

**NEW ISSUE \$134,185,000
NOT BANK-QUALIFIED**

RATINGS:
S&P Rating: AAA
Fitch Rating: AAA
Moody's Rating: Aaa
See "RATINGS" herein.

In the opinion of Kutak Rock LLP, Bond Counsel to the City, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Further, and to the extent of the aforementioned federal income tax exclusion, interest on the Bonds is excludable from taxable net income of individuals, estates and trusts for purposes of Minnesota income tax purposes, and is not a preference item for purposes of the computation of the Minnesota alternative minimum tax imposed on individuals, trusts and estates. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations. See "TAX MATTERS" and "APPENDIX B – FORM OF BOND COUNSEL OPINION" herein.



CITY OF MINNEAPOLIS, MINNESOTA
\$134,185,000
General Obligation Bonds, Series 2025

Dated Date of Bonds: Date of Delivery

Interest Payment Dates: Each June 1 and December 1, commencing December 1, 2025

The General Obligation Bonds, Series 2025 (the "Bonds"), of the City of Minneapolis, Minnesota (the "City") will mature as shown on the inside front cover of this Official Statement.

The Bonds are being issued pursuant to Minnesota Statutes, Chapters 429, 444, and 475, as amended, and Section 9.4 of Article IX of the City Charter to finance the construction of various assessable public projects, various utility system improvements, and various capital projects.

The City may elect on December 1, 2034, and on any date thereafter, to redeem the Bonds due on or after December 1, 2035, in whole or in part, at a price of par, plus accrued interest to the date of redemption as discussed herein. See "THE BONDS – Redemption Provisions."

The Bonds are being issued only as fully registered bonds, and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds and purchases of beneficial interests in the Bonds initially will be made in book-entry-only form in denominations of \$5,000 and any integral multiple thereof. Investors will not receive physical certificates representing their interest in the Bonds purchased. So long as DTC or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made directly to Cede & Co. See the caption "THE BONDS – Book-Entry System" in this Official Statement and APPENDIX E attached hereto.

The City will act as the paying agent, registrar, and transfer agent for the Bonds.

The Bonds are offered when, as and if issued by the City and accepted by the underwriter, subject to the legal opinion of Kutak Rock LLP, Minneapolis, Minnesota, as bond counsel. It is expected that delivery will be made on or about September 10, 2025.

The date of this Final Official Statement is August 26, 2025.

CITY OF MINNEAPOLIS, MINNESOTA
\$134,185,000
General Obligation Bonds
Series 2025

Maturities, Amounts, Interest Rates, Yields, Prices, and CUSIPs

| Maturity (December 1) | Amount | Interest Rate | Yield | Price | CUSIP* 60375B |
|----------------------------------|---------------|----------------------|--------------|--------------|--------------------------|
| 2025 | \$25,975,000 | 5.000% | 2.550% | 100.540% | NN2 |
| 2026 | 6,340,000 | 5.000 | 2.210 | 103.350 | NP7 |
| 2027 | 6,350,000 | 5.000 | 2.240 | 105.954 | NQ5 |
| 2028 | 6,360,000 | 5.000 | 2.260 | 108.472 | NR3 |
| 2029 | 6,370,000 | 5.000 | 2.330 | 110.680 | NS1 |
| 2030 | 5,520,000 | 5.000 | 2.450 | 112.431 | NT9 |
| 2031 | 5,520,000 | 5.000 | 2.630 | 113.523 | NU6 |
| 2032 | 5,520,000 | 5.000 | 2.820 | 114.155 | NV4 |
| 2033 | 5,525,000 | 5.000 | 2.960 | 114.791 | NW2 |
| 2034 | 5,525,000 | 5.000 | 3.170 | 114.533 | NX0 |
| 2035** | 5,525,000 | 5.000 | 3.360 | 112.911 | NY8 |
| 2036** | 5,520,000 | 5.000 | 3.550 | 111.316 | NZ5 |
| 2037** | 5,520,000 | 5.000 | 3.700 | 110.076 | PA8 |
| 2038** | 5,520,000 | 5.000 | 3.830 | 109.014 | PB6 |
| 2039** | 5,520,000 | 5.000 | 3.970 | 107.885 | PC4 |
| 2040** | 5,515,000 | 5.000 | 4.100 | 106.849 | PD2 |
| 2041 | 5,515,000 | 4.375 | 4.400 | 99.706 | PE0 |
| 2042 | 5,515,000 | 4.375 | 4.470 | 98.861 | PF7 |
| 2043 | 5,520,000 | 4.375 | 4.550 | 97.841 | PG5 |
| 2044 | 5,510,000 | 4.500 | 4.610 | 98.601 | PH3 |

*CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CSG) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP data herein are provided by CUSIP Global Services. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds. Neither the City nor the Underwriter makes any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**Priced to first optional redemption date of December 1, 2034.

The Bonds maturing on December 1 in the years 2025 through 2040 have been sold with original issue premium. The Bonds maturing on December 1 in the years 2041 through 2044 have been sold with original issue discount.

J.P. Morgan Securities LLC, as syndicate manager, has agreed to purchase the Bonds from the City for an aggregate purchase price of \$142,682,519.18, plus accrued interest, if any, to date of delivery. It is expected that the Bonds will be available for delivery on or about September 10, 2025.

CITY OF MINNEAPOLIS



Mayor and City Council

Mayor

Jacob Frey

Council Members

Elliott Payne, Council President (Ward 1)

Robin Wonsley (Ward 2)

Michael Rainville (Ward 3)

LaTrisha Vetaw (Ward 4)

Jeremiah Ellison (Ward 5)

Jamal Osman (Ward 6)

Katie Cashman (Ward 7)

Andrea Jenkins (Ward 8)

Jason Chavez (Ward 9)

Aisha Chughtai, Council Vice President (Ward 10)

Emily Koski (Ward 11)

Aurin Chowdhury (Ward 12)

Linea Palmisano (Ward 13)

Board of Estimate and Taxation

Steve Brandt, President

Samantha Pree-Stinson, Vice President

Jacob Frey, Mayor

Elliott Payne, Council President

Aisha Chughtai, Council Representative

Cathy Abene, Minneapolis Park and Recreation Board Representative

Administration

Margaret Anderson Kelliher, City Operations Officer

Dushani Dye, Finance Officer

Municipal Advisor

Ehlers and Associates, Inc.

Minneapolis, Minnesota

Bond Counsel

Kutak Rock LLP

Minneapolis, Minnesota

This Final Official Statement, dated August 20, 2025, is a final official statement within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds, other than as contained in this Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City.

Certain information contained in this Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THIS FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATE THEREOF.

Any CUSIP numbers for the Bonds included in the Final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Bonds are assigned by an organization unaffiliated with the City. The City is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Bonds or as set forth in the Final Official Statement. No assurance can be given by the City that the CUSIP numbers for the Bonds will remain the same after the delivery of the Final Official Statement or the date of issuance and delivery of the Bonds.

This Final Official Statement contains forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this Final Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this Final Official Statement. The City disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the City’s expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Final Official Statement for purposes of, and as that term is defined in, the Rule. Please note these website addresses are provided for the convenience of the reader. No representation is made by the City as to the privacy practices of other websites, nor is the City liable for the content or availability of any listed sites.

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CITY OF MINNEAPOLIS, MINNESOTA
\$134,185,000
General Obligation Bonds
Series 2025

INTRODUCTORY STATEMENT

This Official Statement presents certain information relating to the City of Minneapolis, Hennepin County, and State of Minnesota (the “City,” the “County,” and the “State,” respectively), in connection with the sale of the City’s General Obligation Bonds, Series 2025 (the “Bonds”), in the original aggregate principal amount of \$134,185,000.

This Introductory Statement is only a brief description of the Bonds and certain other matters. Such description is qualified by reference to the entire Official Statement and the documents summarized or described herein. This Official Statement should be reviewed in its entirety.

The Bonds are general obligations of the City, and the City is required to levy general ad valorem taxes on all taxable property within the City without limitation as to rate or amount to pay principal and interest when due. Portions of the debt service on the Bonds are payable primarily from dedicated revenue sources. See “THE BONDS – Purpose of and Security for the Bonds” herein.

The Bonds will be issued pursuant to resolutions adopted by the City Council and the Board of Estimate and Taxation (the “Bond Resolutions”).

The Bonds will bear interest at fixed rates based on the competitive sale thereof described herein.

The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as security depository for the Bonds. Individual purchases will be made in book-entry form only, in the denomination of \$5,000 and integral multiples thereof. No certificates will be available to purchasers. For a description of the method of transfer and payment, see “APPENDIX E – THE DEPOSITORY TRUST COMPANY” attached hereto.

Information relating to the City, including certain financial and demographic data, is set forth in APPENDIX A attached hereto. APPENDIX D provides a link to the City’s 2024 Annual Comprehensive Financial Report. Both the Annual Comprehensive Financial Report and the City’s Financial Status Reports for fiscal quarters can be viewed at the following websites:

<https://www.minneapolismn.gov/media/-www-content-assets/documents/city-policy/2024-ACFR---City-of-Minneapolis.pdf>

<https://www.minneapolismn.gov/government/departments/finance/reports/quarterly-financial-reports/>

Upon issuance of the Bonds, Kutak Rock LLP, Minneapolis, Minnesota, Bond Counsel, will provide an unqualified opinion regarding the tax-exempt nature of the interest on the Bonds for federal income tax purposes and State of Minnesota income tax purposes. See “TAX MATTERS” herein. The form of the opinion of Bond Counsel is set forth in APPENDIX B attached hereto.

Ehlers and Associates, Inc., Minneapolis, Minnesota, is serving as municipal advisor to the City in connection with the sale of the Bonds.

This Final Official Statement speaks only as of its date, and the information herein is subject to change. This Final Official Statement contains descriptions of the Bonds and other matters. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Bonds are qualified in their entirety by reference to the Bond Resolutions setting forth the terms thereof. Until the issuance and delivery of the Bonds, copies of the Bond Resolutions and other documents referred to herein may be obtained from the City upon request.

All statements made in this Final Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The City official able to furnish basic documents and answer questions about this Final Official Statement or who can direct inquiries to the appropriate responsible parties is the Finance Officer, Room 325M City Hall, Minneapolis, Minnesota 55415, Telephone (612) 673-3241, Fax (612) 673-2042.

THE BONDS

Description of the Bonds

The Bonds will be dated September 10, 2025, as the date of original issue, and will bear interest payable on June 1 and December 1 of each year, commencing December 1, 2025, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds will mature or be subject to mandatory redemption on December 1 in the years and amounts set forth on the inside front cover of this Official Statement.

Purpose of and Security for the Bonds

A portion of the Bonds in the principal amount of \$4,385,000 (the "Assessment Bonds") will be used to finance the construction of various assessable public projects within the City. A portion of the Bonds in the principal amount of \$54,260,000 (the "Utility Revenue Bonds") will be used to finance the construction of various improvements to the municipal water system, the municipal storm sewer system, and the municipal sanitary sewer system. A portion of the Bonds in the principal amount of \$75,540,000 (the "Various Purpose Bonds") will be used to finance the construction of various capital projects within the City.

Assessment Bonds

The Assessment Bonds are issued pursuant to the Constitution and laws of the State, including Minnesota Statutes, Chapters 429 and 475, as amended, and the City Charter, which permit the City to authorize, sell and issue general obligation bonds for improvement projects. The Assessment Bonds are general obligations of the City payable primarily from special assessments levied by the City. Pursuant to the City Charter and the Bond Resolutions approving the issuance and sale of the Assessment Bonds, the full faith and credit of the City will be pledged to the payment of the principal of and interest on the Assessment Bonds and the City has bound itself to levy ad valorem taxes if there are any deficiencies in the collection of the special assessments.

A listing of the projects to be financed with the proceeds of the Assessment Bonds is provided herein under "SOURCES AND USES OF FUNDS."

Utility Revenue Bonds

The Utility Revenue Bonds are issued pursuant to the Constitution and laws of the State, including Minnesota Statutes, Chapters 444 and 475, as amended, and the City Charter, which permit the City to authorize, sell and issue general obligation bonds for municipal utility system purposes. The Utility Revenue Bonds are general obligations of the City payable from net revenues of the water, sanitary sewer, and storm sewer systems of the City.

A listing of the municipal utility system projects to be financed with the proceeds of the Utility Revenue Bonds is provided herein under “SOURCES AND USES OF FUNDS.”

Various Purpose Bonds

The Various Purpose Bonds are issued pursuant to the Constitution and laws of the State, including Minnesota Statutes, Chapter 475, as amended, and the City Charter, which permit the City to authorize, sell and issue general obligation bonds for various purposes. The Various Purpose Bonds are general obligations of the City payable from ad valorem taxes.

A listing of the capital and enterprise projects to be financed with the proceeds of the Various Purpose Bonds is provided herein under “SOURCES AND USES OF FUNDS.”

Tax Levy for the Bonds

As required by State law, for all Bonds other than the Utility Revenue Bonds, an initial levy of general ad valorem taxes will be made and filed with the County, prior to the delivery of the Bonds, for each year in amounts which, together with other revenues expected to be available, will be equal to 105% of the amounts required to pay the principal of and interest on the Bonds in each year. Any revenues obtained from other sources and available for debt service on the Bonds may be used to offset required tax levies.

Redemption Provisions

Redemption Option

The Bonds maturing on or after December 1, 2035 are subject to redemption and prior payment in whole or in part at the option of the City at a redemption price of par plus accrued interest on December 1, 2034, and any date thereafter.

Notice of Redemption

At least 30 days prior to the redemption date of the Bonds, notice of any such redemption shall be delivered to DTC, as the registered owner. In the case of partial redemption, the City will determine the principal amount of Bonds to be redeemed from each maturity of Bonds. DTC will determine by lot the amount of each participant's interest in such maturity of such series to be called for redemption, and each participant will then select by lot the ownership interests in such maturity to be redeemed.

Book-Entry System

The Bonds will be initially issued in the form of a separate single typewritten fully registered Bond for each maturity of the Bonds. Upon initial issuance, the ownership of each Bond will be registered in the name of Cede & Co., as nominee for The Depository Trust Company. See “APPENDIX E – THE DEPOSITORY TRUST COMPANY” attached hereto.

SOURCES AND USES OF FUNDS

SOURCES

| | |
|---|----------------------|
| Principal Amount of Assessment Bonds | \$ 4,385,000 |
| Principal Amount of Utility Revenue Bonds | 54,260,000 |
| Principal Amount of Various Purpose Bonds | 75,540,000 |
| Net Original Issue Premium | <u>8,713,464</u> |
| Total Sources | \$142,898,464 |

USES

| | |
|--------------------------------------|--------------------|
| Improvement Projects | |
| Diseased Tree Removal | \$ 800,000 |
| Street Reconstruction | 47,041 |
| Street Resurfacing | <u>3,772,552</u> |
| Subtotal Improvement Projects | \$4,619,593 |

| | |
|--|---------------------|
| Utility Projects | |
| Municipal Sanitary Sewer System Improvements | \$16,950,000 |
| Municipal Storm Sewer System Improvements | 14,500,000 |
| Municipal Water System Improvements | <u>26,956,040</u> |
| Subtotal Utility Projects | \$58,406,040 |

| | |
|--|---------------------|
| Various Capital Projects | |
| Art in Public Places, Upper Harbor Art | \$ 1,201,000 |
| Bridge Programs, Repair, and Rehabilitation | 6,000,000 |
| City Hall Restack | 7,500,000 |
| Municipal Building Improvements, Reconstruction, and Replacement | 2,270,512 |
| Park and Playground Improvements | 12,829,000 |
| Paving, Resurfacing, and Construction | 19,182,000 |
| Pedestrian Safety Improvements | 1,594,750 |
| Police Facilities | 2,000,000 |
| Protected Bikeways Program | 1,500,000 |
| Public Buildings | 1,000,000 |
| Public Grounds | 5,600,000 |
| Sidewalk Improvements | 880,000 |
| Street Infrastructure | 1,000,000 |
| Traffic Street Light Replacement, Management, and Renovation | 15,995,000 |
| Vision Zero Program | <u>900,000</u> |
| Subtotal Various Capital Projects | \$79,452,262 |

| | |
|-------------------------------|----------------------|
| Total Cost of Projects | \$142,477,895 |
|-------------------------------|----------------------|

OTHER USES

| | |
|---|----------------------|
| Costs of Issuance, Underwriter's Discount, and Rounding | \$ <u>420,569</u> |
| Total Uses | \$142,898,464 |

CONTINUING DISCLOSURE

In order to assist the underwriter in complying with SEC Rule 15c2-12 (the “Rule”), pursuant to the Bond Resolutions and Continuing Disclosure Certificate (the “Certificate”) to be executed on behalf of the City on the date of issuance of the Bonds, the City has and will covenant for the benefit of holders of the Bonds to annually provide certain financial information and operating data relating to the City to the Municipal Securities Rulemaking Board (“MSRB”) in an electronic format prescribed by the MSRB, and to provide notices of the occurrence of certain events enumerated in the Rule to the MSRB. The specific nature of the Certificate, as well as the information to be contained in the annual report or the notices of material events is set forth in the Certificate in substantially the form attached hereto as APPENDIX C. A failure by the City to comply with the Certificate will not constitute an event of default on the Bonds (although holders will have an enforceable right to specific performance). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. See “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE” herein for additional information.

To the best of its knowledge, the City has fully complied in all material respects with its continuing disclosure undertakings with respect to its governmental obligations, including all general obligation and revenue bonds issued by the City for which the City is an obligor. The City satisfies its continuing disclosure undertakings with the assistance of Digital Assurance Certification, LLC (“DAC”).

The City operates a Common Bond Fund Program (the “CBF Program”). The CBF Program was created in 1982 to provide conduit revenue bond financing for industrial, manufacturing, and commercial projects to promote economic development. The CBF Program has provided financing for companies located in Minneapolis and the greater Hennepin County area that are unable to borrow funds in the capital markets without a bond rating. The City has established reserves to secure the private activity bonds issued under the CBF Program and has pledged to levy an ad valorem tax at the rate of up to one-half of one percent of its tax capacity to fund deficiencies in the reserves established under the CBF Program for the limited, tax-supported revenue bonds issued under the CBF Program. The reserves are drawn upon if the City is notified by the trustee for the bonds that a deficiency will occur with respect to principal and interest payments on obligations issued through the CBF Program. The reserves do not need to be funded from the limited tax levy until and to the extent of such a deficiency. No property tax levies have been required in the past and none are anticipated to be required to fund the pledged reserve for bonds issued under the CBF Program. The bonds issued under the CBF Program are currently rated “A+” by S&P Global Ratings. As of June 2, 2025, the total principal amount of the bonds issued and outstanding under the CBF Program was \$8,685,000.

