comprehensive management of the City's four primary downtown revenue-generating capital assets, the Minneapolis Convention Center, the Arena (Target Center), the Downtown Commons, and Peavey Plaza. In addition, payments of the City's portion of U.S. Bank Stadium are being made from the local taxes.

Convention Center – This fund is used to account for the ownership, capital maintenance, operations, and debt service of the City owned Minneapolis Convention Center.

Self-Managed Special Service Districts – This fund accounts for the special assessments that are collected to fund the special service districts.

Employee Retirement – This fund is used to account for the activities of the three closed retirement funds of the City including the Minneapolis Employees Retirement Fund, the Minneapolis Firefighter's Relief Association, and the Minneapolis Police Relief Association.

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

Police – This fund is used to account for the revenues and expenditures related to federal and state administrative forfeitures, lawful gambling, and the automated pawn system.

Neighborhood and Community Relations – This fund is used to account for the tax increment financing funded expenditures of the Neighborhood and Community Relations Department.

Non-Major Debt Service Funds

Community Development Agency – This fund is used to account for the debt service activity of the Community Planning and Economic Development Department. It includes various tax increment revenue notes.

Development – This fund is used primarily to account for debt of projects supported by property tax increments and transfers of sales tax revenues from the Downtown Assets Special Revenue Fund for related debt.

General Debt Service – 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. This fund also is used to record debt service activity for governmental revenue notes including the Section 108 HUD note for the Midtown Exchange.

Internal Service Funds

Engineering Materials and Testing – This fund is used to account for operations of the City’s paving products laboratory.

Intergovernmental Services – This fund is used to account for information technology service, central mailing and printing services, and telecommunication operations. These services are provided to City departments as well as the Park Board, the Municipal Building Commission, and the Minneapolis Youth Coordinating Board.

Property Services – This fund is used to account for the physical management and maintenance of various City buildings, except for the City Hall/County Court House building.

Equipment Services – This fund is used to account for the ownership and operation of various 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, as well as the purchase of special goods and services.

Self-Insurance – This fund is used to account for employee benefit programs and administrative costs, occupational health services and severance payments to employees who have retired or resigned, a tort liability program, a workers’ compensation program, and a medical self-insurance program.

Custodial Funds

Minneapolis Youth Coordinating Board Agency – This fund is used to account for cash deposited with the City.

Joint Board Agency – This fund is used to account for cash deposited with the City.

GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 NON-MAJOR FUNDS
 December 31, 2025

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 142,317	\$ 19,391	\$ 161,708
Investments with trustees	-	2,226	2,226
Receivables:			
Accounts - net	1,125	-	1,125
Taxes	148	536	684
Special assessments	53	-	53
Intergovernmental	26,235	-	26,235
Leases	16,693	-	16,693
Accrued interest	663	85	748
Due from other funds	5,500	-	5,500
Advances to other funds	2,805	-	2,805
Prepaid items	677	-	677
Total assets	<u>\$ 196,216</u>	<u>\$ 22,238</u>	<u>\$ 218,454</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
Liabilities:			
Salaries payable	\$ 801	\$ -	\$ 801
Accounts payable	8,614	-	8,614
Deposits held for others	1,820	-	1,820
Advances from other funds	-	2,805	2,805
Unearned revenue	8,931	-	8,931
Total liabilities	<u>20,166</u>	<u>2,805</u>	<u>22,971</u>
Deferred Inflows of Resources:			
Unavailable revenue	139	315	454
Leases	15,731	-	15,731
Total deferred inflows of resources	15,870	315	16,185
Fund balances:			
Restricted	10,932	21,840	32,772
Assigned	149,248	-	149,248
Unassigned	-	(2,722)	(2,722)
Total fund balances	<u>160,180</u>	<u>19,118</u>	<u>179,298</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 196,216</u>	<u>\$ 22,238</u>	<u>\$ 218,454</u>

**GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental</u>
REVENUES:			
Taxes	\$ 101,291	\$ 55,830	\$ 157,121
Licenses and permits	236	-	236
Intergovernmental revenues	42,992	61	43,053
Charges for services and sales	9,739	-	9,739
Fines and forfeits	155	-	155
Special assessments	8,699	-	8,699
Investment earnings	7,437	2,081	9,518
Miscellaneous revenues	18,943	4,934	23,877
Total revenues	<u>189,492</u>	<u>62,906</u>	<u>252,398</u>
EXPENDITURES:			
Current:			
General government	16,923	-	16,923
Public safety	12,407	-	12,407
Public works	10,480	-	10,480
Health and welfare	10,819	-	10,819
Community planning and economic development	91,224	-	91,224
Debt Service:			
Principal retirement	169	81,010	81,179
Interest and fiscal charges	-	18,402	18,402
Total expenditures	<u>142,022</u>	<u>99,412</u>	<u>241,434</u>
Excess (deficiency) of revenues over (under) expenditures	<u>47,470</u>	<u>(36,506)</u>	<u>10,964</u>
OTHER FINANCING SOURCES (USES):			
Transfers from other funds	52,027	19,771	71,798
Transfers to other funds	(106,774)	(2,628)	(109,402)
Software subscriptions Issued	513	-	513
Total other financing sources (uses)	<u>(54,234)</u>	<u>17,143</u>	<u>(37,091)</u>
Net change in fund balances	(6,764)	(19,363)	(26,127)
Fund balances - January 1	164,784	38,481	203,265
Restatement (see Note 1R)	2,160	-	2,160
Fund balances - January 1, as restated	<u>166,944</u>	<u>38,481</u>	<u>205,425</u>
Fund balances - December 31	<u>\$ 160,180</u>	<u>\$ 19,118</u>	<u>\$ 179,298</u>

**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Arena Reserve	Board of Estimate and Taxation	Downtown Assets	Convention Center	Self-Managed Special Service Districts
<u>ASSETS</u>					
Cash and cash equivalents	\$ 7,416	\$ 340	\$ 72,261	\$ 15,289	\$ 444
Receivables:					
Accounts - net	-	-	-	569	-
Taxes	-	1	-	-	-
Special assessments	-	-	-	-	43
Intergovernmental	-	-	15,477	-	-
Leases	16,693	-	-	-	-
Accrued interest	103	-	327	68	2
Due from other funds	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Prepaid items	-	-	-	677	-
Total assets	\$ 24,212	\$ 341	\$ 88,065	\$ 16,603	\$ 489
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>					
Liabilities:					
Salaries payable	\$ 6	\$ 12	\$ -	\$ 485	\$ -
Accounts payable	1,322	2	110	3,771	-
Deposits held for others	-	-	-	1,820	-
Unearned revenue	-	-	-	-	39
Total liabilities	1,328	14	110	6,076	39
Deferred inflows of resources:					
Deferred inflows - leases	15,731	-	-	-	-
Unavailable revenue	-	1	-	-	37
Total deferred inflows of resources	15,731	1	-	-	37
Fund balances:					
Restricted	-	-	-	-	-
Assigned	7,153	326	87,955	10,527	413
Total fund balances	7,153	326	87,955	10,527	413
Total liabilities, deferred inflows of resources, and fund balances	\$ 24,212	\$ 341	\$ 88,065	\$ 16,603	\$ 489

SPECIAL REVENUE FUNDS CITY OF MINNEAPOLIS, MINNESOTA
COMBINING BALANCE SHEET (Continued)
NON-MAJOR FUNDS
December 31, 2025 (In Thousands)

Employee Retirement	Grants-Other	Police	Neighborhood and Community Relations	Total
\$ 36,335	\$ 6,964	\$ 2,908	\$ 360	\$ 142,317
-	400	156	-	1,125
147	-	-	-	148
-	10	-	-	53
2,524	8,234	-	-	26,235
-	-	-	-	16,693
147	16	-	-	663
-	5,500	-	-	5,500
2,805	-	-	-	2,805
-	-	-	-	677
\$ 41,958	\$ 21,124	\$ 3,064	\$ 360	\$ 196,216
\$ -	\$ 257	\$ 41	\$ -	\$ 801
-	3,218	115	76	8,614
-	-	-	-	1,820
-	8,884	8	-	8,931
-	12,359	164	76	20,166
-	-	-	-	15,731
91	10	-	-	139
91	10	-	-	15,870
-	8,755	2,177	-	10,932
41,867	-	723	284	149,248
41,867	8,755	2,900	284	160,180
\$ 41,958	\$ 21,124	\$ 3,064	\$ 360	\$ 196,216

**SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NON-MAJOR FUNDS**

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2025

(In Thousands)

	Arena Reserve	Board of Estimate and Taxation	Downtown Assets	Convention Center	Self-Managed Special Service Districts
REVENUES:					
Taxes	\$ -	\$ 97	\$ 87,561	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-
Charges for services and sales	-	-	-	8,079	-
Fines and forfeits	-	-	-	-	-
Special assessments	-	-	-	-	8,646
Investment earnings	596	-	4,169	669	(25)
Miscellaneous revenues	1,659	-	-	11,578	-
Total revenues	<u>2,255</u>	<u>97</u>	<u>91,730</u>	<u>20,326</u>	<u>8,621</u>
EXPENDITURES:					
Current:					
General government	-	133	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	8,650
Health and welfare	-	-	-	-	-
Community planning and economic development	7,748	-	896	59,492	-
Debt Services:					
Principal Retirement	-	-	-	169	-
Total expenditures	<u>7,748</u>	<u>133</u>	<u>896</u>	<u>59,661</u>	<u>8,650</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,493)</u>	<u>(36)</u>	<u>90,834</u>	<u>(39,335)</u>	<u>(29)</u>
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	3,441	-	-	48,582	-
Transfers to other funds	-	-	(100,118)	(6,656)	-
Software subscriptions Issued	-	-	-	513	-
Total other financing sources (uses)	<u>3,441</u>	<u>-</u>	<u>(100,118)</u>	<u>42,439</u>	<u>-</u>
Net change in fund balances	(2,052)	(36)	(9,284)	3,104	(29)
Fund balances - January 1	7,045	362	97,239	7,423	442
Restatement	2,160	-	-	-	-
Fund balances - January 1, as restated	<u>9,205</u>	<u>362</u>	<u>97,239</u>	<u>7,423</u>	<u>442</u>
Fund balances - December 31	<u>\$ 7,153</u>	<u>\$ 326</u>	<u>\$ 87,955</u>	<u>\$ 10,527</u>	<u>\$ 413</u>

SPECIAL REVENUE FUNDS CITY OF MINNEAPOLIS, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURE (Continued)
AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2025 (In Thousands)

	Employee Retirement	Grants- Other	Police	Neighborhood and Community Relations	Total
\$	13,158	\$ 113	\$ 362	\$ -	\$ 101,291
	-	236	-	-	236
	6,967	35,988	37	-	42,992
	-	958	702	-	9,739
	-	-	155	-	155
	-	53	-	-	8,699
	1,782	246	-	-	7,437
	3,472	2,234	-	-	18,943
	<u>25,379</u>	<u>39,828</u>	<u>1,256</u>	<u>-</u>	<u>189,492</u>
	16,515	275	-	-	16,923
	7,679	2,879	1,849	-	12,407
	-	1,830	-	-	10,480
	-	10,819	-	-	10,819
	-	23,005	-	83	91,224
	-	-	-	-	169
	<u>24,194</u>	<u>38,808</u>	<u>1,849</u>	<u>83</u>	<u>142,022</u>
	<u>1,185</u>	<u>1,020</u>	<u>(593)</u>	<u>(83)</u>	<u>47,470</u>
	-	4	-	-	52,027
	-	-	-	-	(106,774)
	-	-	-	-	513
	-	<u>4</u>	-	-	<u>(54,234)</u>
	1,185	1,024	(593)	(83)	(6,764)
	40,682	7,731	3,493	367	164,784
	-	-	-	-	2,160
	<u>40,682</u>	<u>7,731</u>	<u>3,493</u>	<u>367</u>	<u>166,944</u>
\$	<u>41,867</u>	<u>\$ 8,755</u>	<u>\$ 2,900</u>	<u>\$ 284</u>	<u>\$ 160,180</u>

**ARENA RESERVE
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Investment earnings	\$ 159	\$ 159	\$ 596	\$ 437
Miscellaneous revenues	1,679	1,679	1,659	(20)
Total revenues	<u>1,838</u>	<u>1,838</u>	<u>2,255</u>	<u>417</u>
EXPENDITURES:				
Current:				
Community planning and economic development	<u>7,329</u>	<u>11,074</u>	<u>7,748</u>	<u>3,326</u>
Excess (deficiency) of revenues over (under) expenditures	(5,491)	(9,236)	(5,493)	3,743
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	<u>3,441</u>	<u>3,441</u>	<u>3,441</u>	<u>-</u>
Net change in fund balances	(2,050)	(5,795)	(2,052)	3,743
Fund balances - January 1	7,045	7,045	7,045	-
Restatement	<u>2,160</u>	<u>2,160</u>	<u>2,160</u>	<u>-</u>
Fund balances - January 1, as restated	<u>9,205</u>	<u>9,205</u>	<u>9,205</u>	<u>-</u>
Fund balances - December 31	<u>\$ 7,155</u>	<u>\$ 3,410</u>	<u>\$ 7,153</u>	<u>\$ 3,743</u>

**BOARD OF ESTIMATE AND TAXATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amount		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 100	\$ 100	\$ 97	\$ (3)
EXPENDITURES:				
Current:				
General government	155	155	133	22
Net change in fund balances	(55)	(55)	(36)	19
Fund balances - January 1	362	362	362	-
Fund balances - December 31	<u>\$ 307</u>	<u>\$ 307</u>	<u>\$ 326</u>	<u>\$ 19</u>

**DOWNTOWN ASSETS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amount		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 87,973	\$ 87,973	\$ 87,561	\$ (412)
Investment earnings	2,079	2,079	4,169	2,090
Total revenues	<u>90,052</u>	<u>90,052</u>	<u>91,730</u>	<u>1,678</u>
EXPENDITURES:				
Current:				
Community planning and economic development	<u>1,894</u>	<u>1,894</u>	<u>896</u>	<u>998</u>
Excess (deficiency) of revenues over (under) expenditures	<u>88,158</u>	<u>88,158</u>	<u>90,834</u>	<u>2,676</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	1,894	1,894	-	(1,894)
Transfers to other funds	<u>(102,012)</u>	<u>(102,012)</u>	<u>(100,118)</u>	<u>1,894</u>
Total other financing sources (uses)	<u>(100,118)</u>	<u>(100,118)</u>	<u>(100,118)</u>	<u>-</u>
Net change in fund balances	(11,960)	(11,960)	(9,284)	2,676
Fund balances - January 1	<u>97,239</u>	<u>97,239</u>	<u>97,239</u>	<u>-</u>
Fund balances - December 31	<u>\$ 85,279</u>	<u>\$ 85,279</u>	<u>\$ 87,955</u>	<u>\$ 2,676</u>