The continuing disclosure agreements entered into by the City and the trustee for the CBF Program require the City to provide: (i) updates to certain information set forth in the CBF Program official statements including schedules showing Tax Rates, Tax Levies and Collections, and Tax Capacity of the City; (ii) annual financial statements of the CBF Program; and (iii) with respect to CBF Program bond issues for which the City is an obligated person in excess of 10 percent of the outstanding principal amount thereof, annual audited financial statements of the City. With respect to clause (i), on occasion the City has been late in filing with EMMA the updated financial information described in clause (i). With respect to clause (ii), the City has always been timely in filing the annual financial statements of the CBF Program. With respect to clause (iii), to date, the City is required to file its annual audited financial statements for only one series of CBF Program bonds which were issued in 2005. On occasion the City has been late in filing with EMMA the information described in clause (iii). As part of the Common Bond Program, the City holds two reserve funds (the General Agency Reserve Fund (“GARFS”) and the Tax Reserve Fund) to pay debt service on Common Bond Fund bonds if needed. The two reserve funds had a total balance of \$25,008,655 as of

December 31, 2024. The State of Minnesota has audited the GARFs each year since the inception of the Common Bond Fund, but due to recent Governmental Accounting Standards Board (“GASB”) reporting changes for conduit financings, the State of Minnesota no longer audits the City’s GARFS. Going forward, the City will incorporate information related to the GARFS into the City’s Annual Comprehensive Financial Report (“ACFR”).

The City’s Amended and Restated Continuing Disclosure Agreement, dated December 1, 2010, required the City to provide financial statements no later than 150 days after the Common Bond’s fiscal year end. The City had previously provided the GARFS audit to satisfy this requirement. In 2023 the City revised its Amended and Restated Continuing Disclosure Agreement for the Common Bond Fund Program to provide for the City’s ACFR to be provided to investors no later than 240 days after the Common Bond Fund’s fiscal year end. The material changes to the Common Bond Fund Program were not disclosed within 10 days of the changes. The City provided a material event notice on August 3, 2023.

Other than what is disclosed herein, to the best of its knowledge, during the last five years, the City has fully complied in all material respects with its continuing disclosure undertakings with respect to the CBF Program.

TAX MATTERS

General Matters

In the opinion of Kutak Rock LLP, Bond Counsel to the City, under existing laws, regulations, rulings and judicial decisions, interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Further, and to the extent of the aforementioned federal income tax exclusion, interest on the Bonds is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. The opinions described above assume the accuracy of certain representations and compliance by the City with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Bonds. Failure to comply with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes and in taxable net income for Minnesota income tax purposes, retroactive to the date of issuance of the Bonds. The City has covenanted to comply with such requirements. Interest on the Bonds (a) may affect the federal alternative minimum tax imposed on certain corporations; and (b) is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Bonds. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations.

The accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the owners of the Bonds. The extent of these other tax consequences will depend on such owners’ particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences.

Purchasers of the Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

A copy of the form of opinion of Bond Counsel is attached hereto as APPENDIX B.

Original Issue Discount

The Bonds that have an original yield above their respective interest rates, as shown on the cover of this Official Statement (collectively, the “Discount Bonds”), are being sold at an original issue discount. The Bonds maturing on December 1 in the years 2041 through 2044 have been sold at an original issue discount. The difference between the initial public offering prices of such Discount Bonds and their stated amounts to be paid at maturity (excluding “qualified stated interest” within the meaning of Section 1.1273-1 of the Regulations) constitutes original issue discount treated in the same manner for federal income tax purposes as interest, as described above.

The amount of original issue discount that is treated as having accrued with respect to a Discount Bond is added to the cost basis of the owner of the bond in determining, for federal income tax purposes, gain or loss upon disposition of such Discount Bond (including its sale, redemption or payment at maturity). Amounts received on disposition of such Discount Bond that are attributable to accrued or otherwise recognized original issue discount will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Original issue discount is treated as compounding semiannually, at a rate determined by reference to the yield to maturity of each individual Discount Bond, on days that are determined by reference to the maturity date of such Discount Bond. The amount treated as original issue discount on such Discount Bond for a particular semiannual accrual period is equal to (a) the product of (i) the yield to maturity for such Discount Bond (determined by compounding at the close of each accrual period) and (ii) the amount that would have been the tax basis of such Discount Bond at the beginning of the particular accrual period if held by the original purchaser, less (b) the amount of any interest payable for such Discount Bond during the accrual period. The tax basis for purposes of the preceding sentence is determined by adding to the initial public offering price on such Discount Bond the sum of the amounts that have been treated as original issue discount for such purposes during all prior periods. If such Discount Bond is sold between semiannual compounding dates, original issue discount that would have been accrued for that semiannual compounding period for federal income tax purposes is to be apportioned in equal amounts among the days in such compounding period.

Owners of Discount Bonds should consult their tax advisors with respect to the determination and treatment of original issue discount accrued as of any date and with respect to the state and local tax consequences of owning a Discount Bond. Subsequent purchasers of Discount Bonds that purchase such bonds for a price that is higher or lower than the “adjusted issue price” of the bonds at the time of purchase should consult their tax advisors as to the effect on the accrual of original issue discount.

Original Issue Premium

The Bonds that have an original yield below their respective interest rates, as shown on the cover of this Official Statement (collectively, the “Premium Bonds”), are being sold at a premium. The Bonds maturing on December 1 in the years 2025 through 2040 have been sold at a premium. An amount equal to the excess of the issue price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, generally by amortizing the premium to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As premium is amortized, the amount of the amortization offsets a corresponding amount of interest for the period, and the purchaser’s basis in such Premium Bond is reduced by a corresponding amount resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Premium Bonds should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to the state and local tax consequences of owning a Premium Bond.

Not Bank-Qualified Tax-Exempt Obligations

The City will not designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

Backup Withholding

An owner of a Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid with respect to the Bonds if such owner fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner’s taxpayer identification number, furnishes an incorrect taxpayer identification number, fails to report interest, dividends or other “reportable payments” (as defined in the Code) properly, or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading “TAX MATTERS” or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds or the market value thereof would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds are advised to consult their own tax advisors prior to any purchase of the Bonds as to the impact of the Code upon their acquisition, holding or disposition of the Bonds.

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INVESTMENT CONSIDERATIONS

The following is a description of possible risks to holders of the Bonds and is not intended to be an all-inclusive list.

Federal Funding Cuts

The City receives certain funding from the federal government, including various grants and aid dollars. Federal agencies have frozen funding obligated to grantees and canceled contracts across the country. Despite the threat of lost revenue due to federal policy actions, the City has received all planned funding; however, the potential loss of federal funding in the future remains a source of budgetary uncertainty. Federal funds accounted for only 3% (\$60 million) of budgeted revenue in 2024. The City cannot predict the ultimate impact that loss of such funding would have on the City.

Liabilities and Insurance Fund

The City Attorney's Office quantifies and monitors the cost of potential liability claims on a regular basis. The City's Finance and Property Services department tabulates workers' compensation claims cost estimates. The estimates inform the City's third-party actuarial projections performed each year. The actuarial study is used, along with other data, to determine the following years' charges to departments. Most of the workers' compensation claims have been settled and are factored into future financial projections to determine revenue requirements of the City's workers' compensation fund; the unsettled claims are factored into the actuarial study. The majority of the liability claims have been settled and funded from the City's liability self-insurance fund. Based upon actuarial calculations, the City increased annual department budget allocations for the City's workers' compensation and liability self-insurance fund to \$130 million in 2024, and a budgeted increase to \$135 million in 2025. The City will continue to monitor claims exposure and will adjust budget allocations, along with the five-year financial direction/financial plan, based on current claims data.

Cybersecurity

The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized actors and entities. As a result, the electronic systems and networks may be a target of cyberattacks. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact. To reduce the risk of cyberattacks, the City employs five people, led by the Chief Information Security Officer, who have implemented programs and controls to help prevent or recover from breaches or other malicious activities.

Security controls are in place to safeguard the network, digital systems and data. In addition to new employee onboarding security training, the City also performs internal email phishing campaigns to identify risks and educate employees. Email security is managed using two different systems to provide the optimal protection against phishing email. Vulnerability management controls include procedures to detect and remediate system and network vulnerabilities, as well as advanced end-point protection to detect and prevent malware and ransomware. Identity and access management controls include complex passwords and two factor authentication for external access to City resources and Single Sign-On (SSO). In addition to several controls, intrusion detection and prevention systems are deployed internally and externally to detect and prevent known attacks.

Redundancy is built into City systems in the event of an attack or breach. Network security controls include network segmentation, controlled third party and vendor access to restrict access to required resources only,

and network access controls to prevent unauthorized devices from connecting to the network. In addition to in-house forensics tools and capabilities for investigating incidents, the City leverages security event and incident management for log correlation, analysis, and investigations. Additionally, the City's security staff has been trained and certified in information security and the department has developed and cultivated relationships with public and private sector security resources to stay abreast of threats and countermeasures.

Additional security controls are implemented based on a risk management program to address risks that could present a significant loss or disruption to any City systems, including: distributed denial-of-service protections and next generation firewalls, a vendor risk management process, and other technical, administrative and physical controls.

City data is in some cases shared with other entities. The City is not aware of any City data being compromised or breached. The City information security team continues to assess and implement controls as needed to reduce information security risk, respond to ongoing changes in the threat landscape, and enable business processes in a safe and secure way.

Climate Change and Resiliency

Minnesota is a cold weather state that has been experiencing a rapid change in the number and severity of localized weather events because of increasing global temperatures. In 2023, the City experienced almost three times as many days above 90 degrees as it does on average. Future changes to the climate in Minnesota may produce ecological, environmental, and economic impacts on the State and the City.

To address climate change, the City adopted a Climate Equity Plan (CEP) in 2023. This plan builds on the work of the 2013 Climate Action Plan and documents the City's strategies for a healthier city and region. The strategies in the CEP aim to reduce resource use and greenhouse gas emissions and achieve a just energy transition that reduces the impacts of pollution and climate change for communities of color. To lead the community by example, new City facilities must achieve an 80% emissions reduction and new facilities built in 2030 or later must be net zero. These changes are tracked and monitored to measure progress toward achieving the City's environmental goals. Over the last several years, the City implemented a full suite of energy transparency requirements for commercial and residential properties such as the Building Benchmarking Program and Truth in Sale of Housing energy reports that drive energy efficiency improvements and demonstrate progress toward the City's Climate Action Plan goals.

By 2023, Minneapolis greenhouse gas (GHG) emissions from citywide activities had decreased 34% compared to the 2006 baseline. The next goal in the Climate Equity Plan is for a 45% reduction by 2025, then decarbonizing further every year until becoming carbon-neutral by 2050. GHG emissions reductions to date are in large part attributed to progress of electricity decarbonization, moving away from coal to natural gas, wind, and solar power to produce electricity. In 2023, natural gas was the largest emissions source at 43% of overall GHG emissions, followed by electricity (26%) and on-road transportation (26%).

The Climate Equity Plan is underway - prioritizing reducing energy costs and use in the City's environmental justice Green Zones. The City is committed to continuing this work of mitigating and reducing the negative impacts of climate change by dedicating resources and programs to support the City's residents.

To learn more about the City's plans for climate change resiliency, please see the following website:
<https://www.minneapolismn.gov/government/mayor/issues-and-priorities/climate-action/>

Dependence on Property Tax Payments

The Bonds are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions

Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Economy

A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

Maintenance of Ratings

In the future, the City's credit ratings may be reduced or withdrawn, which may result in a reduction in the value of the Bonds for resale prior to maturity.

Secondary Market

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriter is not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy

The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

Future Changes in Law

Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Continuing Disclosure

A failure by the City to comply with the Certificate setting forth the City's continuing disclosure obligations (see "CONTINUING DISCLOSURE" in this Official Statement) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

FUTURE FINANCING

The City does not anticipate issuing general obligation bonds within the next six months.

LITIGATION

There are no legal or governmental proceedings pending or, to the best of the City's knowledge, threatened, to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting the authority for or the validity of the Bonds.

Various cases and claims are pending against the City involving claims for money damages. Based on the City's past experience, resolution of these cases and claims should not have a material adverse effect on the financial position of the City or its ability to make payments on the Bonds.

LEGAL MATTERS

Legal matters incident to the issuance, sale, and validity of the Bonds are subject to the approving opinion of Kutak Rock LLP, Minneapolis, Minnesota, Bond Counsel. The form of the Bond Counsel opinion is set forth in APPENDIX B attached hereto. The opinion will state that the Bonds are valid and binding general obligations of the City and that the City is required to levy ad valorem taxes on all taxable property within the City without limitation as to rate or amount, if necessary, to pay the principal of and interest on the Bonds when due.

MUNICIPAL ADVISOR

The City has retained Ehlers and Associates, Inc., Minneapolis, Minnesota, as municipal advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. The Municipal Advisor is registered as a municipal advisor with both the Securities and Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB"). The Municipal Advisor is not a public accounting firm and has not been engaged by the City to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards and makes no representation, warranty or guarantee regarding the accuracy or completeness of the information in this Official Statement.

UNDERWRITING

J.P. Morgan Securities LLC, New York, New York, as syndicate manager (the "Underwriter"), has agreed, subject to certain conditions, to purchase all, but not less than all, of the Bonds from the City for a purchase price of \$142,682,519.18 (par amount of \$134,185,000.00, plus original issue premium of \$8,988,755.30, less original issue discount of \$275,291.65, less an Underwriter's discount of \$215,944.47). The Underwriter for the Bonds will be obligated to purchase all the Bonds if any are purchased. The initial public offering prices of the Bonds may be changed from time to time by the underwriter for the Bonds.

RATINGS

S&P Global Ratings has assigned the Bonds a rating of AAA. Fitch Ratings, Inc. has assigned the Bonds a rating of AAA. Moody's Investors Service, Inc. has assigned the Bonds a rating of Aaa. Such ratings reflect only the views of such rating agencies, and an explanation of the significance of such ratings may be obtained only from the respective rating agencies. Generally, rating agencies base their ratings on the information and materials furnished to them and on investigation, studies and assumptions by the rating agencies. A securities rating is not a recommendation to buy, sell, or hold securities. The ratings of the Bonds represent judgments as to the likelihood of timely payment of the Bonds according to their terms, but do not address the likelihood of redemption or acceleration prior to maturity. There is no assurance that such ratings will remain in effect for any given period or that they may not be lowered, suspended or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Any such downward change in or suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the Bonds.

OFFICIAL STATEMENT CERTIFICATION

The City has authorized the distribution of this Official Statement for use in connection with the initial sale of the Bonds. As of the date of the delivery of the Bonds, the City will deliver to the underwriter a certificate signed by the authorized representative of the City stating that the information contained in the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

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APPENDIX A

GENERAL INFORMATION CONCERNING THE CITY

APPENDIX A

GENERAL INFORMATION CONCERNING THE CITY

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This APPENDIX A refers to various website addresses for further information. Please note these website addresses are provided for the convenience of the reader. No representation is made by the City as to the privacy practices of other websites, nor is the City liable for the content, risk of security vulnerabilities, or availability of any listed sites.

THE CITY

The City of Minneapolis (the “City”) is a political subdivision of the State incorporated in 1867, organized and existing under the Constitution and laws of the State and the City Charter, as amended. The corporate limits of the City encompass approximately 58.7 square miles and U.S. Census figures indicated the 2020 population of the City to be 429,954. The Metropolitan Council’s 2024 Estimate of the City’s population is 435,233.

City Structure

The City is a municipal corporation governed by an Executive Mayor-Legislative Council form of government. The Mayor and 13 City Council Members from individual geographic-based wards are elected for terms of four years, without limit to the number of terms which may be served. The Mayor and City Council are jointly responsible for the adoption of an annual budget and a six-year capital improvement program. As required by the City Charter, the Mayor is responsible for preparing an annual operating and capital budget recommendation to the City Council for its consideration. The terms of the Mayor and all City Council members expire on January 1, 2026.

The City’s organizational structure was adopted by the City Council and signed by the Mayor on October 20, 2022. This structure created four direct reports to the Mayor – the City Operations Officer, the City Attorney, the Community Safety Commissioner, and the Chief of Staff. The direct reports oversee four distinct offices – the Office of Public Service, the Office of City Attorney, the Office of Community Safety, and the Mayor’s Office, respectively.

The Office of Public Service centralized the City’s seventeen operational departments under the leadership of the City Operations Officer (see “City Departments” below). The Office of Community Safety integrated the work of all community safety departments, including 911/Emergency Communications, Emergency Management, Fire, Neighborhood Safety, and Police.

The City Council operates through standing, special and independent committees which typically meet during the two weeks preceding the City Council’s meeting. Committees include the Administration & Enterprise Oversight Committee; the Audit Committee; the Budget Committee; the Business, Housing & Zoning Committee; the Climate & Infrastructure Committee; the Committee of the Whole; the Intergovernmental Relations Committee; and the Public Health & Safety Committee.

City Departments

Under the new organizational structure, the City Operations Officer leads the Office of Public Service, which includes the following departments and services: 311 Service Center; Arts & Cultural Affairs; Assessing; Civil Rights; Communications; Community Planning & Economic Development; Finance & Property Services; Health; Human Resources; Information Technology; Intergovernmental Relations; Minneapolis Convention Center; Neighborhood & Community Relations; Performance Management & Innovation; Public Works; Racial Equity, Inclusion & Belonging; and Regulatory Services.

Related Boards

The Minneapolis Park and Recreation Board (the “Park Board”) is a nine-member board elected by the voters of the City and is responsible for developing and maintaining parklands, park facilities and parkways.

The Board of Estimate & Taxation (the “BET”) is a six-member board responsible for various maximum property tax levies and approving the issuance of certain general obligation bonds in support of the Capital Program. The BET is comprised of the following commissioners: the Mayor, the Council President, the chair of the Budget Committee, a commissioner from the Park Board, and two commissioners elected by voters.

The Municipal Building Commission (the “MBC”) is comprised of the Chair of the Hennepin County Board of Commissioners, the Mayor of the City, one appointee of the Hennepin County Board of Commissioners and one appointee of the City Council. The MBC operates and maintains the Minneapolis City Hall/Hennepin County Court House building.

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CITY PROPERTY VALUES AND TAXES

VALUATIONS OF TAXABLE PROPERTY LOCATED IN THE CITY

| Valuation | Collection | Economic | Assessor's | Taxable Net Tax | Value Capture | Fiscal | Fiscal | Adjusted |
|--------------------|--------------------|--|----------------------------|------------------------------|---------------------------------------|----------------------------|----------------------------|------------------------|
| <u>Year</u> | <u>Year</u> | <u>Market Value</u>⁽¹⁾ | <u>Estimated</u> | <u>Capacity Total</u> | <u>and Tax</u> | <u>Disparity</u> | <u>Disparity</u> | <u>Net Tax</u> |
| | | | <u>Market Value</u> | | <u>Increment</u>⁽²⁾ | <u>Contribution</u> | <u>Distribution</u> | <u>Capacity</u> |
| 2024 | 2025 | \$69,507,599,859 | \$65,233,645,300 | \$784,943,783 | (\$18,540,961) | (\$89,835,798) | \$85,791,662 | \$762,358,686 |
| 2023 | 2024 | 69,980,226,188 | 67,633,615,900 | 839,835,591 | (22,236,739) | (89,481,251) | 78,560,842 | 806,678,443 |
| 2022 | 2023 | 69,629,876,810 | 64,577,324,700 | 797,589,474 | (22,751,477) | (87,489,911) | 69,074,069 | 760,971,267 |
| 2021 | 2022 | 65,938,297,885 | 60,615,132,200 | 755,875,599 | (25,850,025) | (95,292,826) | 69,995,026 | 704,727,774 |
| 2020 | 2021 | 62,526,634,624 | 59,353,035,536 | 749,489,246 | (27,994,628) | (88,352,397) | 63,956,743 | 697,098,964 |

(1) The economic market values are from Hennepin County.

(2) Value capture district captures 1% of market value for streetcar district. Tax increment value declines are related to expiration of certain tax increment districts.

VALUE CAPTURE AND TAX INCREMENT

| <u>Valuation Year</u> | <u>Collection Year</u> | <u>Tax Increment</u> | <u>Value Capture</u> | <u>Value Capture &</u> | <u>Value Change</u> | <u>Percentage</u> |
|------------------------------|-------------------------------|-----------------------------|-----------------------------|-----------------------------------|----------------------------|--------------------------|
| | | | | <u>Tax Increment</u> | | <u>Change</u> |
| 2024 | 2025 | \$14,149,888 | \$4,391,073 | \$18,540,961 | (\$3,695,778) | -16.62% |
| 2023 | 2024 | 16,948,086 | 5,288,653 | 22,236,739 | (\$514,738) | -2.26 |
| 2022 | 2023 | 17,321,811 | 5,429,666 | 22,751,477 | (3,098,548) | -11.99 |
| 2021 | 2022 | 20,394,810 | 5,455,215 | 25,850,025 | (2,144,603) | -7.66 |
| 2020 | 2021 | 21,942,238 | 6,052,390 | 27,994,628 | (31,372,062) | -52.84 |

TAXABLE MARKET VALUES

| <u>Collection Year</u> | <u>Personal Property</u> | <u>Real Property</u> | <u>Total</u> | <u>Value Change</u> | <u>Percentage Change</u> |
|-------------------------------|---------------------------------|-----------------------------|---------------------|----------------------------|---------------------------------|
| 2025 | \$264,167,700 | \$63,609,274,286 | \$63,873,441,986 | \$(3,007,235,486) | -4.50% |
| 2024 | 245,173,960 | 66,635,503,512 | 66,880,677,472 | 3,902,428,075 | 4.85 |
| 2023 | 255,908,060 | 63,837,884,594 | 64,093,792,654 | 4,051,334,333 | 6.82 |
| 2022 | 328,179,528 | 59,714,278,793 | 60,042,458,321 | 1,650,667,937 | 2.27 |
| 2021 | 555,939,206 | 57,835,851,178 | 58,391,790,384 | 3,042,822,538 | 5.50 |

TOTAL TAX CAPACITY OF REAL AND PERSONAL PROPERTY
(in Thousands)

| Valuation Year Collection Year | 2024 2025 | 2023 2024 | 2022 2023 | 2021 2022 | 2020 2021 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Commercial & Industrial | \$229,935 | \$248,836 | \$232,122 | \$217,402 | \$229,622 |
| Residential | 398,848 | 410,170 | 391,630 | 362,839 | 346,968 |
| Apartment | 147,063 | 165,167 | 155,047 | 145,658 | 137,506 |
| Other | 370 | 356 | 373 | 370 | 382 |
| Total Real Property | 776,216 | 824,530 | 779,173 | 726,269 | 714,478 |
| Personal Property | 4,684 | 4,385 | 4,549 | 4,309 | 10,615 |
| Total Real and Personal Property | 780,900 | 828,915 | 783,722 | 730,578 | 725,093 |
| Less Tax Increment | (14,150) | (16,948) | (17,322) | (20,395) | (21,942) |
| Less Value Capture | (4,391) | (5,289) | (5,429) | (5,455) | (6,052) |
| Adjusted Net Tax Capacity | \$762,359 | \$806,678 | \$760,971 | \$704,728 | \$697,099 |

TAX RATES FOR TAX CAPACITY

| Governmental Unit | Tax Collection Year | | | | | |
|---------------------------|----------------------------|-------------|-------------|-------------|-------------|-------------|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 |
| City | 66.206% | 57.079% | 58.068% | 59.351% | 54.880% | 57.920% |
| Special School District 1 | 23.758 | 18.311 | 19.024 | 20.036 | 18.692 | 21.102 |
| County | 36.812 | 34.283 | 34.457 | 38.114 | 38.081 | 40.913 |
| Other | 5.741 | 5.451 | 5.395 | 5.389 | 5.347 | 5.726 |
| Totals | 132.517% | 115.124% | 116.944% | 122.393% | 117.000% | 125.661% |

TAX RATES FOR MARKET VALUE LEVIES

| Governmental Unit | Tax Collection Year | | | | | |
|---------------------------|----------------------------|-------------|-------------|-------------|-------------|-------------|
| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 |
| City | 0.00000% | 0.00000% | 0.00000% | 0.00000% | 0.01535% | 0.01844% |
| Special School District 1 | 0.14150 | 0.12729 | 0.13860 | 0.13466 | 0.13811 | 0.15857 |
| Totals | 0.14150% | 0.12729% | 0.13860% | 0.13466% | 0.15346% | 0.17701% |

TAX LEVIES AND COLLECTIONS

(in Thousands)

| Collection Year | Certified Tax Levy | Current Year Collections | Current Year Collections % of Levy | Delinquent Collections | Total Collections | Total Collections % of Levy |
|------------------------|---------------------------|---------------------------------|---|-------------------------------|-------------------------------|------------------------------------|
| 2025 | \$497,378 | | | ---- | in process of collecting ---- | |
| 2024 | 467,038 | \$451,583 | 96.691% | \$0 | \$451,583 | 96.691% |
| 2023 | 444,387 | 433,670 | 97.588 | (235) | 433,435 | 97.536 |
| 2022 | 417,419 | 413,005 | 98.943 | (439) | 412,566 | 98.837 |
| 2021 | 395,827 | 390,211 | 98.581 | 1,027 | 391,238 | 98.841 |
| 2020 | 374,309 | 368,655 | 98.489 | 3,199 | 371,854 | 99.344 |

LARGEST TAXPAYERS WITHIN THE CITY

Based on Net Tax Capacity (Assessed in 2024 for Taxes Payable in 2025)

| Rank | Taxpayer | Assessor's Estimated Market Value | Net Tax Capacity | Percentage of Total Net Tax Capacity |
|-----------------------------|--------------------------------|--|-----------------------------|---|
| 1 | 90 7th Street South LLC | \$173,570,000 | \$3,470,650 | 0.44% |
| 2 | Bri 1855 IDS Center LLC | 167,537,000 | 3,349,990 | 0.43 |
| 3 | US Bank Corp RE Tax Department | 156,090,000 | 3,121,050 | 0.40 |
| 4 | 225 6th St Prop Owner LLC | 147,725,000 | 2,953,750 | 0.38 |
| 5 | Piedmont-800 Nicolet Ave LLC | 140,940,000 | 2,818,050 | 0.36 |
| 6 | City Center 33 So Prop LLC | 138,960,000 | 2,778,450 | 0.35 |
| 7 | 250 Nicollet Office LLC | 120,554,000 | 2,410,330 | 0.31 |
| 8 | JPMC 2018-Minn SS TRA LLC | 105,750,000 | 2,114,250 | 0.27 |
| 9 | South Sixth Office LLC | 97,465,000 | 1,948,550 | 0.25 |
| 10 | RiverSource Life Insurance Co | 96,660,000 | 1,932,650 | 0.25 |
| Subtotal Top Ten Taxpayers: | | \$1,345,251,000 | \$26,897,720 | 3.44% |

Total City Taxable Net Tax Capacity

\$784,943,783

Source: Hennepin County

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INDEBTEDNESS OF THE CITY

Debt Management Policies

The objective of the debt management policies is to maintain the City's ability to incur present and future debt at minimal interest rates without putting essential City services at risk.

General Obligation Bonds, Property Tax Supported. The City utilizes general obligation, property tax supported bonding to finance only those capital improvements and long-term assets that have been determined to be essential to the maintenance or development of the City.

Tax Increment Bonds. The City uses tax increment bonds only where projects can be shown to be self-liquidating from tax increments arising in sufficient amounts, or where secured guarantees are provided for potential shortfalls, and with appropriate timing to avoid, to the maximum extent possible, the use of City-wide property tax revenues and where maximum allowable guarantees are obtained.

Special Obligation Revenue Bonds. Special obligation revenue bonds, those bonds for which the City incurs no financial or moral obligation, are issued only if the associated development projects can be shown to be financially feasible and contributing substantially to the welfare and/or economic development of the City and its inhabitants.

Variable Rate Debt. The City may elect to issue bonds as variable rate instruments to provide flexibility and/or attempt to achieve interest savings.

Debt Management. The debt management policies are designed to maintain a balanced relationship between debt service requirements and current operating costs, encourage growth of the tax base, actively seek alternative funding sources, minimize interest costs and maximize investment returns.

Bond Term. The City shall issue bonds with terms no longer than the economic useful life of the project. For self-supporting bonds, maturities and associated debt service shall not exceed projected revenue streams.

General Obligation Indebtedness

The following tables set forth the general obligation indebtedness of the City estimated to be outstanding as of the dates noted, including the amount of such bonds considered to be self-supporting from revenue sources other than general property taxes. Self-supporting debt does not require any general property tax support under current and anticipated operating conditions. The City has chosen to issue general obligation bonds for its enterprise funds to obtain a lower interest rate on the bonds. Historically, these bonds have not required general property tax support and are not currently projected to require such support in the future.

To indicate the City's intent as to meet future debt service payments on water works and parking facility bonds, the City Council adopted a resolution on April 6, 1979 which states that (1) the City intends to raise water rates as necessary to provide sufficient revenue to meet all water works debt service requirements and operating expenses; and (2) the City intends to raise parking meter and ramp rates as necessary to meet all parking facilities debt service requirements and operating requirements. The City has consistently complied with this resolution.

CITY OF MINNEAPOLIS

Historical Outstanding Debt for Years Ending December 31, by Business Line & Source of Repayment

| Classification/Business Line | Source of Repayment* | 2024 | 2023 | 2022 | 2021 | 2020 |
|--|---------------------------|------------------|------------------|------------------|------------------|------------------|
| General Obligation (GO) Debt: | | | | | | |
| Enterprise Fund GO Debt | | | | | | |
| (Dollar Amounts Expressed in Thousands) | | | | | | |
| Stormwater Sewer | User Fees | \$43,850 | \$39,515 | \$33,385 | \$13,035 | \$5,340 |
| Sanitary Sewer Fund | User Fees | 56,870 | 51,650 | 52,945 | 51,610 | 43,235 |
| Water Fund Bonds | User Fees | 92,240 | 90,495 | 74,715 | 65,155 | 54,260 |
| Water Fund Notes -- MN/Public Facilities Authority | User Fees | 53,350 | 60,240 | 68,702 | 75,508 | 81,877 |
| Parking Fund | User Fees | 44,190 | 52,240 | 59,655 | 64,990 | 58,050 |
| Solid Waste Fund | User Fees | 18,175 | 18,770 | 19,340 | 19,885 | 13,885 |
| Total Enterprise Fund GO Debt | | \$308,675 | \$312,910 | \$308,742 | \$290,183 | \$256,647 |
| Self-Supporting GO Debt | | | | | | |
| Convention Center | Local Sales Tax | \$26,000 | \$26,000 | \$26,000 | \$26,000 | \$26,000 |
| Target Center Renovation Bonds | Local Sales Tax | 49,530 | 53,320 | 56,940 | 60,400 | 63,710 |
| Tax Increment Supported | Tax Increment | -- | -- | -- | -- | 1,495 |
| Development Supported | Ryan Co/Stadium Authority | 55,975 | 57,150 | 58,215 | 59,240 | 60,155 |
| Assessment Bonds | Special Assessment | 54,565 | 54,475 | 51,850 | 52,825 | 53,955 |
| Housing Improvement Area Bonds | Fees | 18,405 | 19,380 | 20,345 | 21,280 | 5,675 |
| Park Board | User Fees | 4,750 | 5,725 | 6,675 | 7,600 | 8,500 |
| Total Self-Supporting GO Debt | | \$209,225 | \$216,050 | \$220,025 | \$227,345 | \$219,490 |
| Property Tax GO Debt | | | | | | |
| General Infrastructure Bonds and Notes | Property Tax | \$158,005 | \$117,685 | \$105,775 | \$97,660 | \$68,400 |
| Capital Improvement Bonds | Property Tax/User Fees | 167,915 | 172,980 | 177,870 | 186,380 | 194,140 |
| Library System Referendum Bonds | Property Tax/State of MN | -- | -- | -- | -- | 8,435 |
| Total Property Tax Supported GO Debt | | \$325,920 | \$290,665 | \$283,645 | \$284,030 | \$266,975 |
| Total GO Debt | | \$843,820 | \$819,625 | \$812,412 | \$801,558 | \$743,112 |

*Source of repayment pledged in debt documents.

CITY OF MINNEAPOLIS

**Historical Outstanding Debt for Years Ending December 31, by Business Line & Source of Repayment
(continued)**

| Classification/Business Line | Source of Repayment* | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|-----------------------------|--|------------------|------------------|------------------|------------------|
| Non-GO Debt | | (Dollar Amounts Expressed in Thousands) | | | | |
| Economic Development Revenue Bonds | Tax Increment | \$5,720 | \$11,190 | \$12,880 | \$14,500 | \$16,040 |
| Economic Development Revenue Notes | Tax Increment | -- | 630 | 1,225 | 1,785 | 2,310 |
| Community Dev General Agency Reserve Fund | Business Leases | 9,130 | 9,520 | 9,970 | 24,640 | 40,550 |
| Total Non-GO Debt | | \$14,850 | \$21,380 | \$24,075 | \$40,925 | \$58,900 |
| Grand Total GO and Non-GO Debt | | \$858,670 | \$841,005 | \$834,831 | \$842,493 | \$802,012 |

*Source of repayment pledged in debt documents.

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HISTORY OF DEBT

Total General Obligation Debt

| As of December 31 | Fixed Rate | Variable Rate | Total | Variable Rate as % of Total |
|-------------------|---------------|---------------|---------------|--------------------------------|
| 2024 | \$817,775,423 | \$26,045,000 | \$843,820,000 | 3.09% |
| 2023 | 793,290,000 | 26,335,000 | 819,625,000 | 3.21 |
| 2022 | 785,787,000 | 26,625,000 | 812,412,000 | 3.28 |
| 2021 | 774,643,400 | 26,915,000 | 801,558,400 | 3.36 |
| 2020 | 714,907,000 | 28,205,000 | 743,112,000 | 3.80 |

Property Tax Supported General Obligation Debt

| As of December 31 | Fixed Rate | Variable Rate | Total | Variable Rate as of % of Total |
|-------------------|---------------|---------------|---------------|-----------------------------------|
| 2024 | \$325,920,000 | \$-- | \$325,920,000 | 0.00% |
| 2023 | 304,195,000 | -- | 304,195,000 | 0.00 |
| 2022 | 297,295,000 | -- | 297,295,000 | 0.00 |
| 2021 | 297,825,000 | -- | 297,825,000 | 0.00 |
| 2020 | 280,860,000 | -- | 280,860,000 | 0.00 |

Non-Property Tax Supported General Obligation Debt

| As of December 31 | Fixed Rate | Variable Rate | Total | Variable Rate as of % of Total |
|-------------------|---------------|---------------|---------------|-----------------------------------|
| 2024 | \$491,855,000 | \$26,045,000 | \$517,900,000 | 5.03% |
| 2023 | 502,625,000 | 26,335,000 | 528,960,000 | 4.98 |
| 2022 | 502,142,000 | 26,625,000 | 528,767,000 | 5.04 |
| 2021 | 490,613,000 | 26,915,000 | 517,528,000 | 5.20 |
| 2020 | 447,932,000 | 28,205,000 | 476,137,000 | 5.92 |

General Obligation Minnesota Public Facilities Authority (PFA) Notes (Fixed Rate)

The City has issued eight general obligation notes (the “PFA Notes”) purchased by the Minnesota Public Facilities Authority (the “PFA”) to finance the City’s drinking water ultra-filtration project and new filter presses project. The PFA Notes are part of a federally sponsored financing program related to the Drinking Water Act; the City receives below-market interest rates by participating in the program. Through December 31, 2024, the City has drawn down proceeds of the PFA Notes in the amount of \$160,387,215; the remaining loans and outstanding balances are shown below. The amortization of the PFA Notes associated with this program provided under “GENERAL OBLIGATION DEBT – Water Fund Supported” in this Appendix reflects the full utilization and estimated payment obligations of the PFA Notes.

| Amount Issued | Issue Date | Final Maturity | December 31, 2024 | Interest Rate |
|---------------------|------------|----------------|---------------------|---------------|
| | | | Outstanding | |
| \$13,500,000 | 23-Aug-06 | 20-Aug-26 | \$1,000,000 | 2.600% |
| 19,557,660 | 09-Dec-09 | 20-Aug-27 | 14,800,000 | 2.688 |
| 28,900,000 | 14-May-18 | 20-Aug-33 | 18,870,000 | 1.008 |
| 27,300,000 | 14-Dec-18 | 20-Aug-35 | 18,680,000 | 1.470 |
| <u>\$89,257,660</u> | | | <u>\$53,350,000</u> | |

General Obligation Bank Term Note (Variable Rate)

On January 3, 2012, the City issued a \$27,980,000 General Obligation Term Loan Note, Series 2011B (the “Series 2011B Note”), which was purchased by U.S. Bank National Association. The proceeds of the Series 2011B Note were used to refund and redeem all remaining principal of a general obligation variable rate bond issue of the City. Currently the Series 2011B Note accrues interest at a variable rate of interest equal to the weekly SIFMA rate, plus a spread based on the current rating of the City’s long-term general obligation debt. The Series 2011B Note is payable from revenues derived from the operation of the City’s parking system.

Summary of Series 2011B Note

| Authorized Amount* | December 31, 2024 Amount Outstanding | Mandatory Prepayment Date | Maturity Date |
|---------------------------|---|--------------------------------------|----------------------|
| \$27,980,000 | \$26,045,000 | 11-Jun-2027 | 1-Dec-2033 |

* The Series 2011B Note is fully drawn down. No further advances may be made against the Authorized Amount.

Adopted Series 2011B Note Amortization Schedule

| Year (December 1) | Principal Amount | Year (December 1) | Principal Amount |
|--------------------------|-------------------------|--------------------------|-------------------------|
| 2025 | 2,825,000 | 2030 | 2,370,000 |
| 2026 | 3,115,000 | 2031 | 2,565,000 |
| 2027 | 3,445,000 | 2032 | 2,760,000 |
| 2028 | 3,785,000 | 2033 | 3,000,000 |
| 2029 | 2,180,000 | | |

Sales and Use Taxes Contribution to Football Stadium

In 2014, the State issued its State General Fund Appropriation Bonds, Tax-Exempt Series 2014A, in the principal amount of \$391,785,000 and its State General Fund Appropriation Bonds, Taxable Series 2014B, in the principal amount of \$70,280,000 (together, the “State Bonds”) to finance a portion of the cost of a National Football League stadium in the City. The Minnesota Vikings home games and other events are held at the stadium. Minn. Stat. Section 473J.11 required the State and the City to pay debt service on the State Bonds in an amount up to \$348,000,000 and up to \$150,000,000, respectively.