**CONVENTION CENTER
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amount		Actual	Variance
	Original	Final		
REVENUES:				
Charges for services and sales	\$ 7,517	\$ 7,517	\$ 8,079	\$ 562
Investment earnings	668	668	669	1
Miscellaneous revenues	13,393	13,393	11,578	(1,815)
Total revenues	<u>21,578</u>	<u>21,578</u>	<u>20,326</u>	<u>(1,252)</u>
EXPENDITURES:				
Current:				
Community planning and economic development	61,426	62,132	59,492	2,640
Debt Services:				
Principal Retirement	-	-	169	(169)
Total Expenditures	<u>61,426</u>	<u>62,132</u>	<u>59,661</u>	<u>2,471</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(39,848)</u>	<u>(40,554)</u>	<u>(39,335)</u>	<u>(1,252)</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	46,834	46,834	48,582	1,748
Transfers to other funds	(6,656)	(6,656)	(6,656)	-
Software subscriptions Issued	-	-	513	513
Total other financing sources (uses)	<u>40,178</u>	<u>40,178</u>	<u>42,439</u>	<u>2,261</u>
Net change in fund balances	330	(376)	3,104	1,009
Fund balances - January 1	<u>7,423</u>	<u>7,423</u>	<u>7,423</u>	<u>-</u>
Fund balances - December 31	<u>\$ 7,753</u>	<u>\$ 7,047</u>	<u>\$ 10,527</u>	<u>\$ 1,009</u>

**SELF-MANAGED SPECIAL SERVICE DISTRICTS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Special assessments	\$ 8,693	\$ 8,693	\$ 8,646	\$ (47)
Investment earnings	13	13	(25)	(38)
Total revenues	<u>8,706</u>	<u>8,706</u>	<u>8,621</u>	<u>(85)</u>
EXPENDITURES:				
Current:				
Public Works	<u>8,693</u>	<u>8,693</u>	<u>8,650</u>	<u>43</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13</u>	<u>13</u>	<u>(29)</u>	<u>(42)</u>
OTHER FINANCING SOURCES (USES):				
Net change in fund balances	13	13	(29)	(42)
Fund balances - January 1	<u>442</u>	<u>442</u>	<u>442</u>	<u>-</u>
Fund balances - December 31	<u>\$ 455</u>	<u>\$ 455</u>	<u>\$ 413</u>	<u>\$ (42)</u>

**EMPLOYEE RETIREMENT
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 13,575	\$ 13,575	\$ 13,158	\$ (417)
Intergovernmental revenues	5,703	5,703	6,967	1,264
Investment earnings	909	909	1,782	873
Miscellaneous revenues	3,254	3,254	3,472	218
Total revenues	<u>23,441</u>	<u>23,441</u>	<u>25,379</u>	<u>1,938</u>
EXPENDITURES:				
Current:				
General government	16,515	16,515	16,515	-
Public safety	7,679	7,679	7,679	-
Total expenditures	<u>24,194</u>	<u>24,194</u>	<u>24,194</u>	<u>-</u>
Net change in fund balances	(753)	(753)	1,185	1,938
Fund balances - January 1	<u>40,682</u>	<u>40,682</u>	<u>40,682</u>	<u>-</u>
Fund balances - December 31	<u>\$ 39,929</u>	<u>\$ 39,929</u>	<u>\$ 41,867</u>	<u>\$ 1,938</u>

**GRANTS - OTHER
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 70	\$ 70	\$ 113	\$ 43
Licenses and permits	-	234	236	2
Intergovernmental revenues	9,278	55,096	35,988	(19,108)
Charges for services and sales	950	1,172	958	(214)
Special assessments	-	1,908	53	(1,855)
Investment earnings	68	68	246	178
Miscellaneous revenues	1,779	3,018	2,234	(784)
Total revenues	<u>12,145</u>	<u>61,566</u>	<u>39,828</u>	<u>(21,738)</u>
EXPENDITURES:				
Current:				
General government	372	1,611	275	1,336
Public safety	1,814	8,508	2,879	5,629
Public works	20	1,960	1,830	130
Health and welfare	7,934	12,149	10,819	1,330
Community planning and economic development	2,000	34,462	23,005	11,457
Total expenditures	<u>12,140</u>	<u>58,690</u>	<u>38,808</u>	<u>19,882</u>
Excess (deficiency) of revenues over (under) expenditures	5	2,876	1,020	(1,856)
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>
Net change in fund balances	9	2,880	1,024	(1,856)
Fund balances - January 1	<u>7,731</u>	<u>7,731</u>	<u>7,731</u>	<u>-</u>
Fund balances - December 31	<u>\$ 7,740</u>	<u>\$ 10,611</u>	<u>\$ 8,755</u>	<u>\$ (1,856)</u>

POLICE
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2025

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES:				
Taxes	\$ 235	\$ 235	\$ 362	\$ 127
Intergovernmental revenues	-	-	37	37
Charges for services and sales	778	778	702	(76)
Fines and forfeits	400	400	155	(245)
Total revenues	<u>1,413</u>	<u>1,413</u>	<u>1,256</u>	<u>(157)</u>
EXPENDITURES:				
Current:				
Public safety	<u>1,677</u>	<u>1,677</u>	<u>1,849</u>	<u>(172)</u>
Net change in fund balances	(264)	(264)	(593)	(329)
Fund balances - January 1	<u>3,493</u>	<u>3,493</u>	<u>3,493</u>	-
Fund balances - December 31	<u>\$ 3,229</u>	<u>\$ 3,229</u>	<u>\$ 2,900</u>	<u>\$ (329)</u>

**NEIGHBORHOOD AND COMMUNITY RELATIONS
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final		
EXPENDITURES:				
Current:				
Community planning and economic development	\$ -	\$ 82	\$ 83	\$ (1)
Net change in fund balances	-	(82)	(83)	(1)
Fund balances - January 1	367	367	367	-
Fund balances - December 31	<u>\$ 367</u>	<u>\$ 285</u>	<u>\$ 284</u>	<u>\$ (1)</u>

DEBT SERVICE FUNDS
 COMBINING BALANCE SHEET
 NON-MAJOR FUNDS
 December 31, 2025

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	<u>Community Development Agency</u>	<u>Development</u>	<u>General Debt Service</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 103	\$ 83	\$ 19,205	\$ 19,391
Investments with trustees	2,226	-	-	2,226
Receivables:				
Taxes	-	-	536	536
Accrued interest	-	-	85	85
Total assets	<u>\$ 2,329</u>	<u>\$ 83</u>	<u>\$ 19,826</u>	<u>\$ 22,238</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
Liabilities:				
Advances from other funds	<u>\$ -</u>	<u>\$ 2,805</u>	<u>\$ -</u>	<u>\$ 2,805</u>
Deferred Inflows of Resources:				
Unavailable revenue	<u>-</u>	<u>-</u>	<u>315</u>	<u>315</u>
Fund balances:				
Restricted	2,329	-	19,511	21,840
Unassigned	<u>-</u>	<u>(2,722)</u>	<u>-</u>	<u>(2,722)</u>
Total fund balances	<u>2,329</u>	<u>(2,722)</u>	<u>19,511</u>	<u>19,118</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,329</u>	<u>\$ 83</u>	<u>\$ 19,826</u>	<u>\$ 22,238</u>

DEBT SERVICE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NON-MAJOR FUNDS
 For the Fiscal Year Ended December 31, 2025

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Community Development Agency	Development	General Debt Service	Total
REVENUES:				
Taxes	\$ -	\$ -	\$ 55,830	\$ 55,830
Intergovernmental revenues	-	-	61	61
Investment earnings	75	804	1,202	2,081
Miscellaneous revenues	-	3,778	1,156	4,934
Total revenues	<u>75</u>	<u>4,582</u>	<u>58,249</u>	<u>62,906</u>
EXPENDITURES:				
Debt Service:				
Principal retirement	1,400	31,235	48,375	81,010
Interest and fiscal charges	231	4,485	13,686	18,402
Total expenditures	<u>1,631</u>	<u>35,720</u>	<u>62,061</u>	<u>99,412</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,556)</u>	<u>(31,138)</u>	<u>(3,812)</u>	<u>(36,506)</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	2,553	13,086	4,132	19,771
Transfers to other funds	(880)	(1,748)	-	(2,628)
Total other financing sources (uses)	<u>1,673</u>	<u>11,338</u>	<u>4,132</u>	<u>17,143</u>
Net change in fund balances	117	(19,800)	320	(19,363)
Fund balances - January 1	<u>2,212</u>	<u>17,078</u>	<u>19,191</u>	<u>38,481</u>
Fund balances - December 31	<u>\$ 2,329</u>	<u>\$ (2,722)</u>	<u>\$ 19,511</u>	<u>\$ 19,118</u>

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

ASSETS	Engineering Materials and Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	Total
Current assets:							
Cash and cash equivalents	\$ 1,381	\$ 14,170	\$ 3,940	\$ 13,319	\$ 5,725	\$ 200,953	\$ 239,488
Receivables:							
Accounts - net	47	67	84	1	-	3,849	4,048
Inventories	-	-	-	1,438	7,047	-	8,485
Prepaid items	-	6,173	238	-	-	-	6,411
Total current assets	<u>1,428</u>	<u>20,410</u>	<u>4,262</u>	<u>14,758</u>	<u>12,772</u>	<u>204,802</u>	<u>258,432</u>
Long-term assets:							
Capital assets:							
Nondepreciable/amortizable:							
Land and easements	-	-	20,821	2,186	-	-	23,007
Construction in progress	-	7,878	17,604	13	-	-	25,495
Depreciable/amortizable:							
Lease buildings	-	-	6,168	-	-	-	6,168
Less accumulated amortization	-	-	(2,616)	-	-	-	(2,616)
Lease Equipment	-	1,988	-	-	-	-	1,988
Less accumulated amortization	-	(1,909)	-	-	-	-	(1,909)
Software Subscriptions	-	29,768	-	-	-	-	29,768
Less accumulated amortization	-	(14,182)	-	-	-	-	(14,182)
Buildings and structures	-	-	25,499	30,061	-	-	55,560
Less accumulated depreciation	-	-	(23,206)	(15,695)	-	-	(38,901)
Public improvements	-	-	20,261	1,704	-	-	21,965
Less accumulated depreciation	-	-	(9,411)	(995)	-	-	(10,406)
Equipment and other capital outlay	341	33,772	13,551	146,217	31	-	193,912
Less accumulated depreciation	(152)	(33,639)	(13,437)	(84,261)	(21)	-	(131,510)
Software	-	73,022	8	97	-	-	73,127
Less accumulated depreciation	-	(66,262)	(8)	(97)	-	-	(66,367)
Total long - term assets	<u>189</u>	<u>30,436</u>	<u>55,234</u>	<u>79,230</u>	<u>10</u>	<u>-</u>	<u>165,099</u>
Total assets	<u>\$ 1,617</u>	<u>\$ 50,846</u>	<u>\$ 59,496</u>	<u>\$ 93,988</u>	<u>\$ 12,782</u>	<u>\$ 204,802</u>	<u>\$ 423,531</u>

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	Total
<u>DEFERRED OUTFLOWS OF RESOURCES</u>							
Deferred outflows - other postemployment benefits	\$ 141	\$ 1,558	\$ 1,169	\$ 1,169	\$ 206	\$ 129	\$ 4,372
Deferred outflows - pensions	110	1,237	737	714	125	74	2,997
Total deferred outflows of resources	<u>\$ 251</u>	<u>\$ 2,795</u>	<u>\$ 1,906</u>	<u>\$ 1,883</u>	<u>\$ 331</u>	<u>\$ 203</u>	<u>\$ 7,369</u>
<u>LIABILITIES</u>							
Current liabilities:							
Salaries payable	\$ 49	\$ 632	\$ 399	\$ 342	\$ 54	\$ 38	\$ 1,514
Accounts payable	117	6,654	1,172	1,743	440	1,184	11,310
Intergovernmental payable	-	-	1	1	-	-	2
Deposits held for others	-	-	-	2	-	-	2
Interest payable	-	752	11	-	-	-	763
Unearned revenue	-	777	-	-	-	-	777
Compensated absences payable - current portion	111	1,220	871	685	116	2,345	5,348
Other postemployment benefits - current portion	19	205	154	154	27	17	576
Lease liability - current portion	-	80	1,146	-	-	-	1,226
Software Subscriptions - current portion	-	3,095	-	-	-	-	3,095
Medical claims payable - current portion	-	-	-	-	-	12,088	12,088
Unpaid claims payable - current portion	-	-	-	-	-	56,065	56,065
Total current liabilities	<u>296</u>	<u>13,415</u>	<u>3,754</u>	<u>2,927</u>	<u>637</u>	<u>71,737</u>	<u>92,766</u>
Long-term liabilities:							
Compensated absences payable	21	235	168	132	22	18,260	18,838
Lease liability	-	-	2,550	-	-	-	2,550
Software Subscriptions liability	-	10,323	-	-	-	-	10,323
Other postemployment benefits	259	2,850	2,140	2,137	377	236	7,999
Net pension liability	597	6,731	4,010	3,886	679	402	16,305
Unpaid claims payable	-	-	-	-	-	248,895	248,895
Total long-term liabilities	<u>877</u>	<u>20,139</u>	<u>8,868</u>	<u>6,155</u>	<u>1,078</u>	<u>267,793</u>	<u>304,910</u>
Total liabilities	<u>\$ 1,173</u>	<u>\$ 33,554</u>	<u>\$ 12,622</u>	<u>\$ 9,082</u>	<u>\$ 1,715</u>	<u>\$ 339,530</u>	<u>\$ 397,676</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Deferred inflows - other postemployment benefits	\$ 27	\$ 300	\$ 225	\$ 225	\$ 40	\$ 25	\$ 842
Deferred inflows - pensions	240	2,703	1,610	1,560	273	162	6,548
Total deferred inflows of resources	<u>\$ 267</u>	<u>\$ 3,003</u>	<u>\$ 1,835</u>	<u>\$ 1,785</u>	<u>\$ 313</u>	<u>\$ 187</u>	<u>\$ 7,390</u>
<u>NET POSITION</u>							
Net investment in capital assets	\$ 189	\$ 16,424	\$ 50,927	\$ 79,230	\$ 10	\$ -	\$ 146,780
Unrestricted	239	660	(3,982)	5,774	11,075	(134,712)	(120,946)
Total net position	<u>\$ 428</u>	<u>\$ 17,084</u>	<u>\$ 46,945</u>	<u>\$ 85,004</u>	<u>\$ 11,085</u>	<u>\$ (134,712)</u>	<u>\$ 25,834</u>