Minn. Stat. Section 297A.994 required the City to also contribute to capital improvement reserves, operating expenses, and state advances for capital improvements and operating expenses. The City’s contributions for these costs were payable solely from the State withholding a portion of the proceeds of the City’s sales and uses taxes authorized by the Laws of Minnesota 1986, Chapter 396, Sections 4 and 5, as amended by Laws of Minnesota 2001, First Special Session, Chapter 5, Article 12, Section 87.

On June 26, 2023, the outstanding maturities of the State Bonds were called for redemption. As a result, Section 297A.994 was amended during the 2023 legislative session to reflect changes in the calculation of and purposes for which the City’s sales and uses taxes are retained.

For 2025, it is expected that the State will collect approximately \$100,000,000 in City’s sales and use taxes, retain approximately \$20,000,000 for allowable purposes, and distribute the remainder to the City. The portion of the sales and use taxes to be retained by the State varies each year depending principally on the annual rates of inflation.

The sales and use taxes are currently pledged to the City’s (i) Taxable General Obligation Sales Tax Refunding Bonds, Series 2017, which mature on December 1, 2035; (ii) Taxable General Obligation Bonds, Series 2018, which, with respect to the portion of the bonds payable from sales and use taxes, mature on December 1, 2030; and (iii) Taxable General Obligation Convention Center Refunding Bonds, Series 2020, which mature on December 1, 2025.

Interfund Loan

The City may borrow and lend funds internally among its various funds to redeem debt outstanding or otherwise finance capital costs. Internal loans are repaid from resources that are typically defined at the time of the loan.

On May 1, 2019, the City established an interfund loan in the amount of \$19,010,000, the proceeds of which were used to redeem all or a portion of four series of the City's general obligation bonds. The proceeds of the interfund loan were used to: (i) pay principal of the City's General Obligation Tax Increment Refunding Bonds (Milwaukee Depot), Series 2009A (the "Series 2009A Milwaukee Depot Bonds"), in the amount of \$3,225,000; (ii) pay principal of the City's General Obligation Tax Increment Refunding Bonds, Series 2010 (the "Series 2010 Humboldt Greenway Bonds"), in the amount of \$3,010,000; (iii) pay principal of the City's Taxable General Obligation Tax Increment Refunding Bonds (West Side Milling), Series 2010 (the "Series 2010 West Side Milling Bonds"), in the amount of \$5,975,000; and (iv) pay principal of the City's General Obligation Refunding Bonds, Series 2010 (the "Series 2010 Refunding Bonds"), in the amount of \$6,800,000. This interfund loan will accrue interest at a rate of 3.50% per annum and is expected to be repaid with revenues derived from certain tax increment financing districts within the City and originally pledged to the payment of the Series 2009A Milwaukee Depot Bonds, the Series 2010 Humboldt Greenway Bonds, the Series 2010 West Side Milling Bonds, and the Series 2010 Refunding Bonds and from parking facilities revenues and other revenues originally pledged to the Series 2010 Refunding Bonds. Principal and interest payments are made March 1 and September 1, commencing on September 1, 2019, and this interfund loan matures on March 1, 2030. The remaining amortization of this interfund loan is set forth below:

| Date | Principal | Interest | Principal and Interest |
|---------------|-----------------------|---------------------|------------------------|
| 09/01/25 | -- | 49,087.50 | 49,087.50 |
| 03/01/26 | 680,000.00 | 49,087.50 | 729,087.50 |
| 09/01/26 | -- | 37,187.50 | 37,187.50 |
| 03/01/27 | 715,000.00 | 37,187.50 | 752,187.50 |
| 09/01/27 | -- | 24,675.00 | 24,675.00 |
| 03/01/28 | 740,000.00 | 24,675.00 | 764,675.00 |
| 09/01/28 | -- | 11,725.00 | 11,725.00 |
| 03/01/29 | 325,000.00 | 11,725.00 | 336,725.00 |
| 09/01/29 | -- | 6,037.50 | 6,037.50 |
| 03/01/30 | 345,000.00 | 6,037.50 | 351,037.50 |
| Total: | \$2,805,000.00 | \$257,425.00 | \$3,062,425.00 |

SUMMARY OF GENERAL OBLIGATION DEBT OUTSTANDING

| Pledged Revenues | See Page | Current GO Bonds | Current GO Notes | Debt Before Sale of the Bonds* | This Sale of Bonds | Debt After Sale of the Bonds |
|---------------------------------------|-----------------|-------------------------|-------------------------|---------------------------------------|---------------------------|-------------------------------------|
| Development Revenues | A-14 | \$54,685,000 | \$-- | \$54,685,000 | \$-- | \$54,685,000 |
| Sales Tax Revenues | A-14 | 75,530,000 | -- | 75,530,000 | -- | 79,320,000 |
| Housing Improvement Area Fees | A-15 | 18,405,000 | -- | 18,405,000 | -- | 18,405,000 |
| Park Board Revenues | A-15 | 4,750,000 | -- | 4,750,000 | -- | 4,750,000 |
| Special Assessments | A-16 | 54,565,000 | -- | 54,565,000 | 4,385,000 | 58,950,000 |
| Property Tax Revenues | A-17 | 325,920,000 | -- | 325,920,000 | 75,540,000 | 401,460,000 |
| Parking Fund Revenues | A-18 | 18,145,000 | 26,045,000 | 44,190,000 | -- | 44,190,000 |
| Sanitary Sewer Fund Revenues | A-19 | 56,870,000 | -- | 56,870,000 | 15,745,000 | 72,615,000 |
| Storm Sewer Fund Revenues | A-20 | 43,850,000 | -- | 43,850,000 | 13,470,000 | 57,320,000 |
| Water Fund Revenues | A-21 | 92,240,000 | 53,350,000 | 145,590,000 | 25,045,000 | 170,635,000 |
| Solid Waste Fund Revenues | A-23 | 18,175,000 | -- | 18,175,000 | -- | 18,175,000 |
| Total General Obligation Debt: | A-24 | \$763,135,000 | \$79,395,000 | \$842,530,000 | \$134,185,000 | \$976,715,000 |
| This Sale (the "Bonds") | | Sale Amount | | | | |
| General Obligation Bonds, Series 2025 | | \$134,185,000 | | | | |

* As of August 19, 2025.

The debt tables set forth on the following pages of this APPENDIX A reflect the City's debt service requirements as of August 20, 2025.

GENERAL OBLIGATION DEBT

| Development Supported | | | | Sales Tax Supported | | | |
|-----------------------|--------------|--------------|--------------|---------------------|--------------|-------------|--------------|
| | Principal | Interest | Debt Service | | Principal | Interest | Debt Service |
| 2025 | \$-- | \$1,230,808 | \$1,230,808 | 2025 | \$29,945,000 | \$1,891,248 | \$30,890,624 |
| 2026 | 1,395,000 | 2,435,740 | 3,830,740 | 2026 | 4,075,000 | 1,574,835 | 5,649,835 |
| 2027 | 1,425,000 | 2,382,716 | 3,807,716 | 2027 | 4,210,000 | 1,439,548 | 5,649,548 |
| 2028 | 1,550,000 | 2,324,461 | 3,874,461 | 2028 | 4,350,000 | 1,298,793 | 5,648,793 |
| 2029 | 1,690,000 | 2,258,590 | 3,948,590 | 2029 | 4,500,000 | 1,152,343 | 5,652,343 |
| 2030 | 1,830,000 | 2,183,758 | 4,013,758 | 2030 | 14,780,000 | 999,778 | 15,779,778 |
| 2031 | 1,990,000 | 2,100,120 | 4,090,120 | 2031 | 2,555,000 | 476,360 | 3,031,360 |
| 2032 | 2,155,000 | 2,009,365 | 4,164,365 | 2032 | 2,635,000 | 392,045 | 3,027,045 |
| 2033 | 2,325,000 | 1,911,275 | 4,236,275 | 2033 | 2,730,000 | 301,138 | 3,031,138 |
| 2034 | 2,510,000 | 1,805,413 | 4,315,413 | 2034 | 2,825,000 | 205,588 | 3,030,588 |
| 2035 | 2,700,000 | 1,687,965 | 4,387,965 | 2035 | 2,925,000 | 105,300 | 3,030,300 |
| 2036 | 2,910,000 | 1,558,121 | 4,468,121 | 2036 | -- | -- | -- |
| 2037 | 3,130,000 | 1,418,326 | 4,548,326 | 2037 | -- | -- | -- |
| 2038 | 3,360,000 | 1,268,115 | 4,628,115 | 2038 | -- | -- | -- |
| 2039 | 3,600,000 | 1,107,025 | 4,707,025 | 2039 | -- | -- | -- |
| 2040 | 3,855,000 | 934,479 | 4,789,479 | 2040 | -- | -- | -- |
| 2041 | 4,125,000 | 749,782 | 4,874,782 | 2041 | -- | -- | -- |
| 2042 | 4,410,000 | 552,240 | 4,962,240 | 2042 | -- | -- | -- |
| 1043 | 4,705,000 | 341,273 | 5,046,273 | 2043 | -- | -- | -- |
| 2044 | 5,020,000 | 116,188 | 5,136,188 | 2044 | -- | -- | -- |
| | \$54,685,000 | \$30,375,760 | \$85,060,760 | | \$75,530,000 | \$9,836,976 | \$84,421,352 |

GENERAL OBLIGATION DEBT

| Housing Improvement Area Fee Supported | | | | Park Board Supported | | | |
|--|--------------|-------------|--------------|----------------------|-------------|-----------|--------------|
| | Principal | Interest | Debt Service | | Principal | Interest | Debt Service |
| 2025 | \$1,000,000 | \$219,736 | \$1,219,736 | 2025 | \$1,025,000 | \$65,150 | \$1,155,300 |
| 2026 | 1,010,000 | 421,118 | 1,431,118 | 2026 | 1,050,000 | 93,400 | 1,143,400 |
| 2027 | 1,030,000 | 402,018 | 1,432,018 | 2027 | 665,000 | 53,500 | 718,500 |
| 2028 | 1,055,000 | 381,330 | 1,436,330 | 2028 | 670,000 | 40,200 | 710,200 |
| 2029 | 1,075,000 | 358,900 | 1,433,900 | 2029 | 670,000 | 26,800 | 696,800 |
| 2030 | 1,635,000 | 334,965 | 1,969,965 | 2030 | 670,000 | 13,400 | 683,400 |
| 2031 | 1,060,000 | 290,365 | 1,350,365 | 2031 | -- | -- | -- |
| 2032 | 1,170,000 | 266,380 | 1,436,380 | 2032 | -- | -- | -- |
| 2033 | 1,025,000 | 237,088 | 1,262,088 | 2033 | -- | -- | -- |
| 2034 | 1,045,000 | 213,713 | 1,258,713 | 2034 | -- | -- | -- |
| 2035 | 1,070,000 | 170,270 | 1,240,270 | 2035 | -- | -- | -- |
| 2036 | 1,100,000 | 176,933 | 1,276,933 | 2036 | -- | -- | -- |
| 2037 | 1,400,000 | 134,915 | 1,534,915 | 2037 | -- | -- | -- |
| 2038 | 890,000 | 96,980 | 986,980 | 2038 | -- | -- | -- |
| 2039 | 915,000 | 73,840 | 988,840 | 2039 | -- | -- | -- |
| 2040 | 1,925,000 | 50,050 | 1,975,050 | 2040 | -- | -- | -- |
| | \$18,405,000 | \$3,828,601 | \$22,233,601 | | \$4,750,000 | \$292,450 | \$5,107,600 |

GENERAL OBLIGATION DEBT

| Assessment Supported | | | Assessment Supported | | | Assessment Supported | | | |
|----------------------|----------------------|---------------------|-------------------------|------------------------|-----------------------|---------------------------|---------------------------------|--------------------------------|--|
| | Current Principal | Current Interest | Current Debt Service | This Sale Principal | This Sale Interest | This Sale Debt Service | After This Sale Principal | After This Sale Interest | After This Sale Total Debt Service |
| 2025 | \$7,490,000 | \$980,322 | \$8,470,322 | \$975,000 | \$49,331 | \$1,024,331 | \$8,465,000 | \$1,029,653 | \$9,494,653 |
| 2026 | 7,640,000 | 1,652,419 | 9,292,419 | 830,000 | 170,500 | 1,000,500 | 8,470,000 | 1,822,919 | 10,292,919 |
| 2027 | 15,220,000 | 1,369,094 | 16,589,094 | 840,000 | 129,000 | 969,000 | 16,060,000 | 1,498,094 | 17,558,094 |
| 2028 | 2,020,000 | 870,394 | 2,890,394 | 850,000 | 87,000 | 937,000 | 2,870,000 | 957,394 | 3,827,394 |
| 2029 | 6,490,000 | 795,444 | 7,285,444 | 860,000 | 44,500 | 904,500 | 7,350,000 | 839,944 | 8,189,944 |
| 2030 | 1,490,000 | 636,481 | 2,126,481 | 5,000 | 1,500 | 6,500 | 1,495,000 | 637,981 | 2,132,981 |
| 2031 | 1,270,000 | 577,406 | 1,847,406 | 5,000 | 1,2500 | 6,250 | 1,275,000 | 578,656 | 1,853,656 |
| 2032 | 1,275,000 | 521,269 | 1,796,269 | 5,000 | 1,000 | 6,000 | 1,280,000 | 522,269 | 1,802,269 |
| 2033 | 2,565,000 | 464,944 | 3,029,944 | 5,000 | 750 | 5,750 | 2,570,000 | 465,694 | 3,035,694 |
| 2034 | 1,035,000 | 370,019 | 1,405,019 | 5,000 | 500 | 5,500 | 1,040,000 | 370,519 | 1,410,519 |
| 2035 | 1,010,000 | 323,938 | 1,333,938 | 5,000 | 250 | 5,250 | 1,015,000 | 324,188 | 1,339,188 |
| 2036 | 1,020,000 | 278,288 | 1,298,288 | -- | -- | -- | 1,020,000 | 278,288 | 1,298,288 |
| 2037 | 1,025,000 | 234,594 | 1,259,594 | -- | -- | -- | 1,025,000 | 234,594 | 1,259,594 |
| 2038 | 1,030,000 | 190,419 | 1,220,419 | -- | -- | -- | 1,030,000 | 190,419 | 1,220,419 |
| 2039 | 1,035,000 | 146,138 | 1,181,138 | -- | -- | -- | 1,035,000 | 146,138 | 1,181,138 |
| 2040 | 1,035,000 | 105,600 | 1,140,600 | -- | -- | -- | 1,035,000 | 105,600 | 1,140,600 |
| 2041 | 805,000 | 64,775 | 869,775 | -- | -- | -- | 805,000 | 64,775 | 869,775 |
| 2042 | 730,000 | 36,800 | 766,800 | -- | -- | -- | 730,000 | 36,800 | 766,800 |
| 2043 | 380,000 | 11,400 | 394,400 | -- | -- | -- | 380,000 | 11,400 | 391,400 |
| 2044 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| | \$54,565,000 | \$9,629,744 | \$64,194,744 | \$4,385,000 | \$485,581 | \$4,870,581 | \$58,950,000 | \$10,115,325 | \$69,065,325 |

GENERAL OBLIGATION DEBT

| | Property Tax Supported | | | Property Tax Supported | | | Property Tax Supported | | |
|------|-------------------------------|-----------------------------|---------------------------------|--------------------------------|-------------------------------|-----------------------------------|--|---|---|
| | Current Principal | Current Interest | Current Debt Service | This Sale Principal | This Sale Interest | This Sale Debt Service | After This Sale Principal | After This Sale Interest | After This Sale Total Debt Service |
| 2025 | \$22,350,000 | \$6,218,448 | \$28,568,448 | \$25,000,000 | \$835,609 | \$25,835,609 | \$47,350,000 | \$7,054,057 | \$54,404,057 |
| 2026 | 20,690,000 | 11,538,169 | 32,228,169 | 2,660,000 | 2,463,819 | 5,123,819 | 23,350,000 | 14,001,988 | 37,351,988 |
| 2027 | 16,340,000 | 10,710,769 | 27,050,769 | 2,660,000 | 2,330,819 | 4,990,819 | 19,000,000 | 13,041,588 | 32,041,588 |
| 2028 | 16,235,000 | 10,033,544 | 26,268,544 | 2,660,000 | 2,197,819 | 4,857,819 | 18,895,000 | 12,231,363 | 31,126,363 |
| 2029 | 15,690,000 | 9,354,469 | 25,044,469 | 2,660,000 | 2,064,819 | 4,724,819 | 18,350,000 | 11,419,288 | 29,769,288 |
| 2030 | 15,480,000 | 8,742,594 | 24,222,594 | 2,660,000 | 1,931,819 | 4,591,819 | 18,140,000 | 10,674,413 | 28,814,413 |
| 2031 | 15,660,000 | 8,163,419 | 23,823,419 | 2,660,000 | 1,798,819 | 4,458,819 | 18,320,000 | 9,962,238 | 28,282,238 |
| 2032 | 13,900,000 | 7,538,294 | 21,438,294 | 2,660,000 | 1,665,819 | 4,325,819 | 16,560,000 | 9,204,113 | 25,764,113 |
| 2033 | 14,135,000 | 6,964,844 | 21,099,844 | 2,660,000 | 1,532,819 | 4,192,819 | 16,795,000 | 8,497,663 | 25,292,663 |
| 2034 | 14,365,000 | 6,372,150 | 20,737,150 | 2,660,000 | 1,399,819 | 4,059,819 | 17,025,000 | 7,771,969 | 24,796,969 |
| 2035 | 14,590,000 | 8,828,781 | 20,418,781 | 2,660,000 | 1,266,819 | 3,926,819 | 17,250,000 | 7,095,600 | 24,345,600 |
| 2036 | 14,840,000 | 5,828,781 | 20,096,481 | 2,660,000 | 1,133,819 | 3,793,819 | 17,500,000 | 6,390,300 | 23,890,300 |
| 2037 | 14,515,000 | 4,693,556 | 19,208,556 | 2,660,000 | 1,000,819 | 3,660,819 | 17,175,000 | 5,694,375 | 22,869,375 |
| 2038 | 14,780,000 | 4,125,712 | 18,905,712 | 2,660,000 | 867,819 | 3,527,819 | 17,440,000 | 4,993,532 | 22,433,532 |
| 2039 | 15,055,000 | 3,548,719 | 18,603,719 | 2,660,000 | 734,819 | 3,394,819 | 17,715,000 | 4,283,538 | 21,998,538 |
| 2040 | 15,325,000 | 3,003,612 | 18,328,612 | 2,660,000 | 601,819 | 3,261,819 | 17,985,000 | 3,605,432 | 21,590,432 |
| 2041 | 15,100,000 | 2,435,725 | 17,535,725 | 2,660,000 | 468,819 | 3,128,819 | 17,760,000 | 2,904,544 | 20,664,544 |
| 2042 | 13,740,000 | 1,922,600 | 15,662,600 | 2,660,000 | 352,444 | 3,012,444 | 16,400,000 | 2,275,044 | 18,675,044 |
| 2043 | 12,430,000 | 1,457,200 | 13,887,200 | 2,665,000 | 236,069 | 2,901,069 | 15,095,000 | 1,693,269 | 16,788,269 |
| 2044 | 9,890,000 | 1,045,850 | 10,935,850 | 2,655,000 | 119,475 | 2,774,475 | 12,545,000 | 1,165,325 | 13,710,325 |
| 2045 | 10,225,000 | 709,150 | 10,934,150 | -- | -- | -- | 10,225,000 | 709,150 | 10,934,150 |
| 2046 | 10,585,000 | 360,800 | 10,945,800 | -- | -- | -- | 10,585,000 | 360,800 | 10,945,800 |
| | \$325,920,000 | \$120,024,888 | \$445,944,888 | \$75,540,000 | \$25,004,701 | \$100,544,701 | \$401,460,000 | \$145,029,589 | \$546,489,589 |