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION**

CITY OF MINNEAPOLIS, MINNESOTA

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	Total
Operating revenues:							
Intergovernmental revenues	\$ -	\$ 237	\$ -	\$ -	\$ -	\$ -	\$ 237
Charges for services and sales	8,734	48,062	5,143	21,171	2,912	138,893	224,915
Rents and commissions	-	1	22,011	23,457	-	7	45,476
Total operating revenues	<u>8,734</u>	<u>48,300</u>	<u>27,154</u>	<u>44,628</u>	<u>2,912</u>	<u>138,900</u>	<u>270,628</u>
Operating expenses:							
Personnel costs	1,251	14,826	10,800	9,356	1,556	4,984	42,773
Contractual services	1,041	19,128	9,719	13,690	314	97,623	141,515
Materials, supplies, services and other	6,463	4,627	2,617	6,165	45	87,977	107,894
Depreciation and amortization	21	9,545	2,351	12,364	3	-	24,284
Total operating expenses	<u>8,776</u>	<u>48,126</u>	<u>25,487</u>	<u>41,575</u>	<u>1,918</u>	<u>190,584</u>	<u>316,466</u>
Operating income (loss)	<u>(42)</u>	<u>174</u>	<u>1,667</u>	<u>3,053</u>	<u>994</u>	<u>(51,684)</u>	<u>(45,838)</u>
Nonoperating revenues (expenses):							
Investment earnings	-	(4)	-	-	-	-	(4)
Interest expense	-	(686)	-	-	-	-	(686)
Other revenues	-	-	5	1,433	401	952	2,791
Other expenses	(2)	(24)	-	-	-	-	(26)
Total nonoperating revenues (expenses)	<u>(2)</u>	<u>(714)</u>	<u>5</u>	<u>1,433</u>	<u>401</u>	<u>952</u>	<u>2,075</u>
Income (loss) before transfers	<u>(44)</u>	<u>(540)</u>	<u>1,672</u>	<u>4,486</u>	<u>1,395</u>	<u>(50,732)</u>	<u>(43,763)</u>
Transfers from other funds	<u>-</u>	<u>546</u>	<u>3,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,496</u>
Change in net position	<u>(44)</u>	<u>6</u>	<u>5,622</u>	<u>4,486</u>	<u>1,395</u>	<u>(50,732)</u>	<u>(39,267)</u>
Net position - January 1	<u>472</u>	<u>17,078</u>	<u>41,323</u>	<u>80,518</u>	<u>9,690</u>	<u>(83,980)</u>	<u>65,101</u>
Net position - December 31	<u>\$ 428</u>	<u>\$ 17,084</u>	<u>\$ 46,945</u>	<u>\$ 85,004</u>	<u>\$ 11,085</u>	<u>\$ (134,712)</u>	<u>\$ 25,834</u>

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Engineering Materials and Testing	Inter- governmental Services	Property Services	Equipment Services	Public Works Stores	Self- Insurance	Total
Cash flows from operating activities:							
Cash received from customers	\$ 91	\$ 237	\$ 277	\$ 1,442	\$ 31	\$ 5,868	\$ 7,946
Intergovernmental receipts	-	-	-	43,186	-	-	43,186
Cash received from interfund activities	8,618	47,808	26,908	-	9,824	129,183	222,341
Payments to suppliers	(6,688)	(19,259)	(10,502)	(16,091)	(6,231)	(103,006)	(161,777)
Payments to employees	(1,493)	(15,670)	(2,105)	(9,675)	(1,659)	(6,623)	(37,225)
Payments for interfund activities	(861)	(3,053)	(12,048)	(4,738)	(714)	(354)	(21,768)
Other nonoperating revenues	(2)	(27)	6	1,433	401	952	2,763
Net cash provided (used) by operating activities	(335)	10,036	2,536	15,557	1,652	26,020	55,466
Cash flows from non-capital financing activities:							
Transfers from other funds	-	546	3,950	-	-	-	4,496
Net cash provided (used) by non-capital financing activities	-	546	3,950	-	-	-	4,496
Cash Flows from capital and related financing activities:							
Acquisition and construction of capital assets	(18)	(2,856)	(4,439)	(10,469)	-	-	(17,782)
Principal paid on leases	-	(481)	(1,084)	-	-	-	(1,565)
Principal paid on Software Subscriptions	-	(5,235)	-	-	-	-	(5,235)
Interest paid on software subscriptions	-	(685)	-	-	-	-	(685)
Net cash provided (used) by capital and related financing activities	(18)	(9,257)	(5,523)	(10,469)	-	-	(25,267)
Net increase (decrease) in cash and cash equivalents	(353)	1,325	963	5,088	1,652	26,020	34,695
Cash and cash equivalents, beginning of year	1,734	12,845	2,977	8,231	4,073	174,933	204,793
Cash and cash equivalents, end of year	\$ 1,381	\$ 14,170	\$ 3,940	\$ 13,319	\$ 5,725	\$ 200,953	\$ 239,488
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (42)	\$ 174	\$ 1,667	\$ 3,053	\$ 994	\$ (51,684)	\$ (45,838)
Adjustment to reconcile change in net position to net cash provided (used) by operating activities:							
Depreciation and amortization	21	9,545	2,351	12,364	3	-	24,284
Accounts receivable	(25)	118	30	(1)	-	(3,849)	(3,727)
Inventories	-	-	14	(91)	429	-	352
Prepaid items	-	747	(238)	-	-	-	509
Deferred outflows - other postemployment benefits	83	286	326	179	10	(1)	883
Deferred outflows - pensions	(1)	(140)	(19)	(92)	(10)	(2)	(264)
Salaries payable	(1)	111	5	37	5	(8)	149
Accounts payable	(45)	463	(54)	(883)	(72)	(314)	(905)
Interest Payable	-	234	6	-	-	-	240
Unearned revenue	-	(372)	-	-	-	-	(372)
Compensated absences payable	(7)	53	(49)	55	1	1,174	1,227
Other postemployment benefits	(115)	(171)	(324)	(64)	26	29	(619)
Net pension liability	(133)	(637)	(807)	(294)	(94)	(81)	(2,046)
Unpaid claims payable	-	-	-	-	-	77,005	77,005
Medical claims payable	-	-	-	-	-	2,833	2,833
Deferred inflows - other postemployment benefits	10	155	108	119	23	15	430
Deferred inflows - pensions	(78)	(502)	(485)	(258)	(64)	(49)	(1,436)
Other nonoperating revenues	(2)	(28)	5	1,433	401	952	2,761
Net cash provided (used) by operating activities	\$ (335)	\$ 10,036	\$ 2,536	\$ 15,557	\$ 1,652	\$ 26,020	\$ 55,466
Non-cash investing, capital and financing activities:							
Capital assets purchased on account	\$ -	\$ 514	\$ 611	\$ -	\$ -	\$ -	\$ 1,125
Leases issued	-	-	2,251	-	-	-	2,251
Software subscriptions issued	-	1,041	-	-	-	-	1,041

CUSTODIAL FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 December 31, 2025

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Minneapolis Youth Coordinating Board	Joint Board	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,077	\$ 273	\$ 2,350
Receivables:			
Intergovernmental	9	-	9
Accrued interest	9	1	10
Prepaid items	2	-	2
Total assets	<u>\$ 2,097</u>	<u>\$ 274</u>	<u>\$ 2,371</u>
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ 1	\$ 1
Intergovernmental payable	139	-	139
Unearned revenue	1,141	-	1,141
Total liabilities	<u>\$ 1,280</u>	<u>\$ 1</u>	<u>\$ 1,281</u>
<u>NET POSITION</u>			
Restricted for:			
Other governments	<u>\$ 817</u>	<u>\$ 273</u>	<u>\$ 1,090</u>

CUSTODIAL FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended December 31, 2025

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	Minneapolis Youth Coordinating Board	Joint Board	Total
<u>ADDITIONS</u>			
Intergovernmental revenues	\$ 1,761	\$ -	\$ 1,761
Development fees	-	39	39
Investment earnings	101	14	115
Miscellaneous revenues	64	25	89
Total additions	<u>1,926</u>	<u>78</u>	<u>2,004</u>
<u>DEDUCTIONS</u>			
General government	1,971	-	1,971
Legal services	-	47	47
Total deductions	<u>1,971</u>	<u>47</u>	<u>2,018</u>
Net increase (decrease) in fiduciary net position	(45)	31	(14)
Net Position - January 1	<u>862</u>	<u>242</u>	<u>1,104</u>
Net Position - December 31	<u><u>\$ 817</u></u>	<u><u>\$ 273</u></u>	<u><u>\$ 1,090</u></u>

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2025

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2026	Interest Due in 2026
<u>Property Tax Supported General Obligation Bonds</u>								
General Infrastructure Bonds								
Bridges	3.00%	10/02/20	12/01/25	4,480	4,480	-	-	-
	4.00%	10/27/21	12/01/25	2,857	2,857	-	-	-
	5.00%	09/10/25	12/01/30	6,205	3,705	2,500	500	125
Park Improvements	3.00% to 5.00%	05/15/18	12/01/26	3,650	3,200	450	450	14
	2.00% to 3.00%	10/02/20	12/01/27	7,934	7,264	670	345	13
	4.00%	10/27/21	12/01/26	6,315	5,683	632	632	13
	5.00%	08/17/22	12/01/26	13,647	13,147	500	500	25
	5.00%	10/23/24	12/01/32	12,353	5,921	6,432	919	322
	5.00%	09/10/25	12/01/30	12,195	8,195	4,000	500	200
Public Buildings	3.00% to 4.00%	10/27/21	12/01/33	16,070	4,959	11,111	3,706	210
	5.00%	08/17/22	12/01/26	8,864	8,364	500	500	25
	3.00% to 5.00%	10/23/24	12/01/43	39,971	1,933	38,038	932	1,673
	5.00%	09/10/25	12/01/31	16,450	10,450	6,000	1,000	300
Municipal Buildings	5.00%	08/17/22	12/01/26	7,324	6,924	400	400	20
	5.00%	09/10/25	12/01/27	2,160	1,160	1,000	500	50
Street Improvements	3.00% to 5.00%	05/15/18	12/01/26	17,050	15,500	1,550	1,550	47
	3.00% to 5.00%	05/21/19	12/01/28	35,321	33,116	2,205	735	44
	2.00% to 3.00%	10/02/20	12/01/29	17,291	15,481	1,810	585	36
	2.13% to 4.00%	10/27/21	12/01/40	21,127	4,449	16,678	1,112	263
	3.50% to 5.00%	08/17/22	12/01/41	30,345	5,025	25,320	275	1,105
	4.00% to 5.50%	09/12/23	12/01/42	34,791	7,256	27,535	1,590	1,409
	5.00%	10/23/24	12/01/32	19,169	12,091	7,078	1,009	354
	4.38% to 5.00%	09/10/25	12/01/44	38,531	1,490	37,041	160	1,789
Sub-total General Infrastructure Bonds				374,100	182,650	191,450	17,900	8,037

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2025

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2026	Interest Due in 2026
Public Service Center Bonds	4.00% to 5.00%	10/31/18	12/01/46	68,215	5,220	62,995	1,920	2,580
	2.00% to 3.00%	12/05/19	12/01/46	114,400	14,735	99,665	3,530	2,899
				182,615	19,955	162,660	5,450	5,479
Sub-total Public Service Center Bonds	2.00% to 3.00%							
	1.50% to 2.50%							
Total Property Tax Supported General Obligation Bonds				556,715	202,605	354,110	23,350	13,516
<u>Self-Supporting General Obligation Bonds</u>								
Convention Center	0.60%	10/02/20	12/01/25	26,000	26,000	-	-	-
Parade Ice & Other Facility Energy Improvements	2.00% to 3.80%	12/03/13	12/01/26	7,000	5,950	1,050	1,050	40
Parade Ice & Other Facility Energy Improvements	2.00%	10/02/20	12/01/30	2,675	-	2,675	-	54
Downtown East	.95% to 4.63%	03/04/14	03/01/44	61,905	7,220	54,685	1,395	2,436
Target Center (Sales Tax) Refunding	3.25% to 4.25%	05/17/17	12/01/35	39,915	14,635	25,280	2,175	854
Target Center (Sales Tax) Refunding	3.40% to 5.00%	05/31/18	12/01/30	31,560	11,255	20,305	1,900	721
Total Self-Supporting General Obligation Bonds				169,055	65,060	103,995	6,520	4,105
<u>Special Assessment General Obligation Bonds</u>								
Improvements	2.00%	10/20/16	12/01/26	4,440	3,560	880	880	16
	2.00% to 3.00%	10/02/20	12/01/30	2,295	1,145	1,150	230	23
	2.00% to 3.50%	12/02/14	12/01/34	5,930	5,660	270	30	9
	2.00%	10/20/16	12/01/26	7,185	6,565	620	620	12
	3.00% to 4.00%	05/17/17	12/01/27	8,820	6,920	1,900	350	57
	5.00%	05/15/18	12/01/27	8,545	5,545	3,000	500	90
	4.00%	05/21/19	12/01/33	12,245	9,015	3,230	240	85
	2.00% to 3.00%	10/02/20	12/01/29	12,860	6,705	6,155	385	122
	2.13% to 4.00%	10/27/21	12/01/40	7,005	4,075	2,930	155	85
	3.50% to 5.00%	08/17/22	12/01/41	7,565	5,135	2,430	1,275	114
	4.00% to 5.50%	09/12/23	12/01/42	11,665	3,900	7,765	1,300	405
	3.00% to 5.00%	10/23/24	12/01/43	7,690	770	6,920	385	315
	5.00%	09/10/25	12/01/35	3,625	825	2,800	680	140

SCHEDULE OF GOVERNMENTAL ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2025

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2026	Interest Due in 2026
Housing Improvement Area Bonds	3.00% to 4.30%	12/03/13	12/01/32	1,260	645	615	65	26
Housing Improvement Area Bonds-Wellington	3.40% to 5.00%	05/31/18	12/01/30	1,210	385	825	55	29
Housing Improvement Area Bonds-Blaisdell	3.00% to 3.30%	06/04/19	12/01/37	4,055	1,190	2,865	180	89
Housing Improvement Area Bonds-Summit	1.00% to 2.60%	11/18/21	12/01/40	15,860	2,760	13,100	710	277
Nicollet Mall Improvement	3.00% to 4.00%	05/17/17	12/01/27	16,095	7,245	8,850	805	266
Park Diseased Trees	4.00%	10/27/21	12/01/25	270	270	-	-	-
	5.00%	08/17/22	12/01/26	800	640	160	160	8
	5.50%	09/12/23	12/01/27	770	465	305	155	17
	5.00%	10/23/24	12/01/28	860	350	510	170	26
	5.00%	09/10/25	12/01/29	760	150	610	150	30
Total Special Assessment General Obligation Bonds				141,810	73,920	67,890	9,480	2,241
<u>Tax Increment Revenue Bonds</u>								
2015 Vil at St. Anth Fls-Tax Exempt Refunding	1.60% to 4.00%	03/05/15	03/01/27	8,245	6,295	1,950	810	39
2015 Ivy Tower Refunding	1.25% to 5.00%	09/24/15	03/01/29	6,085	3,715	2,370	505	106
2015 East River Unocal Site Refunding	1.25% to 4.00%	09/24/15	03/01/25	920	920	-	-	-
Total Tax Increment Revenue Bonds				15,250	10,930	4,320	1,315	145
Total Governmental Activity Bonds				882,830	352,515	530,315	40,665	20,007

SCHEDULE OF BUSINESS-TYPE ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2025