GENERAL OBLIGATION DEBT

| | Parking Fund Supported | | | Parking Fund Supported | | | Parking Fund Supported | | |
|------|-------------------------------|---------------------------|-------------------------------|-------------------------------|---------------------------|-------------------------------|-------------------------------|---------------------------|-------------------------------|
| | Bonds Principal | Bonds Interest | Bonds Debt Service | Notes Principal | Notes Interest | Notes Debt Service | Total Principal | Total Interest | Total Debt Service |
| 2025 | \$5,355,000 | \$223,738 | \$5,578,738 | \$2,825,000 | \$397,186 | \$3,222,186 | \$8,180,000 | \$620,924 | 8,800,924 |
| 2026 | 5,295,000 | 294,300 | 5,589,300 | 3,115,000 | 706,275 | 3,821,275 | 8,410,000 | 1,000,575 | 9,410,575 |
| 2027 | 3,295,000 | 144,425 | 3,439,425 | 3,445,000 | 611,527 | 4,056,527 | 6,740,000 | 755,952 | 7,495,952 |
| 2028 | 3,105,000 | 67,800 | 3,172,800 | 3,785,000 | 508,130 | 4,293,130 | 6,890,000 | 575,930 | 7,465,930 |
| 2029 | 1,095,000 | 16,425 | 1,111,425 | 2,180,000 | 391,615 | 2,571,615 | 3,275,000 | 408,040 | 3,683,040 |
| 2030 | -- | -- | -- | 2,370,000 | 325,306 | 2,695,306 | 2,370,000 | 325,306 | 2,695,306 |
| 2031 | -- | -- | -- | 2,565,000 | 253,219 | 2,818,219 | 2,565,000 | 253,219 | 2,818,219 |
| 2032 | -- | -- | -- | 2,760,000 | 175,680 | 2,935,680 | 2,760,000 | 175,680 | 2,935,680 |
| 2033 | -- | -- | -- | 3,000,000 | 91,250 | 3,091,250 | 3,000,000 | 91,250 | 3,091,250 |
| | \$18,145,000 | \$746,688 | \$18,891,688 | \$26,045,000 | \$3,460,188 | \$29,505,188 | \$44,190,000 | \$4,206,876 | \$48,396,876 |

GENERAL OBLIGATION DEBT

| | Sanitary Sewer Fund Supported | | | Sanitary Sewer Fund Supported | | | Sanitary Sewer Fund Supported | | |
|------|-------------------------------|---------------------|-------------------------|-------------------------------|-----------------------|---------------------------|---------------------------------|--------------------------------|--|
| | Current Principal | Current Interest | Current Debt Service | This Sale Principal | This Sale Interest | This Sale Debt Service | After This Sale Principal | After This Sale Interest | After This Sale Total Debt Service |
| 2025 | \$6,850,000 | \$1,073,594 | \$7,923,594 | \$-- | \$172,723 | \$172,723 | \$6,850,000 | \$1,246,316 | \$8,096,316 |
| 2026 | 6,950,000 | 1,873,512 | 8,823,513 | 830,000 | 767,656 | 1,597,656 | 7,780,000 | 2,641,169 | 10,421,169 |
| 2027 | 6,950,000 | 1,654,537 | 8,604,538 | 830,000 | 726,156 | 1,556,156 | 7,780,000 | 2,380,694 | 10,160,694 |
| 2028 | 7,045,000 | 1,435,562 | 8,480,562 | 830,000 | 684,656 | 1,514,656 | 7,875,000 | 2,120,219 | 9,995,219 |
| 2029 | 5,240,000 | 1,214,787 | 6,454,788 | 830,000 | 643,156 | 1,473,156 | 6,070,000 | 1,857,944 | 7,927,944 |
| 2030 | 3,080,000 | 1,030,112 | 4,110,112 | 830,000 | 601,656 | 1,431,656 | 3,910,000 | 1,631,769 | 5,541,769 |
| 2031 | 3,075,000 | 903,338 | 3,978,338 | 830,000 | 560,156 | 1,390,156 | 3,905,000 | 1,463,494 | 5,368,494 |
| 2032 | 1,605,000 | 776,838 | 2,381,838 | 830,000 | 518,656 | 1,348,656 | 2,435,000 | 1,295,494 | 3,730,494 |
| 2033 | 1,605,000 | 694,438 | 2,299,438 | 830,000 | 477,156 | 1,307,156 | 2,435,000 | 1,171,594 | 3,606,594 |
| 2034 | 1,605,000 | 612,038 | 2,222,038 | 830,000 | 435,656 | 1,265,656 | 2,440,000 | 1,047,694 | 3,487,694 |
| 2035 | 1,605,000 | 540,800 | 2,150,800 | 830,000 | 394,156 | 1,224,156 | 2,440,000 | 934,956 | 3,374,956 |
| 2036 | 1,605,000 | 466,000 | 2,076,000 | 830,000 | 352,656 | 1,182,656 | 2,440,000 | 818,656 | 3,258,656 |
| 2037 | 1,605,000 | 394,050 | 1,999,050 | 830,000 | 311,156 | 1,141,156 | 2,435,000 | 705,206 | 3,140,206 |
| 2038 | 1,605,000 | 319,500 | 1,924,500 | 830,000 | 269,656 | 1,099,656 | 2,435,000 | 589,156 | 3,024,156 |
| 2039 | 1,600,000 | 244,950 | 1,844,950 | 830,000 | 228,156 | 1,058,156 | 2,430,000 | 473,106 | 2,903,106 |
| 2040 | 1,600,000 | 176,650 | 1,776,650 | 825,000 | 186,656 | 1,011,656 | 2,425,000 | 363,306 | 2,788,306 |
| 2041 | 1,600,000 | 108,350 | 1,708,350 | 825,000 | 145,406 | 970,406 | 2,425,000 | 253,756 | 2,678,756 |
| 2042 | 1,030,000 | 53,200 | 1,083,200 | 825,000 | 109,312 | 934,312 | 1,855,000 | 162,513 | 2,017,513 |
| 2043 | 600,000 | 18,000 | 618,000 | 825,000 | 73,218 | 898,218 | 1,425,000 | 91,219 | 1,516,219 |
| 2044 | -- | -- | -- | 825,000 | 37,125 | 862,125 | 825,000 | 37,125 | 862,125 |
| | \$56,870,000 | \$13,590,261 | \$70,460,261 | \$15,745,000 | \$7,695,126 | \$23,440,126 | \$72,615,000 | \$21,285,387 | \$93,900,387 |

GENERAL OBLIGATION DEBT

| Storm Sewer Fund Supported | | | Storm Sewer Fund Supported | | | Storm Sewer Fund Supported | | | |
|----------------------------|----------------------|---------------------|----------------------------|------------------------|-----------------------|----------------------------|---------------------------------|--------------------------------|--|
| | Current Principal | Current Interest | Current Debt Service | This Sale Principal | This Sale Interest | This Sale Debt Service | After This Sale Principal | After This Sale Interest | After This Sale Total Debt Service |
| 2025 | \$4,160,000 | \$1,007,022 | \$5,167,022 | \$-- | \$147,743 | \$147,743 | \$4,160,000 | \$1,154,765 | \$5,314,765 |
| 2026 | 4,155,000 | 1,821,969 | 5,976,969 | 705,000 | 656,637 | 1,361,637 | 4,860,000 | 2,478,606 | 7,338,606 |
| 2027 | 2,275,000 | 1,630,094 | 3,905,094 | 705,000 | 621,387 | 1,326,387 | 2,980,000 | 2,251,481 | 5,231,481 |
| 2028 | 2,275,000 | 1,513,419 | 3,788,419 | 705,000 | 586,137 | 1,291,137 | 2,980,000 | 2,099,556 | 5,079,556 |
| 2029 | 2,275,000 | 1,396,744 | 3,671,744 | 705,000 | 550,887 | 1,255,887 | 2,980,000 | 1,947,631 | 4,927,631 |
| 2030 | 2,275,000 | 1,280,069 | 3,555,069 | 710,000 | 515,637 | 1,225,637 | 2,985,000 | 1,795,706 | 4,780,706 |
| 2031 | 2,275,000 | 1,163,394 | 3,438,394 | 710,000 | 480,137 | 1,190,137 | 2,985,000 | 1,643,531 | 4,628,531 |
| 2032 | 2,275,000 | 1,046,719 | 3,321,719 | 710,000 | 444,637 | 1,154,637 | 2,985,000 | 1,491,356 | 4,476,356 |
| 2033 | 2,275,000 | 930,044 | 3,205,044 | 710,000 | 409,137 | 1,119,137 | 2,985,000 | 1,339,181 | 4,324,181 |
| 2034 | 2,275,000 | 813,369 | 3,088,369 | 710,000 | 373,637 | 1,083,637 | 2,985,000 | 1,187,006 | 4,172,006 |
| 2035 | 2,275,000 | 720,175 | 2,995,175 | 710,000 | 338,137 | 1,048,137 | 2,985,000 | 1,058,313 | 4,043,313 |
| 2036 | 2,275,000 | 619,075 | 2,894,075 | 710,000 | 302,637 | 1,012,637 | 2,985,000 | 921,713 | 3,906,713 |
| 2037 | 2,275,000 | 524,300 | 2,799,300 | 710,000 | 267,137 | 977,137 | 2,985,000 | 791,438 | 3,776,438 |
| 2038 | 2,275,000 | 423,200 | 2,698,200 | 710,000 | 231,637 | 941,637 | 2,985,000 | 654,838 | 3,639,838 |
| 2039 | 2,270,000 | 322,100 | 2,592,100 | 710,000 | 196,137 | 906,137 | 2,980,000 | 518,238 | 3,498,238 |
| 2040 | 2,270,000 | 225,450 | 2,495,450 | 710,000 | 160,637 | 870,637 | 2,980,000 | 386,088 | 3,366,088 |
| 2041 | 2,270,000 | 128,800 | 2,398,800 | 710,000 | 125,137 | 835,137 | 2,980,000 | 253,938 | 3,233,938 |
| 2042 | 1,005,000 | 48,550 | 1,053,550 | 710,000 | 94,075 | 804,075 | 1,715,000 | 142,625 | 1,857,625 |
| 2043 | 420,000 | 12,600 | 432,600 | 710,000 | 63,012 | 773,012 | 1,130,000 | 75,613 | 1,205,613 |
| 2044 | -- | -- | -- | 710,000 | 31,950 | 741,950 | 710,000 | 31,950 | 741,950 |
| | \$43,850,00 | \$15,627,093 | \$59,477,093 | \$13,470,000 | \$6,596,489 | \$20,066,489 | \$57,320,000 | \$22,223,582 | \$79,543,582 |

GENERAL OBLIGATION DEBT

| | Water Fund Supported Bonds | | | Water Fund Supported – State PFA Notes | | | Water Fund Supported | | |
|------|-------------------------------|------------------------------|----------------------------------|---|------------------------------|----------------------------------|-------------------------------|------------------------------|----------------------------------|
| | Current Bonds Principal | Current Bonds Interest | Current Bonds Debt Service | Current State PFA Notes Principal* | Current Notes Interest | Current Notes Debt Service | Current Total Principal | Current Total Interest | Current Total Debt Service |
| 2025 | \$9,450,000 | \$1,734,444 | 11,184,444 | \$8,610,000 | \$444,315 | 9,054,315 | 18,060,000 | 2,178,759 | 20,238,759 |
| 2026 | 9,400,000 | 3,088,962 | 12,488,962 | 8,770,000 | 737,723 | 9,507,723 | 18,170,000 | 3,826,685 | 21,996,685 |
| 2027 | 9,400,000 | 2,793,638 | 12,193,638 | 8,980,000 | 524,861 | 9,504,861 | 18,380,000 | 3,318,499 | 21,698,499 |
| 2028 | 8,550,000 | 2,498,313 | 11,048,313 | 4,130,000 | 336,323 | 4,466,323 | 12,680,000 | 2,834,636 | 15,514,636 |
| 2029 | 8,375,000 | 2,219,988 | 10,594,988 | 4,190,000 | 287,393 | 4,477,393 | 12,565,000 | 2,507,381 | 15,072,381 |
| 2030 | 5,370,000 | 1,945,338 | 7,315,338 | 4,240,000 | 237,767 | 4,477,767 | 9,610,000 | 2,183,105 | 11,793,105 |
| 2031 | 5,370,000 | 1,737,338 | 7,107,338 | 4,300,000 | 187,543 | 4,487,543 | 9,670,000 | 1,924,881 | 11,594,881 |
| 2032 | 5,370,000 | 1,517,038 | 6,887,038 | 4,350,000 | 136,576 | 4,486,576 | 9,720,000 | 1,653,614 | 11,373,614 |
| 2033 | 4,060,000 | 1,296,738 | 5,356,738 | 1,900,000 | 84,966 | 1,984,966 | 5,960,000 | 1,381,704 | 7,341,704 |
| 2034 | 3,725,000 | 1,115,838 | 4,840,838 | 1,930,000 | 57,036 | 1,987,036 | 5,655,000 | 1,172,874 | 6,827,874 |
| 2035 | 3,725,000 | 964,925 | 4,689,925 | 1,950,000 | 28,665 | 1,978,665 | 5,675,000 | 993,590 | 6,668,590 |
| 2036 | 3,725,000 | 808,575 | 4,533,575 | -- | -- | -- | 3,725,000 | 805,575 | 4,533,575 |
| 2037 | 2,665,000 | 665,850 | 3,330,850 | -- | -- | -- | 2,665,000 | 665,850 | 3,330,850 |
| 2038 | 2,665,000 | 541,300 | 3,206,300 | -- | -- | -- | 2,665,000 | 541,300 | 3,206,300 |
| 2039 | 2,665,000 | 416,750 | 3,081,750 | -- | -- | -- | 2,665,000 | 416,750 | 3,081,750 |
| 2040 | 2,665,000 | 298,300 | 2,963,300 | -- | -- | -- | 2,665,000 | 298,300 | 2,963,300 |
| 2041 | 2,665,000 | 179,850 | 2,844,850 | -- | -- | -- | 2,665,000 | 179,850 | 2,844,850 |
| 2042 | 1,790,000 | 83,700 | 1,873,700 | -- | -- | -- | 1,790,000 | 83,700 | 1,873,700 |
| 2043 | 605,000 | 19,150 | 623,150 | -- | -- | -- | 605,000 | 18,150 | 623,150 |
| | \$92,240,000 | \$23,925,035 | \$116,165,035 | \$53,350,000 | \$3,063,167 | \$56,413,167 | \$145,590,000 | \$26,988,202 | \$172,578,202 |

* State PFA Note principal reflects the full amortization of all PFA Notes as of the dated date of the Bonds. See page A-9 for PFA Note balances drawn and the remaining amount of principal that may be drawn down on the PFA Notes.

GENERAL OBLIGATION DEBT

| | Water Fund Supported | | | Water Fund Supported | | |
|------|--------------------------------|-------------------------------|-----------------------------------|--------------------------------------|-------------------------------------|---|
| | This Sale Principal | This Sale Interest | This Sale Debt Service | After This Sale Principal | After This Sale Interest | After This Sale Total Debt Service |
| 2025 | \$-- | \$274,703 | \$274,703 | \$18,060,000 | \$2,453,461 | \$20,513,461 |
| 2026 | 1,315,000 | 1,220,900 | 2,535,900 | 19,485,000 | 5,047,585 | 24,532,585 |
| 2027 | 1,315,000 | 1,155,150 | 2,470,150 | 19,695,000 | 4,473,649 | 24,168,649 |
| 2028 | 1,315,000 | 1,089,400 | 2,404,400 | 13,995,000 | 3,924,036 | 17,919,036 |
| 2029 | 1,315,000 | 1,023,650 | 2,338,650 | 13,880,000 | 3,531,031 | 17,411,031 |
| 2030 | 1,315,000 | 957,900 | 2,272,900 | 10,925,000 | 3,141,004 | 14,066,004 |
| 2031 | 1,315,000 | 892,150 | 2,207,150 | 10,985,000 | 2,817,030 | 13,802,030 |
| 2032 | 1,315,000 | 826,400 | 2,141,400 | 11,035,000 | 2,480,013 | 13,515,013 |
| 2033 | 1,320,000 | 760,650 | 2,080,650 | 7,280,000 | 2,142,354 | 9,422,354 |
| 2034 | 1,320,000 | 694,650 | 2,014,650 | 6,975,000 | 1,867,524 | 8,842,524 |
| 2035 | 1,320,000 | 628,650 | 1,948,650 | 6,995,000 | 1,622,240 | 8,617,240 |
| 2036 | 1,320,000 | 562,650 | 1,882,650 | 5,045,000 | 1,371,225 | 6,416,225 |
| 2037 | 1,320,000 | 496,650 | 1,816,650 | 3,985,000 | 1,162,500 | 5,147,500 |
| 2038 | 1,320,000 | 430,650 | 1,750,650 | 3,985,000 | 971,950 | 4,956,950 |
| 2039 | 1,320,000 | 364,650 | 1,684,650 | 3,985,000 | 781,400 | 4,766,400 |
| 2040 | 1,320,000 | 298,650 | 1,618,650 | 3,985,000 | 596,950 | 4,581,950 |
| 2041 | 1,320,000 | 232,650 | 1,552,650 | 3,985,000 | 412,500 | 4,397,500 |
| 2042 | 1,320,000 | 174,900 | 1,494,900 | 3,110,000 | 258,600 | 3,368,600 |
| 2043 | 1,320,000 | 117,150 | 1,437,150 | 1,925,000 | 135,300 | 2,060,300 |
| 2044 | 1,320,000 | 59,400 | 1,379,400 | 1,320,000 | 59,400 | 1,379,400 |
| | \$25,045,000 | \$12,261,553 | \$37,306,553 | \$170,635,000 | \$39,249,752 | \$209,884,752 |

GENERAL OBLIGATION DEBT

| Solid Waste Fund Supported | | | |
|-----------------------------------|------------------|-----------------|---------------------|
| | Principal | Interest | Debt Service |
| 2025 | \$685,000 | \$363,853 | \$1,048,853 |
| 2026 | 1,355,000 | 697,556 | 2,052,556 |
| 2027 | 1,400,000 | 633,906 | 2,033,906 |
| 2028 | 1,450,000 | 567,956 | 2,017,956 |
| 2029 | 1,500,000 | 499,506 | 1,999,506 |
| 2030 | 1,545,000 | 439,506 | 1,984,506 |
| 2031 | 1,590,000 | 381,756 | 1,971,756 |
| 2032 | 1,640,000 | 322,206 | 1,962,206 |
| 2033 | 1,685,000 | 260,656 | 1,945,656 |
| 2034 | 1,740,000 | 197,306 | 1,937,306 |
| 2035 | 1,790,000 | 131,756 | 1,921,756 |
| 2036 | 1,795,000 | 64,206 | 1,859,206 |
| | \$18,175,000 | \$4,560,169 | \$22,735,169 |