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2026	Interest Due in 2026
<u>Sanitary Sewer Fund General Obligation Bonds</u>								
	2.00% to 4.00%	05/21/19	12/01/28	15,730	10,015	5,715	1,905	114
	2.00% to 3.00%	10/02/20	12/01/29	14,865	6,725	8,140	1,960	163
	3.00% to 4.00%	10/27/21	12/01/31	14,730	5,900	8,830	1,475	324
	3.50% to 5.00%	08/17/22	12/01/41	10,840	1,720	9,120	570	401
	4.00% to 5.00%	09/12/23	12/01/42	8,220	870	7,350	435	376
	3.00% to 5.00%	10/23/24	12/01/43	11,470	605	10,865	605	495
	4.38% to 5.00%	09/10/25	12/01/44	15,745	-	15,745	830	768
Total Sanitary Sewer Fund General Obligation Bonds				91,600	25,835	65,765	7,780	2,641
<u>Stormwater Fund General Obligation Bonds</u>								
	4.00%	10/27/21	12/01/26	9,420	5,921	1,880	1,880	75
	3.50% to 5.00%	08/17/22	12/01/41	24,020	3,795	20,225	1,265	890
	4.00% to 5.00%	09/12/23	12/01/42	11,110	1,170	9,940	585	509
	3.00% to 5.00%	10/23/24	12/01/43	8,070	425	7,645	425	348
	4.38% to 5.00%	09/10/25	12/01/44	13,470	-	13,470	705	657
Total Stormwater Fund General Obligation Bonds				66,090	12,930	53,160	4,860	2,479
<u>Water Treatment and Distribution Services Fund General Obligation Bonds and Notes</u>								
	2.00% to 4.00%	05/21/19	12/01/33	21,545	7,710	13,835	2,645	317
	2.00% to 3.00%	10/02/20	12/01/29	18,565	6,355	12,210	3,020	244
	2.125% to 4.00%	10/27/21	12/01/36	15,960	4,260	11,700	1,065	384
	3.50% to 5.00%	08/17/22	12/01/41	16,580	2,625	13,955	875	614
	4.00% to 5.00%	09/12/23	12/01/42	22,490	2,370	20,120	1,185	1,030
	3.00% to 5.00%	10/23/24	12/01/43	11,580	610	10,970	610	500
	4.38% to 5.00%	09/10/25	12/01/44	25,045	-	25,045	1,315	1,221
<u>Drinking Water Program - Notes Payable</u>								
	2.60%	12/07/06	08/20/26	13,500	13,000	500	500	13
	2.69%	12/10/09	08/20/27	19,558	7,658	11,900	6,500	320
	1.01%	05/18/18	08/20/32	28,900	13,630	15,270	190	154
	1.47%	11/21/18	08/20/35	27,300	10,230	17,070	1,580	251
Total Water Treatment and Distribution Services Fund General Obligation Bonds and Notes				221,023	68,448	152,575	19,485	5,048

SCHEDULE OF BUSINESS-TYPE ACTIVITY BONDS AND NOTES

CITY OF MINNEAPOLIS, MINNESOTA

December 31, 2025

(In Thousands)

Issues Outstanding	Interest Rates	Issue Date	Final Maturity Date	Issued	Retired	Outstanding	Principal Due in 2026	Interest Due in 2026
<u>Municipal Parking Fund General Obligation Bonds and Notes</u>								
	Variable - Note	01/03/12	12/01/33	27,980	4,760	23,220	3,115	706
	2.00%	10/20/16	12/01/26	17,600	15,700	1,900	1,900	38
	2.00% to 3.00%	10/02/20	12/01/28	3,720	1,610	2,110	-	42
	1.50% to 2.50%	10/02/20	12/01/29	12,975	5,995	6,980	1,595	142
	4.00%	10/27/21	12/01/26	9,000	7,200	1,800	1,800	72
Total Municipal Parking Fund General Obligation Bonds and Notes				71,275	35,265	36,010	8,410	1,000
<u>Solid Waste and Recycling Fund General Obligation Bonds</u>								
	4.00% to 5.00%	10/31/18	12/01/36	13,960	930	13,030	945	551
	2.13% to 4.00%	10/27/21	12/01/36	6,100	1,640	4,460	410	147
Total Solid Waste and Recycling Fund General Obligation Bonds				20,060	2,570	17,490	1,355	698
Total Business-Type Activity General Obligation Bonds and Notes				470,048	145,048	325,000	41,890	11,866

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 ALL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2025

CITY OF MINNEAPOLIS
 (in thousands)

Federal Grantor Pass Through Agency Program or Cluster Title	Federal ALN	Pass-through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
Direct				
Inflation Reduction Act Urban & Community Forestry Program	10.727		\$ 1,691	\$ -
Urban Agriculture and Innovative Production Grants (UAIP)	10.935		115	-
Total U.S. Department of Agriculture			\$ 1,806	\$ -
U.S. Department of Housing and Urban Development				
Direct				
CDBG - Entitlement/Grants Cluster				
Community Development Block Grants/Entitlement Grants	14.218		\$ 11,540	\$ 1,892
COVID-19 Community Development Block Grants/Entitlement Grants	14.218		1,228	1,228
Total ALN 14.218			12,768	3,120
Total CDBG - Entitlement Grants Cluster (\$12,768)				
Emergency Solutions Grant Program	14.231		510	426
Home Investment Partnerships Program	14.239		7,957	-
Housing Opportunities for Persons with AIDS	14.241		2,468	2,373
Economic Development Initiative, Community Project Funding, and Miscellaneous Grants	14.251		339	-
Lead Hazard Reduction Grant Program	14.900		1,544	-
Healthy Homes Production Program	14.913		638	-
Total U.S. Department of Housing and Urban Development			\$ 26,224	\$ 5,919
U.S. Department of the Interior-National Park Service				
Direct				
Historic Preservation Fund Grants-In-Aid	15.904		\$ 12	-
U.S. Department of Justice				
Direct				
Congressionally Recommended Awards	16.753		\$ 3,021	\$ -
Public Safety Partnership and Community Policing Grants	16.710		117	-
National Sexual Assault Kit Initiative	16.833		187	187
Comprehensive Opioid, Stimulant, and Substance Use Program	16.838		392	-
Equitable Sharing Program	16.922		20	-
Passed Through Hennepin County				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	PR00005165	23	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	PR00005967	237	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	PR00006800	219	-
Total ALN 16.738			479	-
Total U.S. Department of Justice			\$ 4,216	\$ 187
U.S. Department of Labor				
Passed Through Minnesota Department of Employment and Economic Development				
WIOA Cluster				
WIOA Adult Program	17.258	2103101	\$ 32	\$ 29
WIOA Adult Program	17.258	3103100	190	133
WIOA Adult Program	17.258	4103100	642	550
WIOA Adult Program	17.258	5103100	77	77
Total ALN 17.258			941	789
WIOA Youth Activities	17.259	3103600	372	372
WIOA Youth Activities	17.259	4103600	1,020	822
WIOA Youth Activities	17.259	5103600	225	149
Total ALN 17.259			1,617	1,343
WIOA Dislocated Worker Formula Grants	17.278	2108001	33	30
WIOA Dislocated Worker Formula Grants	17.278	3108000	60	58
WIOA Dislocated Worker Formula Grants	17.278	4108000	251	195
WIOA Dislocated Worker Formula Grants	17.278	5108000	62	57
Total ALN 17.278			406	340
Total WIOA Cluster (\$2,964)				
Total U.S. Department of Labor			\$ 2,964	\$ 2,472

The notes to the Schedule of Federal Awards are an integral part of this schedule.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 ALL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2025

CITY OF MINNEAPOLIS
 (in thousands)
 (continued)

Federal Grantor Pass Through Agency Program or Cluster Title	Federal ALN	Pass-through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation				
Direct				
Strengthening Mobility and Revolutionizing Transportation (SMART) Grants Program	20.941		\$ 1,000	\$ -
Passed Through Metropolitan Council of the Twin Cities Highway Planning and Construction Total ALN 20.205 (\$8,404)	20.205	1029973	2,016	-
Passed Through Minnesota Department of Transportation Highway Planning and Construction	20.205	8825-964	(1)	-
Highway Planning and Construction Total ALN 20.205 (\$8,404)	20.205	1029973	6,390	-
			<u>6,389</u>	<u>-</u>
Passed Through Minnesota Department of Public Safety Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC25-2025-CRYSTAPD-055	4	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-ENFRC26-2026-CRYSTAPD-044	3	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	A-DGCT25-2025-4TH-JD-005	28	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated Total ALN 20.608	20.608	A-DGCT26-2026-4TH-JD-003	4	-
			39	-
			<u>39</u>	<u>-</u>
Total U.S. Department of Transportation			\$ 9,444	\$ -
U.S. Department of the Treasury				
Direct				
Equitable Sharing	21.016		\$ 231	\$ -
COVID-19 Emergency Rental Assistance Program	21.023		3	-
			<u>3</u>	<u>-</u>
Total U.S. Department of the Treasury			\$ 234	\$ -
U.S. Environmental Protection Agency				
Direct				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		\$ 107	\$ -
Greenhouse Gas Reduction Fund: National Clean Investment Fund	66.957		28	-
Passed Through the Minnesota Public Facilities Authority Drinking Water State Revolving Fund	66.468	1270024-14	62	-
Drinking Water State Revolving Fund	66.468	1270024-15	1,260	-
Drinking Water State Revolving Fund	66.468	1270024-18	190	-
Drinking Water State Revolving Fund	66.468	1270024-19	1,645	-
Drinking Water State Revolving Fund	66.468	1270024-22	758	-
Drinking Water State Revolving Fund Total ALN 66.468	66.468	1270024-24	1,425	-
			<u>5,340</u>	<u>-</u>
Total U.S. Environmental Protection Agency			\$ 5,475	\$ -
U.S. Department of Energy				
Direct				
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128		\$ 424	\$ -
U.S. Department of Health and Human Services				
Direct				
Food and Drug Administration Research	93.103		\$ 10	\$ -
Injury Prevention and Control Research and State and Community Based Programs	93.136		124	-
Racial and Ethnic Approaches to Community Health	93.304		913	-
COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391		2	-
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967		1,925	-

The notes to the Schedule of Federal Awards are an integral part of this schedule.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 ALL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2025

CITY OF MINNEAPOLIS
 (in thousands)
 (continued)

Federal Grantor Pass Through Agency Program or Cluster Title	Federal ALN	Pass-through Grant Numbers	Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services (continued)				
Passed Through Minnesota Department of Health Public Health Emergency Preparedness	93.069	251979	295	-
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	223701	90	-
COVID-19 Immunization Cooperative Agreements	93.268	191800	207	41
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	191800	471	-
Temporary Assistance for Needy Families	93.558	232362	808	620
Maternal and Child Health Services Block Grant to the States	93.994	256581	830	223
Passed Through University of Nebraska Community Programs to Improve Minority Health	93.137	5CPIMP231377-02-00	85	47
Passed Through Minnesota Department of Human Services Opioid STR	93.788	191971	4	-
Passed Through Hennepin County Teenage Pregnancy Prevention Program	93.297	HS00001406	535	-
Total U.S. Department of Health and Human Services			\$ 6,299	\$ 931
Executive Office of the President				
Direct High Intensity Drug Trafficking Areas Program	95.001		\$ 44	\$ -
U.S. Department of Homeland Security				
Direct Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		\$ 1,778	\$ -
Passed Through Minnesota Department of Public Safety Emergency Management Performance Grants	97.042	A-EMPG-2022-MPLSEMER-051	(3)	-
Emergency Management Performance Grants	97.042	A-EMPG-2023-MPLSEMER-058	30	-
Emergency Management Performance Grants	97.042	A-EMPG-2024-MPLSEMER-078	26	-
Total ALN 97.042			53	-
Homeland Security Grant Program	97.067	A-SHSP-2023-MPLSBOMB-012	1	-
Homeland Security Grant Program	97.067	A-SHSP-2024-MPLSBOMB-012	188	-
Homeland Security Grant Program	97.067	A-UASI-2022-MPLSEMER-008	(3)	-
Homeland Security Grant Program	97.067	A-UASI-2023-MPLSEMER-023	416	-
Homeland Security Grant Program	97.067	A-UASI-2024-MPLSEMER-014	357	-
Total ALN 97.067			959	-
Total U.S. Department of Homeland Security			\$ 2,790	\$ -
Total Federal Awards			\$ 59,932	\$ 9,509

The notes to the Schedule of Federal Awards are an integral part of this schedule.

For the Fiscal Year Ended December 31, 2025

(Dollar Amounts Expressed in Thousands)

NOTE 1 – REPORTING ENTITY

The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the City of Minneapolis. It does not include \$4,004 in federal awards expended by the Minneapolis Park and Recreation Board component unit, which is legally separate from the primary government and had a separate single audit. The City’s reporting entity is defined in Note 1 to the basic financial statements.

NOTE 2 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Minneapolis under programs of the federal government for the year ended December 31, 2025. The information in this schedule is presented in accordance with the audit requirements of Title 2 *U.S. Code of Federal Regulations* 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Minneapolis, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Minneapolis.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the basis of accounting used by the individual funds of the City of Minneapolis. Governmental funds use the modified accrual basis of accounting except for amounts provided to subrecipients. The basis for determining when federal award is expended is when the disbursement is made to the subrecipient. Proprietary funds use the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts may be shown. The negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected not to use the 10.0 or 15.0 percent de minimis indirect cost rate allowed under the Uniform Guidance. The 15.0 percent de minimis indirect cost rate is effective for grants made as of October 1, 2024.

This Section Left Blank Intentionally

**MUNICIPAL BUILDING COMMISSION
BALANCE SHEET
December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	General Fund	Capital Projects Fund	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 4,957	\$ 41	\$ 4,998
Receivables:			
Intergovernmental	939	760	1,699
Total assets	\$ 5,896	\$ 801	\$ 6,697
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>			
Liabilities:			
Salaries payable	\$ 47	\$ -	\$ 47
Accounts payable	1,820	313	2,133
Intergovernmental payable	32	-	32
Deposits held for other	30	-	30
Total liabilities	1,929	313	2,242
Fund balances:			
Assigned	3,967	488	4,455
Total fund balances	3,967	488	4,455
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,896	\$ 801	\$ 6,697
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position - Governmental Activities			
Fund balances - total governmental funds			\$ 4,455
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Non-depreciable		25,440	
Depreciable		122,812	
Accumulated depreciation		(76,883)	71,369
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Other postemployment benefits payable		(515)	
Net pension liability		(2,464)	
Compensated absences		(448)	(3,427)
Deferred outflows and deferred inflows resulting from pension obligations and other postemployment benefits obligations are recorded only on the government-wide statement of net position. Balances at year end are:			
Deferred outflows of resources - other postemployment benefits		101	
Deferred outflows of resources - pensions		293	
Deferred inflows of resources - other postemployment benefits		(41)	
Deferred inflows of resources - pensions		(919)	(566)
Net position of governmental activities			\$ 71,831

**MUNICIPAL BUILDING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended December 31, 2025**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

	General Fund	Capital Projects Fund	Total
REVENUES:			
Intergovernmental revenues	\$ 4,695	\$ 5,858	\$ 10,553
Charges for services and sales	3,647	5,757	9,404
Miscellaneous revenues	45	-	45
Total revenues	<u>8,387</u>	<u>11,615</u>	<u>20,002</u>
EXPENDITURES:			
Current:			
General government	8,466	-	8,466
Capital outlay	-	11,523	11,523
Total expenditures	<u>8,466</u>	<u>11,523</u>	<u>19,989</u>
Net change in fund balances	(79)	92	13
Fund balances - January 1	<u>4,046</u>	<u>396</u>	<u>4,442</u>
Fund balances - December 31	<u>\$ 3,967</u>	<u>\$ 488</u>	<u>\$ 4,455</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Governmental Activities

Net increase (decrease) in fund balances - total governmental funds \$ 13

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for general capital assets, infrastructure, and other related capital assets:	11,535	
Less current year depreciation	<u>(3,054)</u>	<u>8,481</u>

Some expenses and revenues reported in the statement of activities are not related to current financial resources and, therefore, are not reported as expenditures or revenues in governmental funds:

Change in other postemployment benefits payable	105	
Change in net pension liability	538	
Change in compensated absences	<u>(60)</u>	<u>583</u>

Increase (decrease) in net position of governmental activities \$ 9,077



THIS PAGE IS INTENTIONALLY BLANK

STATISTICAL SECTION

This part of the City of Minneapolis Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplemental information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends: These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	162-166
Revenue Capacity: These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes	167-170
Debt Capacity: These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.	171-179
Demographic and Economic Information: These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	180-181
Operation Information: These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	182-185

Schedule 1
City of Minneapolis
Net Position by Component (In Thousands)
Last 10 Fiscal Years
December 31, 2025

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
Net investment in capital assets	\$ 1,057,445	\$ 1,190,812	\$ 1,311,190	\$ 1,203,135	\$ 1,365,745	\$ 1,375,177	\$ 1,421,756	\$ 1,478,541	\$ 1,506,791	\$ 1,584,075
Restricted	215,143	254,967	329,487	390,189	318,948	332,308	305,614	330,137	356,652	330,751
Unrestricted	(337,534)	(331,419)	(365,071)	(177,116)	(211,106)	(164,009)	(46,330)	(33,071)	454	(71,218)
Total governmental activities net position	<u>\$ 935,054</u>	<u>\$ 1,114,360</u>	<u>\$ 1,275,606</u>	<u>\$ 1,416,208</u>	<u>\$ 1,473,587</u>	<u>\$ 1,543,476</u>	<u>\$ 1,681,040</u>	<u>\$ 1,775,607</u>	<u>\$ 1,863,897</u>	<u>\$ 1,843,608</u>
Business-type Activities										
Net investment in capital assets	\$ 800,274	\$ 876,141	\$ 895,158	\$ 930,589	\$ 983,131	\$ 997,445	\$ 1,031,775	\$ 1,074,632	\$ 1,120,952	\$ 1,161,446
Restricted	35,336	36,082	36,821	30,598	25,102	25,069	24,811	25,809	26,495	27,738
Unrestricted	80,745	57,000	50,217	46,641	9,449	23,008	31,296	31,084	32,686	52,824
Total business-type activities net position	<u>\$ 916,355</u>	<u>\$ 969,223</u>	<u>\$ 982,196</u>	<u>\$ 1,007,828</u>	<u>\$ 1,017,682</u>	<u>\$ 1,045,522</u>	<u>\$ 1,087,882</u>	<u>\$ 1,131,525</u>	<u>\$ 1,180,133</u>	<u>\$ 1,242,008</u>
Primary government										
Net investment in capital assets	\$ 1,857,719	\$ 2,066,953	\$ 2,206,348	\$ 2,133,724	\$ 2,348,876	\$ 2,372,622	\$ 2,453,531	\$ 2,553,173	\$ 2,627,743	\$ 2,745,521
Restricted	250,479	291,049	366,308	420,787	344,050	357,377	330,425	355,946	383,147	358,489
Unrestricted	(256,789)	(274,419)	(314,854)	(130,475)	(201,657)	(141,001)	(15,034)	(1,987)	33,140	(18,394)
Total primary government net position	<u>\$ 1,851,409</u>	<u>\$ 2,083,583</u>	<u>\$ 2,257,802</u>	<u>\$ 2,424,036</u>	<u>\$ 2,491,269</u>	<u>\$ 2,588,998</u>	<u>\$ 2,768,922</u>	<u>\$ 2,907,132</u>	<u>\$ 3,044,030</u>	<u>\$ 3,085,616</u>

(UNAUDITED)

Schedule 2
City of Minneapolis
Changes in Net Position (In Thousands)
Last 10 Fiscal Years
December 31, 2025

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental Activities:										
General government	\$ 128,137	\$ 102,171	\$ 103,781	\$ 31,300	\$ 25,088	\$ 85,640	\$ 117,462	\$ 139,362	\$ 166,241	\$ 144,816
Public safety	390,053	323,498	294,822	295,247	341,681	258,226	305,773	361,983	354,768	458,177
Public works	106,705	58,174	96,934	154,329	208,981	139,454	122,374	142,916	164,515	168,113
Culture and recreation	7,544	11,252	9,103	9,531	11,901	6,027	9,487	14,532	11,029	16,892
Health and welfare	25,494	25,483	24,983	26,592	32,211	35,518	43,037	36,191	51,675	47,892
Community planning & economic development	181,537	149,145	173,362	196,477	186,579	194,183	228,526	198,412	212,458	209,914
Interest on long-term debt	13,611	15,121	18,054	18,958	20,555	17,497	19,042	19,054	18,666	21,770
Total governmental activities expenses	<u>\$ 853,081</u>	<u>\$ 684,844</u>	<u>\$ 721,039</u>	<u>\$ 732,434</u>	<u>\$ 826,996</u>	<u>\$ 736,545</u>	<u>\$ 845,701</u>	<u>\$ 912,450</u>	<u>\$ 979,352</u>	<u>\$ 1,067,574</u>
Business-type Activities:										
Sanitary sewer	\$ 54,030	\$ 58,250	\$ 65,209	\$ 63,066	\$ 67,919	\$ 62,993	\$ 68,932	\$ 62,338	\$ 79,226	\$ 84,633
Stormwater	36,009	34,518	34,182	34,524	36,138	31,249	34,453	39,020	44,638	43,893
Water treatment and distribution services	67,826	59,536	58,068	68,792	67,124	68,657	70,112	76,673	81,087	82,674
Municipal parking	50,020	48,758	64,727	50,532	41,976	38,056	46,072	50,466	60,954	65,180
Solid waste and recycling	33,312	36,087	36,528	33,295	36,152	36,206	34,363	37,947	52,755	54,885
Community planning & economic development	6,330	5,921	5,437	4,716	3,887	2,906	16,988	1,372	1,266	1,301
Total business-type activities expenses	<u>\$ 247,527</u>	<u>\$ 243,070</u>	<u>\$ 264,151</u>	<u>\$ 254,925</u>	<u>\$ 253,196</u>	<u>\$ 240,067</u>	<u>\$ 270,920</u>	<u>\$ 267,816</u>	<u>\$ 319,926</u>	<u>\$ 332,566</u>
Total primary government expenses	<u>\$ 1,100,608</u>	<u>\$ 927,914</u>	<u>\$ 985,190</u>	<u>\$ 987,359</u>	<u>\$ 1,080,192</u>	<u>\$ 976,612</u>	<u>\$ 1,116,621</u>	<u>\$ 1,180,266</u>	<u>\$ 1,299,278</u>	<u>\$ 1,400,140</u>
Program Revenues										
Governmental Activities:										
Charges for services:										
General government	\$ 5,886	\$ 1,215	\$ 14,051	\$ 22,147	\$ 13,731	\$ 12,765	\$ 21,717	\$ 8,549	\$ 31,101	\$ 24,792
Public safety	17,051	17,681	19,764	21,300	15,902	18,707	16,346	17,332	16,949	16,936
Public works	43,236	60,640	25,397	51,362	32,971	28,416	42,462	41,348	55,363	52,468
Health and welfare	2,498	2,830	2,809	3,119	2,541	2,703	2,863	2,719	3,475	3,064
Community planning & economic development	71,370	69,946	87,235	86,790	56,580	59,577	77,531	60,531	70,398	56,310
Operating grants and contributions	132,535	137,377	130,724	122,641	124,193	139,521	256,696	230,554	230,500	192,277
Capital grants and contributions	14,255	11,356	9,054	15,529	37,366	5,526	812	7,433	5,275	7,475
Total governmental activities program revenues	<u>\$ 286,831</u>	<u>\$ 301,045</u>	<u>\$ 289,034</u>	<u>\$ 322,888</u>	<u>\$ 283,284</u>	<u>\$ 267,215</u>	<u>\$ 418,427</u>	<u>\$ 368,466</u>	<u>\$ 413,061</u>	<u>\$ 353,322</u>
Business-type Activities:										
Charges for services:										
Sanitary sewer	\$ 64,289	\$ 67,978	\$ 73,387	\$ 81,944	\$ 82,955	\$ 86,481	\$ 95,014	\$ 91,463	\$ 95,016	\$ 102,808
Stormwater	37,432	39,974	39,385	42,287	43,464	43,576	45,498	46,372	47,469	50,332
Water treatment and distribution services	78,963	81,070	82,500	81,940	84,753	85,963	88,399	94,578	96,171	98,287
Municipal parking	62,837	68,472	71,112	71,755	43,524	43,247	53,963	62,563	67,974	77,502
Solid waste and recycling	36,988	38,103	38,541	39,497	40,167	42,393	43,610	44,457	48,064	51,005
Community planning & economic development	6,101	5,735	4,792	4,703	3,890	2,907	16,453	824	963	897
Operating grants and contributions	5,089	6,988	5,771	3,996	4,573	3,561	4,323	4,407	14,091	14,120
Capital grants and contributions	-	-	-	-	1,664	-	-	-	-	-
Total business-type activities program revenues	<u>\$ 291,699</u>	<u>\$ 308,320</u>	<u>\$ 315,488</u>	<u>\$ 326,122</u>	<u>\$ 304,990</u>	<u>\$ 308,128</u>	<u>\$ 347,260</u>	<u>\$ 344,664</u>	<u>\$ 369,748</u>	<u>\$ 394,951</u>
Total primary government program revenues	<u>\$ 578,530</u>	<u>\$ 609,365</u>	<u>\$ 604,522</u>	<u>\$ 649,010</u>	<u>\$ 588,274</u>	<u>\$ 575,343</u>	<u>\$ 765,687</u>	<u>\$ 713,130</u>	<u>\$ 782,809</u>	<u>\$ 748,273</u>
Net (Expenses) Revenue										
Governmental Activities	\$ (566,250)	\$ (383,799)	\$ (432,005)	\$ (409,546)	\$ (543,712)	\$ (469,330)	\$ (427,274)	\$ (543,984)	\$ (566,291)	\$ (714,252)
Business-type Activities	44,172	65,250	51,337	71,197	51,794	68,061	76,340	76,848	49,822	62,385
Total primary government net expense	<u>\$ (522,078)</u>	<u>\$ (318,549)</u>	<u>\$ (380,668)</u>	<u>\$ (338,349)</u>	<u>\$ (491,918)</u>	<u>\$ (401,269)</u>	<u>\$ (350,934)</u>	<u>\$ (467,136)</u>	<u>\$ (516,469)</u>	<u>\$ (651,867)</u>

Schedule 2
City of Minneapolis
Changes in Net Position (In Thousands)
Last 10 Fiscal Years
December 31, 2025

(continued)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
General property tax and fiscal disparities	\$ 247,708	\$ 278,088	\$ 271,192	\$ 287,049	\$ 308,146	\$ 329,021	\$ 369,767	\$ 383,051	\$ 393,836	\$ 398,622
Property tax increment	49,616	55,666	62,129	66,303	69,418	27,435	1,108	491	982	18,838
Franchise taxes	29,515	32,143	34,772	32,370	31,181	33,635	40,758	40,122	43,973	46,746
Local taxes	80,851	83,266	89,794	89,182	49,290	33,133	66,666	77,608	87,328	87,923
Other taxes	212	267	298	329	262	10	-	-	-	-
Local government aid - unrestricted	68,391	68,543	69,683	69,754	71,821	68,815	68,845	65,518	74,934	80,329
Grants and contributions not restricted to programs	3,371	1,879	3,291	2,728	3,436	5,087	10,322	692	13,967	5,944
Unrestricted interest and investment earnings	7,754	6,651	14,764	30,539	23,478	846	(27,083)	47,900	35,708	51,650
Other	181	2,003	989	6,422	-	-	-	-	-	-
Gain on sale of capital assets	526	291	1,100	1,102	910	758	-	-	-	-
Transfers	22,753	31,102	36,002	46,850	43,149	40,479	34,455	34,788	3,853	3,911
Total governmental activities	\$ 510,878	\$ 559,899	\$ 584,014	\$ 632,628	\$ 601,091	\$ 539,219	\$ 564,838	\$ 650,170	\$ 654,581	\$ 693,963
Business-type Activities:										
Franchise taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 339	\$ 356	\$ 338	\$ 337
Local government aid - unrestricted	-	-	-	-	-	-	-	3	855	-
Grants and contributions not restricted to programs	-	16	425	151	168	108	326	3	734	95
Unrestricted interest and investment earnings	205	364	636	981	887	(88)	(348)	1,108	636	1,207
Other	910	20	155	153	154	238	-	113	76	1,762
Gain on sale of capital assets	1,856	20,660	212	-	-	-	158	-	-	-
Transfers	(22,753)	(31,102)	(36,002)	(46,850)	(43,149)	(40,479)	(34,455)	(34,788)	(3,853)	(3,911)
Transfer of capital asset	-	-	(4,000)	-	-	-	-	-	-	-
Total business-type activities	\$ (19,782)	\$ (10,042)	\$ (38,574)	\$ (45,565)	\$ (41,940)	\$ (40,221)	\$ (33,980)	\$ (33,205)	\$ (1,214)	\$ (510)
Total primary government	\$ 491,096	\$ 549,857	\$ 545,440	\$ 587,063	\$ 559,151	\$ 498,998	\$ 530,858	\$ 616,965	\$ 653,367	\$ 693,453
Changes in Net Position										
Governmental Activities	\$ (55,372)	\$ 176,100	\$ 156,009	\$ 223,082	\$ 57,379	\$ 69,889	\$ 137,564	\$ 106,186	\$ 88,290	\$ (20,289)
Business-type Activities	24,390	55,208	12,763	25,632	9,854	27,840	42,360	43,643	48,608	61,875
Total primary government	\$ (30,982)	\$ 231,308	\$ 168,772	\$ 248,714	\$ 67,233	\$ 97,729	\$ 179,924	\$ 149,829	\$ 136,898	\$ 41,586

(UNAUDITED)

Schedule 3
City of Minneapolis
Fund Balance, Governmental Funds (In Thousands)
Last 10 Fiscal Years
December 31, 2025

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 1,261	\$ 1,263	\$ 1,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	19,000	15,025	10,173
Assigned	10,000	10,000	-	-	-	-	1,500	52,051	54,381	10,718
Unassigned	96,236	105,835	102,946	128,040	167,654	142,828	172,217	139,319	139,769	116,654
Total general fund	<u>\$ 107,497</u>	<u>\$ 117,098</u>	<u>\$ 104,196</u>	<u>\$ 128,040</u>	<u>\$ 167,654</u>	<u>\$ 142,828</u>	<u>\$ 173,717</u>	<u>\$ 210,370</u>	<u>\$ 209,175</u>	<u>\$ 137,545</u>
All Other Government Funds										
Nonspendable	\$ 33,754	\$ -	\$ 263	\$ -	\$ -	\$ -	\$ 31	\$ -	\$ -	\$ -
Restricted	215,143	254,967	329,487	390,189	318,948	332,308	305,614	311,137	341,627	320,578
Assigned	149,360	146,671	168,577	181,841	186,706	171,941	194,951	215,111	224,262	233,821
Unassigned	(25,195)	(2,039)	(1,818)	(13,822)	(8,479)	(5,158)	-	-	(20,136)	(24,792)
Total all other governmental funds	<u>\$ 373,062</u>	<u>\$ 399,599</u>	<u>\$ 496,509</u>	<u>\$ 558,208</u>	<u>\$ 497,175</u>	<u>\$ 499,091</u>	<u>\$ 500,596</u>	<u>\$ 526,248</u>	<u>\$ 545,753</u>	<u>\$ 529,607</u>