GENERAL OBLIGATION DEBT

| | Total General Obligation Debt | | | Total General Obligation Debt | | | Total General Obligation Debt | | |
|------|-------------------------------|------------------------------|----------------------------------|-------------------------------|------------------------------|----------------------------------|-------------------------------|------------------------------|-------------------------------|
| | Current Bonds Principal | Current Bonds Interest | Current Bonds Debt Service | Current Notes Principal | Current Notes Interest | Current Notes Debt Service | Total Current Principal | Total Current Interest | Total Current Debt Service |
| 2025 | \$88,310,000 | 14,062,738 | 102,372,738 | \$11,435,000 | \$841,501 | \$12,276,501 | \$99,745,000 | \$14,904,240 | \$114,649,239 |
| 2026 | 63,015,000 | 25,491,980 | 88,506,980 | 11,885,000 | 1,434,998 | 13,328,998 | 74,900,000 | 26,935,978 | 101,835,978 |
| 2027 | 62,210,000 | 23,214,244 | 85,424,244 | 12,425,000 | 1,136,389 | 13,561,389 | 74,635,000 | 24,350,633 | 98,985,633 |
| 2028 | 48,305,000 | 21,031,772 | 69,336,772 | 7,915,000 | 844,453 | 8,759,453 | 56,220,000 | 21,876,225 | 78,096,225 |
| 2029 | 48,600,000 | 19,293,995 | 67,893,995 | 6,370,000 | 679,008 | 7,049,008 | 54,970,000 | 19,973,003 | 74,943,003 |
| 2030 | 48,155,000 | 17,606,001 | 65,761,001 | 6,610,000 | 563,072 | 7,173,072 | 54,765,000 | 18,169,073 | 72,934,073 |
| 2031 | 34,845,000 | 15,793,495 | 50,638,495 | 6,865,000 | 440,761 | 7,305,761 | 41,710,000 | 16,234,256 | 57,944,256 |
| 2032 | 32,025,000 | 14,390,153 | 46,415,153 | 7,110,000 | 312,256 | 7,422,256 | 39,135,000 | 14,702,408 | 53,837,408 |
| 2033 | 32,405,000 | 13,061,163 | 45,466,163 | 4,900,000 | 176,216 | 5,076,216 | 37,305,000 | 13,237,379 | 50,542,379 |
| 2034 | 31,130,000 | 11,705,432 | 42,835,432 | 1,930,000 | 57,036 | 1,987,036 | 33,060,000 | 11,762,468 | 44,822,468 |
| 2035 | 31,695,000 | 10,492,585 | 42,187,585 | 1,950,000 | 28,665 | 1,978,665 | 33,645,000 | 10,521,250 | 44,166,250 |
| 2036 | 29,275,000 | 9,213,337 | 38,488,337 | -- | -- | -- | 29,275,000 | 9,213,337 | 38,488,337 |
| 2037 | 26,615,000 | 8,065,591 | 34,680,591 | -- | -- | -- | 26,615,000 | 8,065,591 | 34,680,591 |
| 2038 | 26,605,000 | 6,965,227 | 33,570,227 | -- | -- | -- | 26,605,000 | 6,965,227 | 33,570,227 |
| 2039 | 27,140,000 | 5,859,522 | 32,999,522 | -- | -- | -- | 27,140,000 | 5,859,522 | 32,999,522 |
| 2040 | 28,675,000 | 4,794,142 | 33,469,142 | -- | -- | -- | 28,675,000 | 4,794,142 | 33,469,142 |
| 2041 | 26,565,000 | 3,667,282 | 30,232,282 | -- | -- | -- | 26,565,000 | 3,667,282 | 30,232,282 |
| 2042 | 22,705,000 | 2,697,090 | 25,402,090 | -- | -- | -- | 22,705,000 | 2,697,090 | 25,402,090 |
| 2043 | 19,140,000 | 1,858,623 | 20,998,623 | -- | -- | -- | 19,140,000 | 1,858,623 | 20,998,623 |
| 2044 | 14,910,000 | 1,162,038 | 16,072,038 | -- | -- | -- | 14,910,000 | 1,162,038 | 16,072,038 |
| 2045 | 10,225,000 | 709,150 | 10,934,150 | -- | -- | -- | 10,225,000 | 709,150 | 10,934,150 |
| 2046 | 10,585,000 | 360,800 | 10,945,800 | -- | -- | -- | 10,585,000 | 360,800 | 10,945,800 |
| | \$763,135,000 | \$231,478,360 | \$994,613,360 | \$79,395,000 | \$6,514,355 | \$85,918,355 | \$842,530,000 | \$238,019,715 | \$1,080,549,715 |

GENERAL OBLIGATION DEBT

| | Total General Obligation Debt | | | Total General Obligation Debt | | |
|------|-------------------------------|-----------------------|---------------------------|------------------------------------|-----------------------------------|---------------------------------------|
| | This Sale Principal | This Sale Interest | This Sale Debt Service | Total After This Sale Principal | Total After This Sale Interest | Total After This Sale Debt Service |
| 2025 | \$25,975,000 | \$1,480,109 | \$27,455,109 | \$125,720,000 | \$16,384,349 | \$142,104,349 |
| 2026 | 6,340,000 | 5,279,513 | 11,619,513 | 81,240,000 | 32,215,490 | 113,455,490 |
| 2027 | 6,350,000 | 4,962,513 | 11,312,513 | 80,985,000 | 29,313,145 | 110,298,145 |
| 2028 | 6,360,000 | 4,645,013 | 11,005,013 | 62,580,000 | 26,521,238 | 89,101,238 |
| 2029 | 6,370,000 | 4,327,013 | 10,697,013 | 61,340,000 | 24,300,016 | 85,640,016 |
| 2030 | 5,520,000 | 4,008,513 | 9,528,513 | 60,285,000 | 22,177,586 | 82,462,586 |
| 2031 | 5,520,000 | 3,732,513 | 9,252,513 | 47,230,000 | 19,966,768 | 67,196,768 |
| 2032 | 5,520,000 | 3,456,513 | 8,976,513 | 44,655,000 | 18,158,921 | 62,813,921 |
| 2033 | 5,525,000 | 3,180,513 | 8,705,513 | 42,830,000 | 16,417,892 | 59,247,892 |
| 2034 | 5,525,000 | 2,904,263 | 8,429,263 | 38,585,000 | 14,666,730 | 53,251,730 |
| 2035 | 5,525,000 | 2,628,013 | 8,153,013 | 39,170,000 | 13,149,263 | 52,319,263 |
| 2036 | 5,520,000 | 2,351,763 | 7,871,763 | 34,795,000 | 11,565,099 | 46,360,099 |
| 2037 | 5,520,000 | 2,075,763 | 7,595,763 | 32,135,000 | 10,141,353 | 42,276,353 |
| 2038 | 5,520,000 | 1,799,763 | 7,319,763 | 32,125,000 | 8,764,989 | 40,889,989 |
| 2039 | 5,520,000 | 1,523,763 | 7,043,763 | 32,660,000 | 7,383,285 | 40,043,285 |
| 2040 | 5,515,000 | 1,247,763 | 6,762,763 | 34,190,000 | 6,041,905 | 40,231,905 |
| 2041 | 5,515,000 | 972,013 | 6,487,013 | 32,080,000 | 4,639,295 | 36,719,295 |
| 2042 | 5,515,000 | 730,731 | 6,245,731 | 28,220,000 | 3,427,821 | 31,647,821 |
| 2043 | 5,520,000 | 489,450 | 6,009,450 | 24,660,000 | 2,330,073 | 26,990,073 |
| 2044 | 5,510,000 | 247,950 | 5,757,950 | 20,420,000 | 1,409,988 | 21,829,988 |
| 2045 | -- | -- | -- | 10,225,000 | 709,150 | 10,934,150 |
| 2046 | -- | -- | -- | 10,585,000 | 360,800 | 10,945,800 |
| | \$134,185,000 | \$52,043,448 | \$186,228,448 | \$976,715,000 | \$290,045,156 | \$1,266,760,156 |

| | <u>Principal</u> | <u>Interest</u> |
|---|------------------|-----------------|
| Principal and Interest Due through 12/31/30 | \$472,150,000 | \$150,911,823 |
| Percentage of Debt Due | 48.34% | 52.03% |
| Principal and Interest Due through 12/31/35 | \$684,620,000 | \$233,271,397 |
| Percentage of Debt Due | 70.09% | 80.43% |

CERTAIN OTHER INDEBTEDNESS

Common Bond Fund (CBF) Obligations

The City has pledged to levy an ad valorem tax at the rate of up to 0.5% of the tax capacity of the City as a reserve for limited tax supported revenue bonds issued through its Common Bond Fund program. The reserve is drawn on if the City is notified by the trustee for the bonds that a deficiency will occur with respect to principal and interest payments on obligations issued through the Common Bond Fund program. The reserve does not need to be funded until and to the extent of such a deficiency. As of December 31, 2024, the Common Bond Fund program had \$9,130,000 of bonds outstanding. No property tax levies have been required in the past to fund the pledged reserve for Common Bond Fund obligations.

The Common Bond Fund was created in 1982 to provide revenue bond financing for industrial, manufacturing, and commercial projects in the City to promote economic development. In 2004 the program was expanded to all of the County. The Common Bond Fund has typically provided financing for companies with businesses located in the City and the greater County area that are unable to borrow funds in the capital markets without a bond rating.

The City and the County have executed a joint powers agreement for Common Bond Fund projects that occur outside the borders of the City and within the borders of the County. The joint powers agreement authorizes a process for a County reimbursement to the Common Bond Fund reserves for shortfalls related to those financings that occur outside of the City. The County is subject to an annual appropriation consideration by the County Board.

The following table shows the Common Bond Fund bond issues outstanding as of June 2, 2025:

| Issues Outstanding | Interest Rates | Issue Date | Final Maturity Date | Issued (in Thousands) | Retired (in Thousands) | Outstanding (in Thousands) |
|---------------------|----------------|------------|---------------------------|-----------------------------|------------------------------|----------------------------------|
| Life Source Project | 3.00-4.00% | 10/17/13 | 06/01/39 | \$12,595 | \$3,910 | \$8,685 |

Conduit Debt

As of December 31, 2024, the City had \$1,966,992,776 outstanding of conduit revenue bonds for commercial, industrial, housing, education, and health care purposes, all of which are payable solely from payments required to be made by the respective borrowers and the bonds do not constitute a charge against the City's general credit or taxing power. All such indebtedness has been excluded from the descriptions of indebtedness herein.

LEGAL DEBT CONSIDERATIONS

Statutory Debt Limit

The City has the power to incur indebtedness for purposes specified by statute and the City Charter so long as the net debt of the City does not exceed 3-2/3% of the market value of taxable property located therein. The “net debt” of the City is defined by state law to mean the gross debt less the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and less the aggregate of the principal of certain obligations, including (1) obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including general obligations of the City, if the City is entitled to reimbursement in whole or in part from the proceeds of the special assessments; (2) warrants or orders having no definite or fixed maturity; (3) obligations payable wholly from the income from revenue producing conveniences; (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) obligations issued for the acquisition and betterment of public water works systems and public lighting, heating or power systems and any combination thereof or for any other public convenience from which a revenue is or may be derived; (6) certain debt service loans and capital loans made to a school district; (7) obligations issued to pay pension fund obligations; (8) obligations to pay judgments against the City; (9) the amount of all money and the face value of all securities held as a sinking fund for the extinguishment of obligations other than those listed in this paragraph; and (10) all other obligations which, under the provisions of law authorizing their issuance, are not to be included in computing the “net debt” of the City.

Shown below is the calculation of the City’s debt capacity and unused debt margin.

| Total Market Value of Taxable Property Located within the City | December 31, 2024 Actual |
|--|---------------------------------|
| Applicable to Debt Limit Computation | \$ 67,960,916,000 |
| Legal Debt Percentage Allowed | 3.66% |
| Legal Debt Limit | \$ 2,491,900,000 |
| General Obligation Bonds Outstanding Subject to Debt Limit (Net Debt)* | (312,918,000) |
| Unused Margin of Indebtedness | \$ 2,178,982,000 |
| Percentage of Legal Debt Incurred | 12.56% |

* From the aggregate principal amount of general obligation bonds subject to the debt limit outstanding as of December 31, 2024, there has been subtracted the estimated moneys in the sinking fund for such bonds.

Overlapping Indebtedness of the City

Set forth in the table that follows is information relating to the outstanding overlapping general obligation indebtedness of the City as of December 31, 2024.

| | Net General Obligation Bonded Debt | Applicable Percent of Debt* | Direct Overlapping Share of Debt |
|--------------------------------|---|--|---|
| Special School District 1 | \$ 602,263,098 | 100.00% | \$ 602,263,098 |
| Hennepin County ⁽¹⁾ | 1,192,537,479 | 25.97 | 309,701,983 |
| Regional Railroad Authority | 76,774,733 | 25.97 | 19,938,398 |
| Met Council | 40,609,929 | 11.77 | 4,779,789 |
| Total | \$1,912,185,239 | | \$936,683,268 |

⁽¹⁾ Excludes Hennepin County Suburban Library Bonds for which the taxpayers in the City are not obligated.

* Source: Hennepin County

Set forth below is the outstanding overlapping general obligation indebtedness of the City on December 31, 2021 through 2024 using the Applicable Percent of Debt for each respective year.

| | 2024 | 2023 | 2022 | 2021 |
|-----------------------------|----------------------|----------------------|----------------------|----------------------|
| Special School District 1 | \$602,263,098 | \$536,527,610 | \$494,565,139 | \$541,479,000 |
| Hennepin County | 309,701,983 | 290,280,728 | 284,371,089 | 307,687,988 |
| Regional Railroad Authority | 19,938,398 | 22,155,047 | 23,853,225 | 26,505,101 |
| Metropolitan Council | 4,779,789 | 12,220,290 | 12,616,722 | 10,577,640 |
| Total | \$936,683,268 | \$861,183,675 | \$815,406,176 | \$886,249,729 |

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**STATISTICAL SUMMARY RELATING TO GENERAL OBLIGATION
INDEBTEDNESS OF THE CITY**

| | 2024 | 2023 | 2022 | 2021 |
|---|------------------|------------------|------------------|------------------|
| Assessor's Estimated Market Value of Taxable Property in the City ⁽¹⁾ | \$66,880,677,472 | \$64,093,792,654 | \$59,717,760,948 | \$58,391,790,385 |
| Direct Indebtedness ⁽²⁾ | 780,017,000 | 765,434,000 | 769,331,423 | 747,451,504 |
| Adjusted Direct Indebtedness ⁽³⁾ | 306,309,000 | 271,054,000 | 265,300,000 | 250,983,055 |
| Direct Indebtedness and Direct Overlapping Indebtedness | 1,927,530,267 | 1,626,617,675 | 1,577,484,598 | 1,624,503,233 |
| Adjusted Direct Indebtedness and Adjusted Overlapping Indebtedness | 1,453,822,269 | 1,132,767,675 | 1,080,706,176 | 1,137,232,784 |
| Direct Indebtedness as a Percentage of Estimated Full Market Value of Taxable Property | 1.17% | 1.20% | 1.29% | 1.28% |
| Adjusted Direct Indebtedness as a Percentage of Estimated Market Value of Taxable Property ⁽³⁾ | 0.46% | 0.42% | 0.44% | 0.43% |
| Direct Indebtedness and Direct Overlapping Indebtedness as a Percentage of Estimated Full Market Value | 2.88% | 2.55% | 2.64% | 2.78% |
| Adjusted Direct Indebtedness and Direct Overlapping Indebtedness as a Percentage of Estimated Full Market Value | 2.17% | 1.77% | 1.81% | 1.95% |
| Estimated Population of the City | 433,633 | 436,934 | 436,934 | 429,966 |
| Direct Indebtedness Per Capita | \$1,799 | \$1,752 | \$1,744 | \$1,738 |
| Adjusted Direct Indebtedness Per Capita | \$708 | \$620 | \$622 | \$584 |
| Direct Indebtedness and Overlapping per Capita | \$4,445 | \$3,723 | \$3,610 | \$3,778 |
| Adjusted Direct Indebtedness and Overlapping | \$3,354 | \$2,591 | \$2,473 | \$2,645 |

- (1) Net tax capacity values do not include (i) valuation increases allocated to tax increment project financing, or (ii) net contributions to or distributions from an area tax base pursuant to the Metropolitan Fiscal Disparities Act (see "APPENDIX F – GENERAL INFORMATION REGARDING MINNESOTA PROPERTY TAX SYSTEM – SUMMARY OF TAX LEVIES, PAYMENT PROVISIONS, AND MINNESOTA REAL PROPERTY VALUATION – Metropolitan Fiscal Disparities Act").
- (2) Direct indebtedness is total General Obligation debt less related sinking funds.
- (3) The Adjusted Direct Indebtedness represents the total general obligation indebtedness of the City less that indebtedness supported by revenues other than general property taxes less revenue present in the sinking fund as of December 31 of each year, respectively.

INVESTMENT POLICY

The Investment Policy of the City defines the parameters within which funds are invested. The policy establishes the framework for the City's investment program to ensure effective and judicious investment of the City's funds. The policy is intended to be broad enough to allow the City's investment officer(s) to function properly within the parameters of responsibility and authority, flexible enough to address changing market conditions, and specific enough to safeguard investment assets. The receipt of a market rate of return will be secondary to the requirements for safety and liquidity. The earnings from investments will be used in a manner that best serves the interests of the City and its various specialized funds. The Finance Officer is charged with oversight of the investment function and establishment of internal controls and procedures for effective cash and investment management. The internal controls and procedures are to be reviewed by the internal auditor and state auditor for their ability to prevent potential losses from fraud, error, misrepresentation by third parties, or imprudent actions. The City's current Investment Policy was last amended by the Mayor and City Council in April of 2019.

It is the policy of the City to diversify its investment portfolio. The portfolio shall be diversified to minimize the risk of loss resulting from over-concentration of assets in any specific maturity, specific issuer, or specific market sector. Diversification strategies shall be determined and revised periodically in accordance with varying market conditions.

Derivative securities shall only be used after careful evaluation by knowledgeable, professional investment advisors regarding the benefits of the instruments as well as understanding all the associated risks including counterparty credit risk, market risk, settlement risk and operating risk.

The City pools cash balances from its various funds into the investment portfolio. A summary of the portfolio's holdings (unaudited) by sector as of March 31, 2025 follows:

| | March 31, 2025 | |
|----------------------|-----------------------|-----------------------|
| Market Value | (in Millions)* | % of Portfolio |
| Cash and Equivalents | 87,685 | 8.84% |
| Commercial Paper | - | 0.00% |
| Federal Agency | 119,081 | 12.00% |
| Mortgage Backed | 137,151 | 13.83% |
| Municipals | 33,033 | 3.33% |
| US Treasuries | 615,043 | 62.00% |
| Total | \$991,993 | 100.00% |

* Total cash and investments include \$25.4 million of debt service reserves held by a trustee for the General Agency Reserve Fund (debt associated with the Common Bond Fund) and \$1.8 million in other development debt service reserves.