(UNAUDITED)

Schedule 4
City of Minneapolis
Changes in Fund Balance, Governmental Funds (In Thousands)
Last 10 Fiscal Years
December 31, 2025

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Taxes	\$ 408,195	\$ 428,271	\$ 458,711	\$ 475,364	\$ 458,154	\$ 423,217	\$ 477,737	\$ 501,596	\$ 525,945	\$ 552,098
Licenses and permits	48,267	46,398	48,658	56,547	46,403	41,353	54,885	45,801	50,772	40,957
Intergovernmental revenues	181,477	183,797	165,366	187,273	233,867	198,872	306,192	289,506	294,445	250,501
Charges for services and sales	90,626	110,799	80,785	92,324	70,614	80,135	78,309	78,386	81,037	86,317
Fines and forfeits	6,705	7,783	7,417	7,573	4,701	5,055	5,096	5,852	5,833	6,478
Special assessments	28,220	29,516	28,279	30,853	29,744	30,004	31,784	31,193	29,870	30,781
Investment earnings	7,916	6,679	14,776	30,287	24,715	1,192	(28,637)	48,015	35,808	52,096
Miscellaneous revenues	36,054	33,609	54,092	36,131	35,104	37,460	37,112	32,243	35,973	34,457
Total revenues	807,460	846,852	858,084	916,352	903,302	817,288	962,478	1,032,592	1,059,683	1,053,685
Expenditures										
Current:										
General government	106,212	100,772	107,988	108,097	112,397	109,505	132,220	170,260	173,359	161,731
Public safety	269,020	284,155	298,052	296,996	299,229	290,387	306,856	332,834	367,377	430,769
Public works	56,978	59,804	65,648	68,567	71,092	81,183	63,927	70,925	85,532	103,283
Culture and recreation	1,560	780	-	-	-	-	-	-	-	-
Health and welfare	21,705	23,797	24,104	26,106	31,689	34,238	41,979	36,210	50,938	49,453
Community planning & economic development	174,858	155,783	172,556	198,316	182,016	179,694	219,076	184,352	209,852	203,538
Capital outlay	151,681	193,489	107,091	174,674	191,240	127,867	115,520	131,698	147,150	167,090
Intergovernmental:										
General government	616	968	1,000	2,229	4,182	6,144	1,069	771	6,521	5,858
Health and welfare	154	111	132	126	48	26	-	332	168	-
Community planning & economic development	-	-	-	-	400	-	-	-	-	-
Culture and recreation	5,984	10,472	9,103	9,531	11,901	6,027	9,487	13,174	11,029	16,892
Debt Service:										
Principal retirement	84,027	154,711	153,750	140,725	106,410	46,515	76,491	73,925	67,372	93,184
Interest and fiscal charges	13,711	15,104	17,882	20,437	19,542	17,639	19,140	18,987	19,509	21,196
Bond issuance costs	4	-	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agents	4,440	-	-	-	-	-	-	-	-	-
Total expenditures	890,950	999,946	957,306	1,045,804	1,030,146	899,225	985,765	1,033,468	1,138,807	1,252,994
Excess (deficiency) of revenues over (under) expenditures	(83,490)	(153,094)	(99,222)	(129,452)	(126,844)	(81,937)	(23,287)	(876)	(79,124)	(199,309)
Other Financing Sources (Uses)										
Transfers from other funds	110,883	131,389	166,304	264,881	97,918	128,568	176,259	162,263	176,388	147,960
Transfers to other funds	(110,336)	(120,300)	(149,809)	(246,105)	(80,781)	(149,039)	(196,339)	(162,575)	(173,030)	(148,545)
Premium (discount)	920	5,780	7,210	7,294	3,678	6,368	3,489	4,066	5,830	4,401
Software subscriptions issued	-	-	-	-	-	-	-	-	76	18,788
Leases issued	-	-	-	-	-	-	2,167	502	110	9,004
Bonds issued	53,860	58,835	107,250	188,930	84,610	73,130	70,105	73,105	88,060	79,925
Refunding bonds issued	4,440	56,010	47,275	-	-	-	-	-	-	-
Refunding notes issued	-	2,449	-	-	-	-	-	-	-	-
Loans and notes issued	35,182	55,069	5,000	-	-	-	-	-	-	-
Total other financing sources (uses)	94,949	189,232	183,230	215,000	105,425	59,027	55,681	77,361	97,434	111,533
Net change in fund balance	\$ 11,459	\$ 36,138	\$ 84,008	\$ 85,548	\$ (21,419)	\$ (22,910)	\$ 32,394	\$ 76,485	\$ 18,310	\$ (87,776)
Debt service as a percentage of noncapital expenditures	13.8%	21.1%	20.4%	18.5%	15.0%	8.3%	11.0%	10.3%	8.8%	10.5%

(UNAUDITED)

Schedule 5
City of Minneapolis
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2025

Fiscal Year Ended December 31	Commercial Property	Apartment Property	Residential Property	Industrial Property	Personal & Other Property	Tax-Exempt Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate	Estimated Actual Taxable Value ²	Taxable Assessed Value as a % of Actual Taxable Value
2015	6,534,226	4,723,778	23,516,623	1,339,382	430,523	11,679,375	36,544,532	8.06	43,879,415	83%
2016	7,596,673	6,090,411	24,958,025	1,215,531	436,040	12,726,043	40,296,680	7.89	45,025,954	89%
2017	8,469,151	7,196,358	26,608,421	1,295,694	494,630	13,923,130	44,064,254	7.72	49,148,618	90%
2018	9,195,030	8,117,143	28,671,360	1,418,993	545,408	15,218,503	47,947,934	7.44	53,685,280	89%
2019	9,849,039	9,174,208	31,579,460	1,565,868	556,830	15,481,603	52,725,405	7.40	59,242,028	89%
2020	10,368,096	10,387,637	33,385,795	1,618,603	569,749	18,401,743	56,329,880	7.37	60,589,378	93%
2021	11,156,098	11,635,121	34,287,581	1,688,725	585,511	15,498,136	59,353,036	7.44	64,274,169	92%
2022	10,533,396	12,321,392	35,747,876	1,744,541	267,927	17,469,944	60,615,132	7.62	65,576,351	92%
2023	10,573,416	13,253,257	38,368,578	2,101,965	280,108	16,123,061	64,577,324	7.42	69,057,703	94%
2024	10,701,719	14,194,022	40,031,164	2,434,059	272,652	16,635,836	67,388,397	7.37	73,016,164	92%
2025	9,437,446	13,510,195	39,588,634	2,404,881	292,489	19,208,422	65,233,645	8.40	68,381,732	95%

Source: Finance and Property Services Department calculations, using Assessor data

Notes:

¹Total of the first five property types.

²Calculated using sales ratios, a means of statistically measuring the uniformity of assessments statewide.

Tax Rates are per \$1,000 of assessed value.

Total Direct Tax Rate is the weighted average of all individual direct tax rates applied.

(UNAUDITED)

Schedule 6
City of Minneapolis
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
December 31, 2025

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
City Direct Rates											
<i>Tax Capacity Based Rates</i>											
General	4.48	4.59	4.55	4.40	4.61	4.61	4.69	4.79	4.79	4.78	5.59
Building Commission	0.13	0.13	0.12	0.11	0.11	0.11	0.07	0.10	0.08	0.08	0.08
Permanent Improvement	0.03	0.01	-	-	-	-	-	0.14	0.13	0.15	0.02
Bond Redemption	1.06	0.98	0.95	0.91	0.91	0.88	0.92	0.92	0.88	0.84	0.97
Firefighter's Relief Association	0.08	0.04	0.04	0.05	0.04	0.04	0.04	0.04	-	-	-
Police Relief Association	0.18	0.24	0.19	0.28	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Minneapolis Employees Retirement Fund	0.51	0.29	0.31	0.19	0.23	0.23	0.22	0.21	0.18	0.17	0.18
Parks	1.52	1.55	1.50	1.44	1.43	1.43	1.44	1.36	1.31	1.30	1.51
Teacher's Retirement Association (a)	0.07	0.06	0.06	0.06	0.05	0.05	0.04	0.04	0.03	0.03	0.03
Total City Direct Rates	<u>8.06</u>	<u>7.89</u>	<u>7.72</u>	<u>7.44</u>	<u>7.40</u>	<u>7.37</u>	<u>7.44</u>	<u>7.62</u>	<u>7.42</u>	<u>7.37</u>	<u>8.40</u>
Overlapping Rates											
<i>Tax Capacity Based Rates</i>											
Watershed Districts	0.22	0.22	0.22	0.22	0.20	0.19	0.18	0.17	0.16	0.14	0.14
Hennepin County	5.90	5.81	5.66	5.50	5.36	5.26	4.92	4.91	4.39	4.41	4.68
Minneapolis Public Schools	2.84	2.73	2.64	2.88	2.86	2.72	2.42	2.62	2.43	2.40	3.04
Other Special Taxing Districts	0.71	0.67	0.69	0.68	0.64	0.61	0.58	0.58	0.50	0.57	0.60
<i>Market Value Based Rates</i>											
Minneapolis Public Schools Referendum	0.02	0.02	0.02	0.01	0.02	0.01	0.01	0.01	0.01	0.01	0.01
Total Overlapping Rates	<u>9.69</u>	<u>9.45</u>	<u>9.23</u>	<u>9.29</u>	<u>9.08</u>	<u>8.79</u>	<u>8.11</u>	<u>8.29</u>	<u>7.49</u>	<u>7.53</u>	<u>8.47</u>
Grand Total	<u><u>17.75</u></u>	<u><u>17.34</u></u>	<u><u>16.95</u></u>	<u><u>16.73</u></u>	<u><u>16.48</u></u>	<u><u>16.16</u></u>	<u><u>15.55</u></u>	<u><u>15.91</u></u>	<u><u>14.91</u></u>	<u><u>14.90</u></u>	<u><u>16.87</u></u>

Based upon weighted class rate among property types (e.g. commercial/industrial, residential).

Bond Redemption levy is reserved for repayment of debt service, according to schedules at the time of sale of the bonds.

Source: Finance and Property Services Department

(UNAUDITED)

Schedule 7
City of Minneapolis
Principal Property Tax Payers
Current Year and Nine Years Ago
(in thousands of dollars)
December 31, 2025

Taxpayer	2025			2016		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Bri 1855 IDS Center LLC	\$ 173,570	1	0.45%	\$ 237,780	5	1.05%
225 6TH ST Prop Owner LLC	167,537	2	0.44%	-	-	-
BIT NLG III Investors LLC	156,090	3	0.41%	-	-	-
City Center 33 So Prop LLC	147,725	4	0.39%	-	-	-
US Bank Corp RE Tax Department	140,940	5	0.37%	-	-	-
90 7th Street South LLC	138,960	6	0.36%	-	-	-
Spear Street Capital	120,554	7	0.31%	-	-	-
One Alliance Center	105,750	8	0.28%	-	-	-
Wells REIT-800 Nicollett	97,465	9	0.25%	-	-	-
South Sixth Office LLC	96,660	10	0.25%	-	-	-
Northern States Power Co.	-	-	-	394,562	1	1.73%
First Minneapolis-Hines Co.	-	-	-	304,910	2	1.34%
SRI Ten City Center LLC	-	-	-	258,968	3	1.14%
Target Corporation	-	-	-	253,645	4	1.11%
Hilton Hotels Corp.	-	-	-	275,553	6	1.02%
NWC Limited Partnership	-	-	-	224,700	7	0.99%
Minneapolis 225 Holdings LLC	-	-	-	219,270	8	0.96%
Wells Operating Partnership LP	-	-	-	152,810	9	0.67%
Wells Fargo Bank and Home Mortgage	-	-	-	151,967	10	0.67%
Total	\$ 1,345,251		3.51%	\$ 2,474,165		10.68%

Source: Hennepin County

(UNAUDITED)

Schedule 8
City of Minneapolis
Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2025

Fiscal Year Ended December 31	Taxes Levied for the Fiscal Year*	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2015	\$ 287,630	\$ 285,190	99.15%	\$ 1,618	\$ 286,808	99.71%
2016	297,580	294,605	99.00%	1,334	295,939	99.45%
2017	313,941	310,480	98.90%	774	311,254	99.14%
2018	331,208	327,272	98.81%	1,757	329,029	99.34%
2019	349,971	345,887	98.83%	1,947	347,834	99.39%
2020	374,309	368,655	98.49%	3,294	371,949	99.37%
2021	395,827	390,211	98.58%	1,107	391,318	98.86%
2022	417,419	413,005	98.94%	(403) **	412,602	98.85%
2023	444,387	433,670	97.59%	34 **	433,704	97.60%
2024	467,038	451,583	96.69%	(2,754)	448,829	96.10%
2025	499,011	485,745	97.34%	-	485,745	97.34%

Source: Minneapolis Finance and Property Services Department

* Includes special levies

** This negative amt is the result of adjustments, refunds and/or tax court orders exceeding the collection amt

(UNAUDITED)

Schedule 9
City of Minneapolis
Outstanding Debt by Type and Per Capita
Last Ten Fiscal Years
(in thousands of dollars, except per capita)
December 31, 2025

Fiscal Year	Governmental Activities					Business-type Activities			Total Primary Government	Per Capita (1)	Population
	General Obligation Bonds & Notes	Revenue Bonds	Notes Payable	Lease Liability	Software Subscriptions Liability	General Obligation Bonds & Notes	Revenue Bonds	Lease Liability			
2016	\$ 439,908	\$ 21,625	\$ 4,115			\$ 221,637	\$ 76,315		\$ 763,600	1,851	412,517
2017	460,116	20,305	3,705			216,456	64,300		764,882	1,849	413,645
2018	462,799	18,940	3,270			235,830	61,565		782,404	1,853	422,326
2019	517,235	17,520	2,805			255,579	58,835		851,974	2,003	425,403
2020	498,174	16,040	2,310			272,914	40,550		829,988	1,904	435,885
2021	530,631	14,500	1,785			307,508	24,640		879,064	2,045	429,956
2022	527,825	12,880	1,225	3,883	22,051	324,403	-	5,136	897,403	2,066	434,346
2023	532,799	11,190	630	4,499	19,953	330,725	-	4,664	904,460	2,070	436,934
2024	564,326	5,720	-	3,739	23,702	327,495	-	4,158	929,140	2,134	435,483
2025	556,888	4,320	-	12,943	36,014	345,997	-	3,651	959,813	2,219	432,603

Notes:
Details regarding the City's outstanding debt can be found in the notes to the financial statements
(1) See Schedule 14 for population data.

Source: Minneapolis Finance & Property Services Department - Banking, Investments, & Debt

(UNAUDITED)

Schedule 10
City of Minneapolis
Ratios Of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(in thousands of dollars, except per capita)
December 31, 2025

Fiscal Year	Net General Bonded Debt Outstanding				Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
	Governmental General Obligation Bonds & Notes	Business-type General Obligation Bonds & Notes	Less Resources Restricted to Pay Debt Service	Total		
2016	\$ 439,908	\$ 221,637	\$ 38,695	\$ 622,850	1.55%	1,510
2017	460,116	216,456	35,070	641,502	1.46%	1,551
2018	462,799	235,830	29,399	669,230	1.40%	1,585
2019	517,235	255,579	35,579	737,235	1.40%	1,733
2020	498,174	272,914	38,060	733,028	1.30%	1,682
2021	530,631	307,508	63,127	775,012	1.31%	1,803
2022	527,825	324,403	43,561	808,667	1.33%	1,862
2023	532,799	330,725	40,680	822,844	1.27%	1,883
2024	564,326	327,495	43,333	848,488	1.26%	1,948
2025	556,888	345,997	45,695	857,190	1.31%	1,981

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See Schedule 5 for property value data. Assessed value used is consistent with valuations on the legal debt margin schedule.

(2) Population data can be found in Schedule 14.

Source: Minneapolis Finance & Property Services Department - Banking Investments & Debt

(UNAUDITED)

Schedule 11
City of Minneapolis
Direct and Overlapping Governmental Activities Debt
(in thousands of dollars)
December 31, 2025

Governmental Unit	Governmental Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
City of Minneapolis - Direct Debt	\$ 610,165	100.00%	\$ 610,165
<u>Overlapping Debt:</u>			
Special School District No. 1	645,802	100.00%	645,802
Hennepin County	1,210,482	25.64%	310,368
Hennepin County Regional Railroad Authority	71,549	25.64%	18,345
Metropolitan Council	426	11.44%	49
Metro Transit	73,513	13.59%	9,990
Subtotal, Overlapping Debt			\$ 984,554
Total Direct and Overlapping Debt			\$ 1,594,719

Notes:

Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) This table represents the governmental debt of the City of Minneapolis and the net debt share of the overlapping jurisdictions.

(2) The estimated percentage applicable is determined by Hennepin County and represents the tax capacity of the City in relation to the tax capacity of the overlapping jurisdictions as calculated by Hennepin County.

Sources:

Minneapolis Finance & Property Services Department - Investments & Debt Management
 Minneapolis Public School District 1
 Hennepin County
 MET Council Report of Outstanding Indebtedness

(UNAUDITED)

Schedule 12
City of Minneapolis
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2025

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt Limit	\$ 1,350,986	\$ 1,472,354	\$ 1,598,184	\$ 1,754,691	\$ 1,871,515	\$ 2,169,516	\$ 2,215,147	\$ 2,365,416	\$ 2,482,909	\$ 2,400,562
Total net debt applicable to limit	109,926	106,843	141,957	261,336	241,735	241,475	265,267	277,646	312,918	340,215
Legal debt margin	<u>\$ 1,241,060</u>	<u>\$ 1,365,511</u>	<u>\$ 1,456,227</u>	<u>\$ 1,493,355</u>	<u>\$ 1,629,780</u>	<u>\$ 1,928,041</u>	<u>\$ 1,949,880</u>	<u>\$ 2,087,770</u>	<u>\$ 2,169,991</u>	<u>\$ 2,060,347</u>
Total net debt applicable to limit as a percentage of debt limit	8.14%	7.26%	8.88%	14.89%	12.92%	11.13%	11.98%	11.74%	12.60%	14.17%

Legal Debt Margin Calculation for Fiscal Year 2025

Real Property (2025 Assessed Market Value)	\$ 64,969,478
Personal Property (2025 Assessed Market Value)	282,276
Adjustment for Exempt Personal Property (1966 Market Value)	298,030
Adjustment for Net Fiscal Disparities (Contribution)/Distribution	<u>(79,904)</u>
Total 2025 Assessed Market Value (as adjusted)	65,469,879
Debt Limit (3-2/3% of Market Value Applicable to Debt Limit)	2,400,562
Debt applicable to limit:	
General Obligation Bonds Subject to Debt Limit	359,420
Less: Amount set aside to pay general obligation debt	<u>(19,205)</u>
Total Net Debt Applicable to Limit	340,215
Legal Debt Margin	<u>\$ 2,060,347</u>

Source: Minneapolis Finance and Property Services Department - Banking, Investments, and Debt

14.97%

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2025

WATER TREATMENT AND DISTRIBUTION SERVICES BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
2016	\$ 80,454	\$ 57,544	\$ 22,910	\$ 9,635	\$ 2,212	\$ 11,847	1.93
2017	82,247	52,586	29,661	12,765	2,512	15,277	1.94
2018	83,913	53,838	30,075	14,790	2,751	17,541	1.71
2019	81,432	57,921	23,511	16,360	2,957	19,317	1.22
2020	84,002	51,254	32,748	16,175	2,938	19,113	1.71
2021	86,074	53,940	32,134	16,570	3,153	19,723	1.63
2022	88,312	56,362	31,950	17,315	3,433	20,748	1.54
2023	94,652	61,860	32,792	17,160	3,849	21,009	1.56
2024	95,045	61,348	33,697	16,725	4,475	21,200	1.59
2025	98,023	62,545	35,478	18,060	4,711	22,771	1.56

Notes:

(1) Operating revenue includes fees for services and other non-operating revenues available for debt service.

(2) Operating expenses are exclusive of depreciation and amortization.

Source: Minneapolis Finance & Property Services Department - Banking, Investments, & Debt

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2025

(Continued)

MUNICIPAL PARKING BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Debt Service Transfers (3)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
					Principal	Interest	Total	
2016	\$ 65,916	\$ 43,608	\$ 690	\$ 22,998	\$ 16,285	\$ 2,361	\$ 18,646	1.23
2017	68,489	45,385	814	23,918	10,129	1,771	11,900	2.01
2018	71,184	47,365	749	24,567	17,640	1,650	19,290	1.27
2019	71,757	47,036	880	25,601	11,190	1,526	12,716	2.01
2020	43,522	37,446	216	6,292	3,445	988	4,433	1.42
2021	43,306	34,319	879	9,866	2,060	967	3,027	3.26
2022	54,324	42,937	1,175	12,562	5,335	1,519	6,854	1.83
2023	63,011	46,399	4,579	21,191	7,415	1,889	9,304	2.28
2024	68,312	51,313	-	16,999	8,050	1,686	9,736	1.75
2025	77,839	56,323	-	21,516	8,180	1,303	9,483	2.27

Notes:

- (1) Operating revenue includes fees for services and other non-operating revenues available for debt service.
- (2) Operating expenses are exclusive of depreciation and amortization.
- (3) Tax Increment Transfers In were used to subsidize certain parking ramps through 2013 with a small remaining

subsidy from 2014.
Source: Minneapolis Finance & Property Services Department - Banking, Investments, & Debt

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2025

(Continued)

SANITARY SEWER BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
2016	\$ 66,948	\$ 61,935	\$ 5,013	\$ 1,487	\$ 131	\$ 1,618	3.10
2017	69,357	63,674	5,683	2,700	662	3,362	1.69
2018	74,163	70,182	3,981	4,480	732	5,212	0.76
2019	82,491	72,419	10,072	4,990	916	5,906	1.71
2020	85,218	70,630	14,588	5,700	1,015	6,715	2.17
2021	86,709	73,549	13,160	6,355	1,242	7,597	1.73
2022	95,855	76,732	19,123	9,505	1,684	11,189	1.71
2023	91,641	72,062	19,579	9,515	1,800	11,315	1.73
2024	95,016	73,835	21,181	5,163	1,940	7,103	2.98
2025	102,809	79,870	22,939	6,850	2,320	9,170	2.50

Notes:

- (1) Operating revenue includes fees for services, as well as and other non-operating revenues and transfers available for debt service.
- (2) Operating expenses are exclusive of depreciation and amortization.

Source: Minneapolis Finance & Property Services Department - Banking, Investment, & Debt

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2025

(Continued)

STORMWATER BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
				Principal	Interest	Total	
2016	\$ 38,380	\$ 31,617	\$ 6,763	\$ 2,500	\$ 62	\$ 2,562	\$ 3
2017	42,784	29,935	12,849	-	-	-	0.00
2018	41,958	29,322	12,636	-	-	-	0.00
2019	42,718	29,558	13,160	155	107	262	50.23
2020	44,686	30,923	13,763	600	186	786	17.51
2021	44,132	26,229	17,903	1,725	206	1,931	9.27
2022	47,004	28,763	18,241	3,670	779	4,449	4.10
2023	47,366	32,687	14,679	4,980	1,541	6,521	2.25
2024	47,737	37,825	9,912	3,735	1,883	5,618	1.76
2025	50,814	36,710	14,104	4,160	2,162	6,322	2.23

Notes:

- (1) Operating revenue includes fees for services and other non-operating revenues available for debt service.
- (2) Operating expenses are exclusive of depreciation and amortization.

Source: Minneapolis Finance & Property Services Department - Banking, Investments, & Debt

(UNAUDITED)

Schedule 13
City of Minneapolis
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in thousands of dollars)
December 31, 2025

(Continued)

SOLID WASTE AND RECYCLING BONDS

Fiscal Year	Operating Revenue (1)	Operating Expenses (2)	Debt Service Transfers (3)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage Ratio
					Principal	Interest	Total	
2016	-	-	-	-	-	-	-	0.00
2017	-	-	-	-	-	-	-	0.00
2018	-	-	-	-	-	-	-	0.00
2019	39,587	39,898	3,994	3,683	2,760	1,412	4,172	0.88
2020	40,262	40,166	4,795	4,891	3,835	1,162	4,997	0.98
2021	42,424	41,021	4,607	6,010	3,860	989	4,849	1.24
2022	43,630	40,778	4,424	7,276	4,310	997	5,307	1.37
2023	44,493	44,710	471	254	570	778	1,348	0.19
2024	48,073	49,068	471	(524)	595	759	1,354	(0.39)
2025	51,012	49,569	471	1,914	685	728	1,413	1.35

Notes:

(1) Operating revenue includes fees for services and other non-operating revenues available for debt service.

(2) Operating expenses are exclusive of depreciation and amortization.

(3) Transfer from the General Debt Service Fund for shared facility.

Source: Minneapolis Finance & Property Services Department - Banking, Investments, & Debt

(UNAUDITED)

Schedule 14
City of Minneapolis
Demographic and Economic Statistics
Last 10 Fiscal Years

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Income (2)</u>	<u>Personal Income (4)</u>	<u>Median Age (3)</u>	<u>Households (2)</u>	<u>Jobs (5)</u>	<u>Annual Average Unemployment Rate (6)</u>	<u>Median Household Income (2)</u>	<u>School Enrollment (7)</u>
2016	413,645	\$ 34,527	\$ 14,281,920,915	32.0	179,807	324,620	3.4%	\$ 56,255	35,597
2017	422,326	38,131	16,103,712,706	32.4	176,416	327,355	3.2%	60,789	35,402
2018	425,403	37,071	15,770,114,613	32.1	173,916	332,175	2.5%	58,993	34,572
2019	435,885	38,808	16,915,825,080	32.2	176,974	339,242	2.6%	62,583	33,593
2020	429,954	38,881	16,717,041,474	32.3	178,886	309,636	4.8%	66,068	32,023
2021	435,105	43,925	19,111,987,125	33.5	182,419	314,809	2.5%	70,099	29,580
2022	429,292	48,373	20,766,141,916	33.3	185,674	316,728	2.8%	76,332	28,437
2023	432,388	50,605	21,880,994,740	33.3	188,944	322,933	2.3%	80,269	28,580
2024	435,483	52,692	22,946,470,236	33.8	192,734	321,220	2.4%	80,846	29,115
2025	432,603	NA	NA	NA	NA	320,594	3.8%	NA	28,882

Sources:

- (1) Population - 2020 US Census. 2012 - 2019 Metropolitan Council.
- (2) Per Capita Income - U.S. Census Bureau - American Community Survey Table DP03 - 1 Year Estimate
- (3) Median Age - U.S. Census Bureau - American Community Survey Table DP05 - 1 Year Estimate
- (4) Personal Income = Population x Per Capita Income
- (5) Jobs data from MN DEED/QCEW tables; 2024, latest available data
- (6) Annual Average Unemployment Rate - from MN DEED/LAUS tables
- (7) School Enrollment - Minneapolis Public Schools/Student Accounting Office

NA - 2025 data is not yet available for these categories.

(UNAUDITED)

**Schedule 15
City of Minneapolis
Principal Employers
Current Year and Nine Years Ago**

<u>Employer</u>	<u>2025</u>				<u>2016 (d)</u>		
	Approximate Number of Employees	Rank	Percentage of Total Metro Employment		Approximate Number of Employees	Rank	Percentage of Total City Employment
University of Minnesota	25,235	1	7.9%	(a)	20,000	1	6.2%
Allina Health	9,663	2	3.0%	(b)	20,000	1	6.2%
Hennepin Healthcare	7,555	3	2.4%	(c)	7,300	4	2.2%
Target Corporation	5,800	4	1.8%	(c)	8,200	3	2.5%
Wells Fargo Bank	5,492	6	1.7%	(c)	7,000	5	2.2%
US Bancorp	4,256	7	1.3%	(c)	4,500	8	1.39%
Ameriprise Financial Services	4,000	8	1.2%	(c)	4,900	7	1.5%
Hennepin County	3,672	5	1.1%	(c)	6,500	6	2.0%
Xcel Energy	2,300	10	0.7%	(c)	2,400	10	0.7%
City of Minneapolis	1,900	9	0.6%	(c)	-	(e)	0.0%
UPS	-	-	-	(f)	3,500	9	1.1%
Total	<u>69,873</u>		<u>21.8%</u>		<u>84,300</u>		<u>26.0%</u>

Notes:

- a) Employment numbers are Twin Cities wide rounded to the nearest 100. Sources for City jobs: UMN Human Resources
- b) Employment numbers are Minneapolis wide rounded to the nearest 100. Sources for City jobs: Allina Public Relations Department
- c) Employment numbers are downtown Minneapolis only rounded to the nearest 100. Sources for City jobs: Mpls Downtown Council
- d) Source was from previously published 2016 City Annual Report
- e) Employer not part of top ten city-wide employers in 2016 City Annual Report.
- f) Employer not part of top ten city-wide employers in 2025

(UNAUDITED)

Schedule 16
City of Minneapolis
Full-time Equivalent City Government Employees by Function
Last 10 Fiscal Years
December 31, 2025