FINANCIAL INFORMATION

Accounting Information

In accordance with the City Charter, the various accounts of the City are maintained on a fund basis representing a series of independent fiscal and accounting entities with self-balancing sets of accounts into which funds are appropriated, revenues collected, or taxes levied and collected from which related expenditures are made.

The City maintains its financial records on a calendar year basis. Copies of the City's complete financial statements for the year ended December 31, 2024, are available upon request from the office of the Finance Officer, 325M City Hall, Minneapolis, Minnesota. The report can be requested by phone at 612-673-2079 or email at "finance@minneapolismn.gov".

The complete report is available for viewing at the following website:

<https://www.minneapolismn.gov/government/departments/finance/reports/annual-financial-report/>

APPENDIX E contains certain information from the Annual Comprehensive Financial Report (“ACFR”) for the fiscal year ended December 31, 2024.

Schedule of Cash, Cash Equivalents and Fund Investments (Amounts in Thousands)

A comparison of combined cash and cash equivalents for periods ending December 31 in the years 2021-2024 follows:

| Fund Type | 2024 | 2023 | 2022 | 2021 |
|---|--------------------|--------------------|--------------------|------------------|
| Government Funds | | | | |
| General | \$234,387 | \$230,837 | \$195,389 | \$159,400 |
| Community Planning and Economic Development | 203,429 | 208,595 | 197,256 | 209,656 |
| Special Revenue Fund | | | | |
| Permanent Improvement Capital Projects | 76,385 | 70,883 | 82,575 | 74,200 |
| Special Assessment Debt Service | 24,405 | 21,190 | 18,370 | 16,359 |
| Non-Major Governmental | 189,680 | 184,153 | 155,047 | 148,180 |
| Proprietary Funds | | | | |
| Enterprise Funds | 115,702 | 127,585 | 131,158 | 119,730 |
| Internal Service Funds | 204,793 | 179,971 | 177,603 | 166,787 |
| Fiduciary Funds | 2,428 | 2,246 | 2,240 | 1,958 |
| Discrete Component Units | | | | |
| Minneapolis Park and Recreation Board | 83,098 | 84,587 | 73,881 | 74,632 |
| Municipal Building Commission | 1,494 | 3,774 | 1,859 | 2,759 |
| Meet Minneapolis | 2,136 | 1,953 | 3,841 | 5,397 |
| Total | \$1,137,937 | \$1,115,774 | \$1,039,219 | \$979,058 |

PENSION OBLIGATIONS

Overview

The City of Minneapolis annually contributes to the following three pension plans:

- Minnesota Teachers Retirement Association (“TRA”).
- Minneapolis Community Development Agency (“MCDA”) plan at Union Central Life Insurance Company.
- Public Employee Retirement Association (“PERA”).

Minnesota state statutes govern each fund’s contribution rates, benefit levels and auxiliary benefits. Each pension plan has a board that governs the day-to-day operations of the fund and are subject to fiduciary standards established in state law. Local government representatives, together with representatives of active and retired employees, are appointed or elected to each of the boards of these funds. TRA and PERA are audited annually by the Office of the Legislative Auditor. A joint legislative pension commission oversees each public pension fund.

Below are the City's contributions to pension funds, some of which are non-employer contributions. The City's closed pension funds have been fully merged with PERA.

| | 2024 Actual | 2023 Actual | 2022 Actual |
|--|------------------------|------------------------|------------------------|
| Minneapolis Employees Retirement Fund (MERF) Supplemental Contribution | \$14,265,300 | \$14,265,300 | \$14,265,300 |
| Minneapolis Firefighters Relief Association (MFRA) | 3,188,734 | 3,188,734 | 3,188,735 |
| Minneapolis Police Relief Association (MPRA) | 4,489,837 | 4,489,837 | 4,489,837 |
| Total Closed Funds | \$21,943,871 | \$21,943,871 | \$21,943,872 |

The City's contributions to PERA for the closed pension funds listed in the table above are set in State statute to end in 2031. The annual amount of the City's contributions listed above are fixed unless the State of Minnesota changes State pension aids or if the statutory discount rate is altered by the Legislature. Contribution amounts in 2025 were unchanged from prior years.

The City's open pension funds are administered by PERA. The employer contributions made to the open pension funds are based on payroll.

| | 2024 Actual | 2023 Actual | 2022 Actual |
|--|------------------------|------------------------|------------------------|
| General Employees Retirement Fund Coordinated (GERF) | \$19,938,081 | \$17,944,118 | \$15,693,255 |
| Public Employees Police and Fire Fund (PEPFF) | 25,789,000 | 23,314,904 | 21,466,383 |
| Total Open Funds | \$45,727,081 | \$41,259,022 | \$37,159,638 |

Beginning in 2017, the City began using an alternative methodology to calculate the Net Pension Liability as permitted by GASB 68. This alternative calculation more accurately reflects the City's Net Pension Liability because it employs a methodology (encouraged by GASB) of measuring the net present value of the City's additional (non-payroll related) contributions and combining that amount with the remaining proportional share of the City's payroll related contributions.

City's Net Pension Liability as of December 31 of the following years:

| | 2024 | 2023 | 2022 | 2021 |
|--|---------------|---------------|---------------|---------------|
| General Employees Retirement Fund Coordinated (GERF) | \$183,118,000 | \$247,935,382 | \$317,868,864 | \$216,387,375 |
| Public Employees Police & Fire Fund (PEPFF) | \$172,899,000 | \$227,585,998 | \$526,041,083 | \$144,333,304 |
| Minnesota Teachers Retirement Association | \$27,977,000 | \$28,390,414 | \$28,390,414 | \$29,137,837 |

Minnesota Teachers Retirement Association – The City has no employees or retirees in the TRA pension plan. Minneapolis annually levies a property tax to provide its annual contributions to the TRA as a result of the 2006 State legislation which consolidated the Minneapolis Teachers Retirement Fund Association (MTRFA) with TRA. As part of the 2006 consolidation all MTRFA State aid was redirected to TRA as was the City's annual fixed \$2,250,000 contribution until the TRA plan is fully funded. Further information on TRA can be found at its website: <http://www.minnesotatra.org>.

Minneapolis Community Development Agency Plan – Qualified employees of the MCDA belong to a defined contribution pension plan administered by Union Central Life Insurance Company. Benefits and contribution requirements were established and amended by the MCDA’s board of commissioners. All provisions are within limitations established by Minnesota Statutes. This is a closed plan and the City contributes 5.3% and the employee participants contribute 5.1% 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% per year for the employer’s share of the contribution and are 100% vested immediately as to their individual contributions.

The City has contributed the following amounts for the MCDA pension plan years ending September 30 of:

| | |
|------|----------|
| 2024 | \$73,000 |
| 2023 | 74,021 |
| 2022 | 73,945 |
| 2021 | 80,434 |
| 2020 | 86,419 |

General Information Regarding State Pension Plans

The State has three major state-wide retirement systems that cover most of the public employees of the State and its counties, municipalities, and school districts. These systems are the Minnesota State Retirement System (“MSRS”), PERA and TRA (collectively, the “Retirement Systems”). The Retirement Systems were established by the Legislature in 1929 through 1931 to collect the contributions of employees and employers and to pay benefits to retired public employees and their beneficiaries.

MSRS, PERA and TRA each prepare and publish their own annual comprehensive financial report, consisting of financial statements and required supplementary information and containing detailed financial and actuarial information. These Annual Comprehensive financial reports for the Fiscal Year ended June 30, 2024 are available from the following public websites:

MSRS: <http://www.msrs.state.mn.us/annual-reports>

PERA: <https://mnpera.org/finance/annual-reports>

TRA: <http://www.minnesotatra.org/financial/annual-reports>

For more information regarding the pension plans the City contributes to, the plan descriptions, the benefits provided, the City’s contributions, actuarial assumptions, and the City’s defined contribution plan, please see Note 11 and Note 12 of the City’s ACFR for the fiscal year ended December 31, 2024 set forth in APPENDIX E or at the website below.

<https://www.minneapolismn.gov/government/departments/finance/reports/annual-financial-report/>

OTHER POST-EMPLOYMENT BENEFITS PLAN (OPEB) AND HEALTHCARE PLAN

The City, the 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. Information regarding this plan and the contributions required and made by the City, the Park Board, and MBC in the fiscal year ending December 31, 2024, can be found in Note 13 of the City’s ACFR for the fiscal year ended December 31, 2024. A link to the ACFR is set forth below.

<https://www.minneapolismn.gov/government/departments/finance/reports/annual-financial-report/>

ANNUAL BUDGET PROCESS

Capital Improvement Budget Development (April-July)

The City has a six-year capital improvement plan. Annually, departments prepare and modify capital improvement proposals. The Capital Long Range Improvement Committee (CLIC) is the citizen advisory committee to the Mayor and City Council on capital programming. CLIC may have up to 33 members who are appointed by the Mayor and City Council.

Mayor's Budget Recommendation (May-August)

The Mayor interacts with the departments to develop the recommended budget and review additional policy changes, alternative funding choices and other requests. In addition to reviewing operating budgets, the Mayor meets with representatives from CLIC in preparation for finalizing the capital budget recommendations. Following the departmental budget interaction and meetings with CLIC, the Mayor prepares a final budget recommendation with the assistance of the Finance Department. The Mayor presents a final budget recommendation to the City Council in August.

Maximum Proposed Property Tax Levy (September)

As required by State law, the maximum proposed property tax levies must be certified to the County on or before September 30. The maximum property tax levies are set by the Board of Estimate and Taxation for the City, Municipal Building Commission, Public Housing Authority and the Minneapolis Park and Recreation Board.

City Council Budget Review and Development (September-November)

The City Council holds public hearings on the budget. Departments present their budgets to the Budget Committee. Following departmental budget hearings, the Budget Committee approves and recommends a final budget to the City Council. The recommended budget includes all changes that are made to the Mayor's Recommended Budget.

Truth in Taxation (November)

Truth in Taxation (or "TNT") property tax statements are mailed by the County to property owners indicating the maximum amount of property taxes that the property owner will be required to pay from all taxing jurisdictions. These statements also indicate the dates when truth in taxation public hearings will be held. The City's TNT public hearings are held in December before adoption of the budget.

City Council Budget Adoption (December)

The City Council adopts a final budget that reflects any changes made to the Mayor's Recommended Budget. Two public hearings are held in late November/early December for the formal adoption of the budget and tax levies. Once the final budget resolutions are adopted, all requests from City departments for additional funds made throughout the year are brought before the appropriate Council committee and City Council for approval as amendments to the original budget resolutions.

The independent boards and commissions adopt their own operating budgets and property tax levies. The property tax levies may not be higher than the maximum set by the Board of Estimate and Taxation.

City Sources of Revenue

For 2025, the City forecasts \$1.9 billion in revenue from a variety of sources. Many of the City's revenue sources are restricted, meaning they are required to be spent in defined areas or on specific programs or projects. These restrictions limit the City's ability to raise additional funds and to apply the revenue to other departments or programs.

Grants and allocations from the federal government and other units of government are usually designated for specific needs and purposes. If the City does not spend these resources for their designated purpose, the City will not receive the grants. Bond proceeds must be allocated purposes for which the debt was authorized.

Below is a summary of the 2025 Adopted Budget revenues by major category with a comparison to the 2024 Adopted Budget.

| Revenue by Category (in Millions) | | | | |
|--|-------------------------------------|---------------------|------------------|-----------------|
| Revenue Category | 2024 Adopted vs 2025 Adopted | | | |
| | 2024 Adopted | 2025 Adopted | \$ Change | % Change |
| Charges for Services/Sales | \$661.5 | \$691.7 | \$30.2 | 4.6% |
| Federal Government | 49.5 | 49.4 | -0.1 | -0.2% |
| Fines and Forfeits | 5.6 | 5.8 | 0.2 | 1.8% |
| Franchise Fees | 47.5 | 50.2 | 2.6 | 5.5% |
| License and Permits | 48.4 | 46.5 | -1.9 | -3.9% |
| Local Government | 13.0 | 13.1 | 0.1 | 0.8% |
| Long Term Liabilities Proceeds | 149.0 | 161.5 | 12.5 | 8.4% |
| Other Miscellaneous Revenues | 73.8 | 75.5 | 1.7 | 2.3% |
| Property Taxes/General | 430.8 | 478.6 | 47.8 | 11.1% |
| Property Taxes/Other | 87.4 | 55.7 | -31.7 | -36.3% |
| Sales and Other User Taxes | 86.9 | 88.0 | 1.1 | 1.2% |
| Special Assessments | 37.6 | 34.2 | -3.5 | -9.3% |
| Local Government Aid | 71.7 | 71.7 | 0.0 | 0.0% |
| Other State Government | 78.4 | 53.4 | -25.0 | -31.9% |
| Total Revenue | \$1,841.1 | \$1,875.1 | \$34.0 | 1.8% |

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City Spending

For 2025, the budget includes expenditure appropriations corresponding to priorities outlined in the 2025 Adopted Budget as well as ongoing projects and current City-provided services.

Below is a summary of the 2025 Adopted Budget by departmental activity, excluding transfers, with a comparison to the 2024 Adopted Budget.

Expenditures by Service (in Millions)

| Expense Category | 2024 Adopted vs 2025 Adopted | | | |
|-----------------------|------------------------------|------------------|---------------|-------------|
| | 2024 Adopted | 2025 Adopted | \$ Change | % Change |
| Attorney | \$21.7 | \$22.9 | \$1.2 | 5.5% |
| Coordinator* | 174.0 | 169.1 | -4.9 | -2.8% |
| CPED | 127.6 | 124.6 | 3.0 | -2.4% |
| Convention Center | 53.8 | 61.4 | 7.6 | 14.2% |
| Fire | 82.4 | 92.4 | 10.0 | 12.1% |
| Health | 39.6 | 41.7 | 2.1 | 5.3% |
| Police | 216.9 | 229.6 | 12.6 | 5.8% |
| Regulatory Services | 30.1 | 31.1 | 1.0 | 3.2% |
| Public Works | 439.5 | 461.2 | 21.7 | 4.9% |
| Other City Services** | 62.4 | 64.7 | 2.3 | 3.7% |
| Debt Service | 122.8 | 133.5 | 10.7 | 8.7% |
| Capital Improvement | 274.2 | 279.1 | 4.9 | 1.8% |
| Other*** | 337.3 | 331.0 | -6.3 | -1.9% |
| Total Spending | \$1,982.3 | \$2,042.3 | \$60.0 | 3.0% |

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

** Includes Assessor, Benefits, City Clerk/Elections/Council, Civil Rights, Contingency, Internal Audit, Mayor, Pensions and Workers Compensation.

*** Includes Non-Departmental, Health and Welfare, Liability, Contingency, Pensions, and Independent Boards.

Note: See "City Council Operating Departments" and section in the budget document for further explanation of changes between years.

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Expense and Revenue by Fund Type
(in Millions)

| Expenses | 2024 Adopted vs 2025 Adopted | | | |
|------------------|-------------------------------------|---------------------|------------------|-----------------|
| | 2024 Adopted | 2025 Adopted | \$ Change | % Change |
| General | \$668.2 | \$669.9 | \$1.7 | 0.3% |
| Special Revenue | 197.5 | 206.7 | 9.2 | 4.7 |
| Capital Project | 181.5 | 197.1 | 15.6 | 8.6 |
| Debt Service | 83.8 | 86.7 | 2.9 | 3.5 |
| Internal Service | 251.5 | 267.9 | 16.4 | 6.5 |
| Component Units | 32.1 | 20.0 | -12.1 | -37.7 |
| Enterprise | 413.5 | 437.2 | 23.7 | 5.7 |
| Total | \$1,828.1 | \$1,885.5 | \$57.4 | 3.1% |

| Revenues | | | | |
|------------------|------------------|------------------|---------------|-------------|
| General | \$625.4 | \$641.0 | \$15.6 | 2.5% |
| Special Revenue | 258.5 | 241.0 | -17.5 | -0.1 |
| Capital Project | 186.9 | 192.1 | 5.2 | 0.0 |
| Debt Service | 70.3 | 74.4 | 4.1 | 0.1 |
| Internal Service | 251.7 | 268.0 | 16.3 | 0.1 |
| Component Units | 32.2 | 20.1 | -12.1 | -0.4 |
| Enterprise | 415.9 | 439.7 | 23.8 | 0.1 |
| Total | \$1,840.9 | \$1,876.3 | \$35.4 | 1.9% |

The largest portion of the City's budget is spent on personnel, which comprises \$626.4 million or 33.3% of the total 2025 budget of \$1,885.5 million.

Expense by Category
(in Millions)

| Expenses | 2024 Adopted vs 2025 Adopted | | | |
|----------------------|-------------------------------------|---------------------|------------------|-----------------|
| | 2024 Adopted | 2025 Adopted | \$ Change | % Change |
| Salaries and Wages | \$414.9 | \$437.8 | \$22.9 | 5.5% |
| Fringe Benefits | 173.2 | 188.5 | \$15.3 | 8.8 |
| Contractual Services | 598.3 | 615.7 | \$17.4 | 2.9 |
| Operating Costs | 180.2 | 162.2 | (\$17.8) | -9.9 |
| Capital* | 461.5 | 481.3 | \$19.8 | 4.3 |
| Total Expense | \$1,828.1 | \$1,885.5 | \$57.6 | 3.2% |

* The capital category includes capital improvements in the City's Capital Program as well as capital expenditures within operating departments.

CITY EMPLOYEES AND LABOR RELATIONS

Twenty-three bargaining units represent approximately 90% of the employees in the City. Listed below is the current contract status of the largest bargaining units as of July 2, 2025. Contracts past expiration are currently under negotiation.

| Employee Group | Approximate Number of Employees | Contract Expiration Date |
|---|--|---|
| Clerical & Technical | 734 | 12/31/2024 |
| Professional Employees | 711 | 12/31/2025 |
| Police Officers | 580 | 12/31/2025 |
| Laborers | 505 | 12/31/2026 |
| Fire Fighters (Non-Supervisory) | 444 | 12/31/2025 |
| City Supervisors | 142 | 12/31/2027 |
| Construction Equip. Operators & Mechanics | 115 | 12/31/2026 |
| Convention Center Teamsters | 79 | 12/31/2027 |

STATISTICAL INFORMATION RELATING TO THE CITY

Population Overview

The Minneapolis-St. Paul seven-county metropolitan area consists of Hennepin, Anoka, Carver, Dakota, Ramsey, Scott and Washington Counties.

The population and household size of the City and the Minneapolis-St. Paul seven-county area since 2020 is set forth below.