Function Program	Full-time Equivalent Employees as of December 31									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government:										
Assessing	37.00	38.00	38.00	38.00	38.00	38.00	37.00	38.00	38.00	38.00
City Attorney	112.00	112.00	113.30	114.30	114.30	113.30	107.30	112.30	120.30	115.30
City Clerk/Council/Elections	71.00	71.00	71.00	71.00	72.00	75.00	83.00			
City Auditor	3.00	4.00	4.00	4.00	4.00	4.00	5.00			
Legislative department*								98.00	115.00	114.00
City Coordinator	754.10	764.10	771.30	780.30	795.30	806.50	810.80			
Office of Public Service**								718.14	729.94	746.94
Civil Rights	25.00	29.00	30.00	32.00	35.00	35.00	39.00	42.50	46.50	47.50
Mayor	13.00	13.00	13.00	14.00	14.00	14.00	14.00	16.00	16.00	16.00
Public Safety:										
Fire Department	413.00	418.00	421.00	426.00	428.00	428.00	427.00	442.00	442.00	442.00
Office of Community Safety**								125.15	129.50	132.50
Police Department	1,029.50	1,060.50	1,080.50	1,080.50	1,082.90	1,077.00	926.00	900.00	935.00	971.01
Regulatory Services	173.00	177.00	177.00	181.00	179.40	178.40	177.40	189.90	196.90	198.90
Public Works	1,005.90	1,097.90	1,134.60	1,151.85	1,161.65	1,143.40	1,124.10	1,148.67	1,165.67	1,178.67
Minneapolis Health Department	100.05	103.05	107.00	107.85	110.85	112.50	119.20	109.34	159.30	172.10
Community Planning and Economic Development	239.00	240.00	243.00	251.00	252.00	251.00	236.00	234.00	244.00	243.00
	<u>3,975.55</u>	<u>4,127.55</u>	<u>4,203.70</u>	<u>4,251.80</u>	<u>4,287.40</u>	<u>4,276.10</u>	<u>4,105.80</u>	<u>4,174.00</u>	<u>4,338.11</u>	<u>4,415.92</u>
Independent Boards:										
Board of Estimate & Taxation***	1.00	1.00	1.00	1.00	1.00	1.00	0.50	-	-	-
Park & Recreation Board	859.26	924.36	956.91	957.52	972.85	973.00	1,009.00	991.00	998.00	985.00
Municipal Building Commission	55.00	55.00	59.00	59.00	59.00	44.00	43.00	44.00	44.00	48.00
Youth Coordinating Board	8.00	8.00	8.00	8.00	7.00	8.00	7.00	7.00	7.00	7.00
	<u>923.26</u>	<u>988.36</u>	<u>1,024.91</u>	<u>1,025.52</u>	<u>1,039.85</u>	<u>1,026.00</u>	<u>1,059.50</u>	<u>1,042.00</u>	<u>1,049.00</u>	<u>1,040.00</u>
Total	<u><u>4,898.81</u></u>	<u><u>5,115.91</u></u>	<u><u>5,228.61</u></u>	<u><u>5,277.32</u></u>	<u><u>5,327.25</u></u>	<u><u>5,302.10</u></u>	<u><u>5,165.30</u></u>	<u><u>5,216.00</u></u>	<u><u>5,387.11</u></u>	<u><u>5,455.92</u></u>

Source: City Management and Budget

*The Legislative department includes City Clerk, City Council, Elections & City Auditor.

**In 2022, City Council adopted a plan to reorganize city departments. The plan created the Office of Community Safety, and the Office of Public Service.

*** In 2024, there were no budgeted FTEs in BET; They had 2 Board members working part-time.

Schedule 17
City of Minneapolis
Operating Indicators by Function/Program - Last 10 Fiscal Years
December 31, 2025

Function/Description	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
Assessing										
Sales ratio, all classes aggregated	95%	96%	95%	95%	95%	95%	96%	96%	96%	95%
Number of parcels' valuations petitioned in tax court	643	642	967	1,165	1,145	1,129	1,189	1,164	1,720	1,627
Attorney - City litigation										
Liability payouts, millions \$	1	1	1	23	3	28	13	12	3	4
Civil litigation caseload	255	233	246	546	137	525	582	563	479	540
City Clerk - Elections										
Number of registered voters	246,185	239,750	249,298	250,529	272,617	254,380	243,789	244,028	254,871	252,980
Number of votes cast in election	219,832	105,928	207,114	no election	238,104	145,337	178,848	78,960	219,417	147,702
Voter turnout, percentage of registered voters	78.9%	42.5%	76.0%	no election	81.3%	54.0%	68.5%	31.7%	78.1%	55.0%
Type of election, highest level of government	Federal	Municipal	State	no election	Federal	Municipal	State	Municipal	Federal	Municipal
Number of new voters registered at the polls	32,406	9,762	24,218	no election	20,328	14,549	17,353	4,934	26,129	15,629
Number of spoiled ballots	3,843	4,295	3,100	no election	3,126	5,689	2,514	1,448	4,134	7,801
Number of absentee ballots	60,538	11,975	52,313	no election	170,631	29,572	45,871	13,531	86,465	26,443
Office of Public Service - Finance (a)										
Bond rating - Fitch	AAA	AA+	AA+	AA+	AA+	AA+	AA+	AAA	AAA	AAA
Bond rating - Moody's	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aa1	Aaa	Aaa
Bond rating - Standard & Poor's	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Collections effectiveness indicator, utility revenues (b)	84.33%	84.96%	89.85%	91.01%	74.97%	76.98%	84.62%	70.00%	72.44%	61.31%
Civil Rights										
Number of new civil rights complaints	97	109	124	109	65	134	239	251	342	394
Number of new complaints of police misconduct	370	402	569	598	1,198	381	381	268	250	483
Community Planning and Economic Development										
Number of jobs added by City loan assisted businesses (projected)	464	NA	437	NA	NA	NA	NA	NA	NA	NA
Multifamily housing investment: City funds, millions \$	20	11	2	15	20	29	36	27	30	34
Multifamily housing investment: Other public funds, millions \$	25	7	47	47	80	15	62	39	92	109
Multifamily housing investment: Private funds, millions \$	202	340	19	346	1,115	284	293	239	247	204
Business finance loans: City funds, millions \$	2	2	2	2	2	2	2	2	2	1
Number of foreclosure sales	343	243	NA	NA	NA	NA	NA	NA	NA	NA
Convention Center										
Occupancy rate	56.9%	60.0%	61.9%	56.9%	15.7%	17.2%	38.0%	44.5%	44.9%	44.6%
Total attendance	749,760	819,052	839,794	863,877	316,243	356,305	478,871	711,941	719,756	657,490
Health										
Number of three-year old screenings conducted by the schools	1,490	1,707	1,638	1,552	575	802	1,069	1,092	1,080	1,063
Number of homicide deaths in Minneapolis, ages 0-24 (c)	NAP	10	15	10	20	16	15	14	NA	NA
Percent of one and two year olds tested for lead	66.0%	68.0%	63.0%	0.0%	53.0%	56.1%	57.0%	65.0%	63.0%	70.0%
Number of children under age 6 with elevated lead levels	192	159	106	89	66	106	156	82	182	59
Public Safety										
Office of Public Safety - 911 (a)										
911 answer time, seconds	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP	NAP
911 calls answered within 15 seconds	96%	95%	92%	92%	90%	100%	86%	84%	81%	83%
911 calls answered within 40 seconds	99%	99%	98%	98%	96%	100%	96%	95%	93%	94%
911 pending time to dispatch, high priority calls, minutes	0.11	0.12	3.03	2.48	3.56	4.37	5.13	5.15	5:19	4:09
Office of Public Service - 311 (a)										
Percent of 311 calls answered in 20 seconds or less	78.6%	71.5%	54.2%	5.2%	42.0%	42.0%	22.4%	46.5%	60.9%	73.3%
Percent of 311 calls resolved at first call	82.5%	81.8%	81.7%	81.4%	84.1%	84.1%	87.8%	88.8%	92.2%	91.4%
Attorney - Criminal Prosecution										
Number of chronic offenders convicted	155	156	90	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Domestic violence conviction rate	68.0%	68.0%	62.0%	66.0%	52.0%	N/A	N/A	N/A	N/A	N/A
Prosecution caseload	17,289	18,857	14,863	13,849	10,587	8,894	9,029	9,664	10,195	10,998

Schedule 17
City of Minneapolis
Operating Indicators by Function/Program - Last 10 Fiscal Years
December 31, 2025

Continued

Function/Description	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety - Continued										
Fire										
Number of emergency responses	49,898	47,190	45,962	49,017	45,835	51,233	55,383	58,108	60,840	62,573
Number of fires extinguished (all non EMS runs prior to 2002)	1,277	1,243	1,176	1,235	1,363	1,694	1,652	1,677	1,745	1,887
Number of hazmat, false alarms, and other non EMS/ fire runs	13,810	13,440	14,116	15,563	14,888	15,323	17,082	18,211	19,259	20,086
Number of inspections	3,762	3,751	3,708	NAP	NAP	NAP	NAP	NAP	NAP	NAP
Number of familiarizations	N/A	N/A	N/A	3,322	1,393	460	1,106	1,189	1,551	1,454
Percent of time response is five minutes or less	76.6%	79.0%	73.5%	76.7%	71.0%	71.0%	65.0%	61.5%	65.9%	63.0%
Lives lost due to fires	2	10	2	6	2	10	3	5	-	4
Civilian injuries due to fire	16	18	19	22	12	23	14	14	22	17
Police										
Total Part 1 Crimes - (Violent Crime + Property Crime)	22,369	23,845	20,883	24,010	25,500	24,111	NAP	NAP	NAP	NAP
Total Part II Crimes	25,992	19,288	19,614	18,585	18,786	18,166	NAP	NAP	NAP	NAP
Total Violent Crimes - (subset of Part 1 Crimes)	4,639	4,557	3,851	4,324	5,426	5,945	NAP	NAP	NAP	NAP
Number of guns seized	630	942	664	943	1,095	1,027	1,101	1,094	998	892
Homicides	N/A	N/A	N/A	48	85	93	79	72	76	63
Assaults	N/A	N/A	N/A	8,964	8,919	8,524	9,410	9,680	9,854	10,780
Robberies	N/A	N/A	N/A	1,325	1,833	2,226	1,804	1,450	1,602	1,083
Sex Offenses	N/A	N/A	N/A	981	826	817	791	839	857	877
Gun Shot Victims	N/A	N/A	N/A	269	550	657	544	415	378	311
Burglary	N/A	N/A	N/A	3,360	3,971	2,546	2,611	2,617	2,625	2,403
Auto Theft	N/A	N/A	N/A	2,990	4,099	4,262	6,282	7,868	6,666	4,995
Theft	N/A	N/A	N/A	13,367	12,180	11,806	13,894	12,188	12,929	12,188
Community Planning and Economic Development - Building permits										
Permits issued	12,651	11,455	11,870	12,523	11,474	12,790	11,641	17,483	18,619	12,030
Estimated value, in millions \$	1,758	1,495	1,811	2,164	1,737	1,622	2,177	1,547	1,884	1,089
Public Works										
Refuse Collection										
Refuse collected, tons	113,190	111,431	108,991	108,560	118,261	114,706	104,771	104,244	105,542	103,342
Compostable material collected, tons	21,015	22,235	23,263	24,962	26,942	22,884	20,887	22,344	22,982	23,182
Non-recyclable construction material collected, tons	5,089	5,723	4,965	5,294	5,004	4,629	4,022	3,815	3,819	2,910
Recyclables, tons	29,560	29,191	28,401	27,518	30,054	27,208	24,270	23,260	22,368	21,238
Percent of solid waste stream recycled, by weight	26.3%	26.3%	26.2%	25.4%	25.0%	23.7%	25.4%	22.3%	21.2%	20.6%
Water										
Average daily production, thousands of gallons	54,383	55,620	55,852	52,737	52,343	53,875	53,917	57,445	53,227	54,815
Sewer										
Number of sanitary sewer backups	4	15	10	11	14	19	12	12	17	7
Streets										
Safety and ride-ability pavement condition index (PCI),										
average of all city streets	69	72	71	NA	NA	NA	66	62	60	57
Number of traffic crashes	7,476	7,784	8,028	7,772	5,365	4,959	5,033	5,195	5,255	5,373
Number of injuries in traffic crashes	2,213	2,143	2,036	2,014	1,570	1,669	1,676	1,722	1,729	1,732

Notes:

NA = Not Available, NAP = measure is Not Applicable to that year; new service or process; will update when information is available.

The City is working to focus on consistent reporting of results data. Although many of these statistics may have been collected in earlier years, the method of collection may not have been the same as current collection methods.

- (a) In 2022, City Council adopted a plan to reorganize city departments. The plan created the Office of Community Safety, and the Office of Public Service formally known as the City Coordinator Office.
- (b) City stopped the delinquent water shut off process in 2020 resulting in lower CEI (Collection Effectiveness Indicator).
- (c) Not available yet

Source: Minneapolis Finance and Property Services Department using City Department reports/personnel.

Schedule 18
City of Minneapolis
Capital Assets Statistics by Function/Program
Last 10 Fiscal Years
December 31, 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>Primary Government</u>										
Public Safety:										
Police stations	5	5	5	5	4	4	4	4	4	5
Patrol units	201	199	206	201	206	207	197	245	190	201
Unmarked, trucks, trailers, scooters, motorcycles	203	222	229	226	232	230	238	221	222	218
Fire Stations	19	19	19	19	19	19	19	19	19	19
Fire Trucks/Pumpers/Ladders/Engines/Cars	76	77	80	82	109	94	101	97	95	98
Regulatory Services Fleet	114	110	107	109	117	119	117	124	125	126
Public Works:										
Refuse collection trucks, heavy equipment, dumpsters	140	128	129	122	131	126	126	133	139	145
Streets (miles)	903	903	903	903	903	903	903	960	960	960
Alleys (miles)	380	378	378	378	378	378	378	378	378	378
Sidewalks (miles)	1,715	1,910	1,910	1,910	1,910	1,910	1,910	1,911	1,911	1,911
Streetlights	19,000	19,199	19,199	19,351	19,451	20,835	20,835	21,000	21,707	21,707
Traffic signals	916	809	809	810	820	820	820	820	820	820
Buildings/Plants/Garages	33	34	34	34	34	36	36	36	36	37
Equipment, cars, trucks, tractors, vans	1,260	1,252	1,219	1,214	1,269	1,257	1,253	1,269	1,261	1,270
Community and Economic Development:										
Convention Center	1	1	1	1	1	1	1	1	1	1
Target Center	1	1	1	1	1	1	1	1	1	1
<u>Business-type Activities</u>										
Water Treatment and Distribution Services:										
Water mains (miles)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,019	1,019	1,019
Fire hydrants	8,084	8,084	8,084	8,084	8,084	8,084	8,084	7,982	8,067	8,071
Storage capacity (thousands of gallons)	147,000	147,000	147,000	147,000	147,000	147,000	147,000	147,000	147,000	147,000
Buildings	14	14	14	14	14	14	14	14	14	14
Reservoirs	8	8	8	8	8	8	8	8	8	8
Sanitary Sewer:										
Sanitary sewers (miles)	830	830	830	830	830	830	830	830	830	830
Sanitary Lift Stations	9	9	9	9	9	9	11	11	11	11
Stormwater:										
Storm sewers (miles)	581	581	581	581	581	581	581	581	581	581
Stormwater Pump Stations	23	23	23	23	23	23	23	23	23	23
Stormwater Ponds and Treatment Sites	29	29	29	29	29	29	29	29	29	29
Number of parking ramps	14	14	13	13	13	13	13	13	12	12

Source: Minneapolis Finance and Property Services Department and Department of Public Works

(UNAUDITED)