Population

| Year | City | Seven-County Metropolitan Area |
|-----------------------------|-------------|---|
| 2024 (Metropolitan Council) | 435,233 | 3,247,267 |
| 2023 (Metropolitan Council) | 433,633 | 3,222,455 |
| 2022 (Metropolitan Council) | 436,934 | 3,196,233 |
| 2021 (Metropolitan Council) | 434,346 | 3,185,449 |
| 2020 (U.S. Census Bureau) | 429,954 | 3,163,104 |

Household Size

| Year | City | Seven-County Metropolitan Area |
|---------------------------------|-------------|---|
| 2024 (State Demographic Center) | | |
| 2023 (State Demographic Center) | 2.21 | 2.37 |
| 2022 (State Demographic Center) | 2.15 | 2.47 |
| 2021 (State Demographic Center) | 2.28 | 2.49 |
| 2020 (State Demographic Center) | 2.29 | 2.55 |

Labor Force

The Minneapolis labor force totaled 255,953 in May 2025, showing an increase of 11,063 (4.5%) from the May 2024 total of 244,890. The labor force is made up of City residents who are working or seeking employment.

Minneapolis Resident Labor Force and Population May 2021-2025

| Year | Population | Labor Force | Number Employed | Percent Employed |
|------|------------|-------------|-----------------|------------------|
| 2025 | 435,233 | 255,953 | 247,646 | 96.5% |
| 2024 | 435,233 | 244,890 | 238,830 | 97.5 |
| 2023 | 433,633 | 247,675 | 240,878 | 97.3 |
| 2022 | 436,934 | 245,441 | 239,974 | 97.8 |
| 2021 | 434,346 | 243,078 | 232,024 | 95.5 |

Source: Minnesota Department of Employment and Economic Development

A summary of the annual average number and percent of City residents who are members of the civilian labor force who were unemployed for the years 2021 through 2024 is set forth below.

| Monthly Averages | 2024 | 2023 | 2022 | 2021 |
|--|---------|---------|---------|---------|
| Total Labor Force | 252,186 | 246,055 | 244,627 | 241,696 |
| Total Employment | 245,100 | 239,559 | 238,268 | 232,548 |
| Unemployment | 7,086 | 6,496 | 6,359 | 9,148 |
| Percent of Civilian Labor Force Unemployed | 2.8% | 2.6% | 2.6% | 3.8% |

Source: Minnesota Department of Employment and Economic Development

Unemployment

Information released by the Minnesota Department of Employment and Economic Development:

| Minneapolis | | | | | | Comparative | |
|-------------|----------------|----------------|----------------|---------------------|-------------------|--------------------|-------------|
| | | | | | | Unemployment Rates | |
| Year | Month | Labor Force | Employment | Unemployment Number | Unemployment Rate | MN | US |
| 2025 | 5 | 255,953 | 247,646 | 8,307 | 3.2% | 2.7% | 4.2% |
| 2025 | 4 | 254,268 | 246,989 | 7,279 | 2.7% | 2.7% | 4.2% |
| 2025 | 3 | 252,927 | 244,749 | 8,178 | 3.2% | 3.2% | 4.2% |
| 2025 | 2 | 252,698 | 244,805 | 7,893 | 3.2% | 3.6% | 4.1% |
| 2025 | 1 | 252,631 | 245,262 | 7,369 | 3.1% | 3.3% | 4.0% |
| 2024 | Ann Avg | 252,186 | 245,100 | 7,086 | 2.8% | 3.1% | 4.0% |
| 2023 | Ann Avg | 246,055 | 239,559 | 6,496 | 2.6% | 2.8% | 3.6% |
| 2022 | Ann Avg | 244,627 | 238,268 | 6,359 | 2.6% | 2.7% | 3.7% |
| 2021 | Ann Avg | 240,272 | 230,527 | 9,745 | 4.1% | 3.8% | 5.3% |
| 2020 | Ann Avg | 244,872 | 227,579 | 17,293 | 7.1% | 6.3% | 8.1% |

Average Number of Jobs by Industry in Minneapolis

All Jobs Without Regards to Residence (as of the fourth quarter of each year)

| | 2024 | 2023 | 2022 | 2021 |
|---------------------------------------|---------|---------|---------|---------|
| Total, all industries | 321,146 | 323,013 | 317,776 | 320,892 |
| Construction | 7,311 | 7,803 | 7,833 | 7,719 |
| Manufacturing | 12,881 | 12,774 | 12,294 | 12,445 |
| Utilities | 3,035 | 3,109 | 3,074 | 2,904 |
| Wholesale Trade | 7,008 | 7,431 | 7,692 | 7,478 |
| Retail Trade | 13,412 | 13,642 | 13,380 | 14,245 |
| Transportation and Warehousing | 9,009 | 8,434 | 8,241 | 8,559 |
| Information | 8,171 | 9,408 | 9,935 | 10,614 |
| Finance and Insurance | 29,780 | 31,987 | 30,986 | 35,563 |
| Real Estate and Rental Leasing | 5,712 | 5,730 | 5,591 | 5,519 |
| Professional and Technical Services | 37,022 | 37,558 | 38,625 | 37,015 |
| Management of Companies & Enterprises | 17,963 | 19,680 | 18,796 | 18,68 |
| Administrative and Waste Services | 10,364 | 10,391 | 11,949 | 12,853 |
| Educational Services | 35,540 | 35,243 | 33,918 | 33,906 |
| Health Care and Social Assistance | 65,579 | 63,399 | 60,827 | 62,483 |
| Leisure and Hospitality | 31,659 | 31,363 | 29,786 | 27,704 |
| Other Services | 9,709 | 9,678 | 9,323 | 8,726 |
| Public Administration | 16,991 | 15,383 | 14,896 | 14,474 |

Note: Natural resources and agriculture, fishing and forestry employment are not counted. Some industry numbers may not be disclosed because of privacy issues.

Source: Minnesota Department of Employment and Economic Development

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Occupational Employment Statistics Wage Data

Minneapolis-St. Paul-Bloomington, MN-WI Metro (as of June 2025)

| | Median Hourly Wage | | | Employment | | |
|-------------------------------|--------------------|---------|---------|------------|-----------|-------------|
| | MSA | MN | US | MSA | MN | US |
| All Occupations | \$28.09 | \$26.22 | \$24.13 | 1,931,660 | 2,940,470 | 154,187,380 |
| Management | 63.18 | 59.38 | 59.32 | 138,990 | 200,060 | 10,966,830 |
| Business & Financial | | | | | | |
| Operations | 41.11 | 39.95 | 39.31 | 157,270 | 208,210 | 10,351,440 |
| Computer & Mathematical | 51.12 | 50.02 | 51.61 | 73,550 | 97,460 | 5,192,890 |
| Architecture and Engineering | 47.38 | 45.03 | 47.45 | 43,170 | 57,950 | 2,567,210 |
| Life, Physical & Social | | | | | | |
| Science | 40.64 | 38.33 | 38.51 | 19,490 | 32,150 | 1,446,770 |
| Community & Social Services | 30.01 | 29.82 | 28.05 | 37,720 | 59,290 | 2,569,630 |
| Legal | 52.01 | 49.52 | 48.75 | 17,040 | 20,750 | 1,273,410 |
| Education, Training & Library | 28.36 | 27.84 | 28.87 | 112,200 | 170,270 | 8,947,710 |
| Arts, Design, Entertainment, | | | | | | |
| Sports, & Media | 30.12 | 28.84 | 29.32 | 25,770 | 36,030 | 2,098,690 |
| Healthcare Practitioners & | | | | | | |
| Technical Operations | 48.30 | 46.51 | 40.52 | 113,870 | 187,480 | 9,592,690 |
| Healthcare Support | 18.77 | 18.67 | 18.17 | 119,420 | 176,750 | 7,448,010 |
| Protective Services | 29.79 | 29.37 | 24.73 | 31,140 | 46,960 | 3,654,910 |
| Food Preparation & Serving | 16.89 | 16.05 | 16.69 | 159,230 | 240,830 | 13,613,490 |
| Building & Grounds Cleaning | | | | | | |
| & Maintenance | 19.44 | 19.16 | 17.99 | 51,620 | 81,700 | 4,496,150 |
| Personal Care and Service | 17.88 | 17.54 | 17.17 | 43,130 | 63,300 | 3,159,940 |
| Sales & Related | 20.21 | 18.66 | 18.20 | 160,330 | 242,440 | 13,351,680 |
| Office & Administrative | | | | | | |
| Support | 24.66 | 24.07 | 22.53 | 222,300 | 340,040 | 18,218,070 |
| Farming, Fishing and Forestry | 22.75 | 23.48 | 18.01 | 1,140 | 3,300 | 442,050 |
| Construction & Extraction | 37.67 | 34.20 | 28.59 | 69,120 | 114,050 | 6,361,720 |
| Installation, Maintenance & | | | | | | |
| Repair | 31.23 | 30.40 | 28.61 | 63,110 | 105,650 | 6,045,020 |
| Production | 24.06 | 23.56 | 22.46 | 126,920 | 205,220 | 8,743,450 |
| Transportation & Material | | | | | | |
| Moving | 23.17 | 22.85 | 20.82 | 145,140 | 228,260 | 13,645,620 |

Source: Minnesota Department of Employment and Economic Development

Largest Companies

Listed are the largest companies headquartered in the Minneapolis-St. Paul metropolitan area. The listing combines the industrial and non-industrial companies. The industry grouping and rank within is also shown. Revenues are shown in billions.

| Company | Revenues | Rank | Industry Grouping |
|-------------------------|-----------------|-------------|--|
| United Health Group | \$400.3 | 3 | Health Care Insurance and Managed Care |
| Target | 106.6 | 41 | General Merchandisers |
| U.S. Bancorp | 42.7 | 105 | Commercial Banks |
| Best Buy | 41.5 | 108 | Specialty Retailers |
| CHS | 39.3 | 115 | Food Production |
| 3M | 24.6 | 174 | Chemicals |
| General Mills | 19.9 | 216 | Food and Consumer Products |
| Ameriprise Financial | 17.9 | 230 | Diversified Financials |
| C.H. Robinson Worldwide | 17.7 | 233 | Transportation and Logistics |
| Land O'Lakes | 16.2 | 262 | Food Consumer Products |
| Ecolab | 15.7 | 274 | Chemicals |
| Xcel Energy | 13.4 | 319 | Gas and Electric |
| Thrivent Financial | 10.9 | 388 | Insurance Life and Health (Mutual) |
| Solventum | 8.3 | 462 | Medical Products and Equipment |
| Securian Financial | 8.2 | 464 | Insurance Life and Health |

Source: Fortune June 1, 2025

Educational Institutions

The largest four-year Colleges and Universities located within the Minneapolis-St. Paul metropolitan area, based on enrollment (as reported by each institution) are as follows:

| Colleges/Universities | Enrollment | Colleges/Universities | Enrollment |
|--|-------------------|-------------------------------|-------------------|
| 1. University of Minnesota – Twin Cities | 56,666 | 7. St. Catherine University | 3,577 |
| 2. Walden University* | 44,223 | 8. Bethel University | 3,684 |
| 3. Capella University* | 43,915 | 9. University of Northwestern | 3,234 |
| 4. University of St. Thomas | 9,445 | 10. Augsburg University | 3,161 |
| 5. Metropolitan State University | 8,193 | 11. Hamline University | 2,432 |
| 6. Concordia University | 5,928 | 12. Macalester College | 2,138 |

* Online universities.

Major Development Projects Permitted in Minneapolis as of March 31, 2025 (\$5.0 million+)

| Quarter Permitted | Estimated Construction Cost* | Project Description | Neighborhood/Area |
|--------------------------|-------------------------------------|----------------------------|--------------------------|
| Q1 | \$25,500,000 | New Construction | Seward |
| Q1 | 22,790,594 | New Construction | North Loop |
| Q1 | 17,311,301 | Renovation/Addition | Downtown West |
| Q1 | 15,277,444 | New Construction | Willard – Hay |
| Q1 | 15,300,000 | Renovation/Addition | Downtown West |
| Q1 | 6,068,222 | Renovation/Addition | Downtown West |
| Q1 | 5,011,705 | Renovation/Addition | Downtown West |

* The listed amount only reflects projected construction cost and does not include land acquisition or soft costs.

Source: City of Minneapolis CPED staff.

Major Development Projects Permitted in Minneapolis in 2024 (\$5.0 million+)

| Quarter Permitted | Estimated Construction Cost* | Project Description | Neighborhood/Area |
|--------------------------|-------------------------------------|----------------------------|---------------------------------|
| Q2 | 538,099,761 | New Construction | Midtown Phillips |
| Q1 | 48,000,000 | New Construction | Midtown Phillips |
| Q2 | 45,047,000 | New Construction | Lyndale |
| Q3 | 39,455,000 | Renovation/Addition | Logan Park |
| Q2 | 30,663,790 | New Construction | Harrison |
| Q1 | 24,191,782 | Renovation/Addition | Downtown West |
| Q2 | 22,349,911 | Renovation/Addition | Downtown West |
| Q2 | 22,346,146 | New Construction | Whittier |
| Q4 | 19,021,475 | New Construction | Fulton |
| Q4 | 17,316,204 | Renovation/Addition | North Loop |
| Q3 | 17,242,029 | New Construction | Longfellow |
| Q2 | 16,996,338 | New Construction | Seward |
| Q4 | 16,935,087 | New Construction | Phillips |
| Q3 | 16,548,950 | Renovation/Addition | Elliot Park |
| Q4 | 16,000,000 | Renovation/Addition | Downtown West |
| Q2 | 15,607,364 | New Construction | Ventura Village |
| Q2 | 15,000,000 | Renovation/Addition | Downtown East |
| Q2 | 14,139,000 | Renovation/Addition | Downtown West |
| Q3 | 12,986,332 | Renovation/Addition | Loring Park |
| Q3 | 12,600,000 | Renovation/Addition | North Loop |
| Q4 | 11,000,000 | Renovation/Addition | North Loop |
| Q4 | 9,585,000 | Renovation/Addition | Cedar Riverside |
| Q4 | 9,486,757 | Renovation/Addition | Downtown West |
| Q2 | 9,437,000 | Renovation/Addition | Downtown West |
| Q2 | 8,957,161 | Renovation/Addition | Harrison |
| Q1 | 8,893,181 | Renovation/Addition | Prospect Park - East River Road |
| Q3 | 8,788,641 | New Construction | Ventura Village |
| Q4 | 8,700,000 | New Construction | Seward |
| Q3 | 8,238,900 | Renovation/Addition | Downtown West |
| Q2 | 7,407,000 | Renovation/Addition | North Loop |
| Q4 | 7,358,950 | Renovation/Addition | Loring Park |
| Q1 | 6,549,000 | Renovation/Addition | North Loop |
| Q3 | 5,800,000 | New Construction | Central |
| Q2 | 5,635,733 | Renovation/Addition | Downtown West |
| Q4 | 5,623,324 | Renovation/Addition | Ventura Village |
| Q4 | 5,577,402 | Renovation/Addition | Cedar Riverside |
| Q3 | 5,014,108 | Renovation/Addition | North Loop |

* The listed amount only reflects projected construction cost and does not include land acquisition or soft costs.
Source: City of Minneapolis CPED staff.

APPENDIX B

FORM OF BOND COUNSEL OPINION

\$134,185,000
City of Minneapolis, Minnesota
General Obligation Bonds
Series 2025

We have acted as bond counsel in conjunction with the issuance by the City of Minneapolis, Minnesota (the “City”), of its fully registered General Obligation Bonds, Series 2025 (the “Bonds”), issued by the City in the aggregate principal amount of \$134,185,000, dated September 10, 2025.

The Bonds mature on December 1 in the years 2025 through 2044 and bear interest at fixed rates payable on each June 1 and December 1, commencing December 1, 2025. The Bonds maturing on and after December 1, 2035, are subject to optional redemption by the City, in whole or in part, on December 1, 2034, and any date thereafter for which proper notice can be given at the redemption price of par plus accrued interest to the date of redemption.

The Bonds are issued pursuant to resolutions of the Board of Estimate and Taxation of the City adopted on June 11, 2025 and various resolutions of the City Council of the City (collectively, the “Resolutions”), for the purposes set forth in the Resolutions.

We have examined such certified proceedings, documents, and certificates of public officials as we deemed necessary to render this opinion, including the form of the Bonds. As to questions of fact material to our opinion we have relied upon such certified proceedings, documents, and certificates furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds are valid and binding general obligations of the City issued under authority of the City Charter, Minnesota Statutes, Chapters 429, 444, and 475, as amended.
2. The Bonds are payable in part from special assessments pledged to the Bonds, net revenues of the water, sanitary sewer, and storm sewer systems of the City, and ad valorem taxes imposed on all taxable property in the City, but the City is required to levy additional general ad valorem taxes on all taxable property within the City without limitation as to rate or amount, if necessary, to pay the principal of and interest on the Bonds when due.
3. Interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Further, and to the extent of the aforementioned federal income tax exclusion, interest on the Bonds is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. The opinions set forth in the preceding sentences are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota

income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes and in taxable net income for Minnesota income tax purposes, retroactively to the date of issuance of the Bonds. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations and such interest is subject to Minnesota franchise taxes on certain corporations (including financial institutions) measured by income. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

It is to be understood that the rights of the registered owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of law.

We have not been asked and have not undertaken to review the accuracy, completeness, or sufficiency of the Official Statement or other offering material relating to the Bonds, and accordingly we express no opinion with respect thereto.

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Dated at Minneapolis, Minnesota, on September 10, 2025.

APPENDIX C
FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$134,185,000
City of Minneapolis, Minnesota
General Obligation Bonds
Series 2025

CONTINUING DISCLOSURE CERTIFICATE

September 10, 2025

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Minneapolis, Minnesota (the “City”), in connection with the issuance of its General Obligation Bonds, Series 2025 (the “Bonds”), in the original aggregate principal amount of \$134,185,000. The Bonds are being issued pursuant to resolutions adopted by the City Council and the Board of Estimate and Taxation of the City (the “Resolutions”). The Bonds are being delivered to J.P. Morgan Securities LLC, as syndicate manager (the “Purchaser”), on the date hereof.

Pursuant to the Resolutions, the City has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. In addition, the City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders of the Bonds in order to assist the Participating Underwriters in complying with the Rule. This Disclosure Certificate, together with the Resolutions, constitutes the written agreement or contract for the benefit of the Holders of the Bonds that is required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Disclosure Certificate, the following capitalized terms shall have the following meanings:

“Annual Report” means any annual report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Audited Financial Statements” means the City’s annual financial statements, prepared in accordance with GAAP as prescribed by GASB.

“Bondholder” or “Holder” means the person in whose name a security is registered or a beneficial owner of such a security.

“City” means the City of Minneapolis, Minnesota, which is the obligated person with respect to the Bonds.

“Disclosure Covenants” means the continuing disclosure obligations of the City under this Disclosure Certificate.

“Disclosure Information” means the financial information and operating data referred to in Section 3(a) of this Disclosure Certificate.

“EMMA” means the Electronic Municipal Market Access system operated by the MSRB as the primary portal for complying with the continuing disclosure requirements of the Rule.

“Final Official Statement” means the deemed Final Official Statement, dated August 20, 2025, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

“Financial Obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the fiscal year of the City.

“GAAP” means generally accepted accounting principles for governmental units as prescribed by GASB.

“GASB” means the Governmental Accounting Standards Board.

“Material Event” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Participating Underwriter” means any of the original underwriters of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

“Repository” means EMMA.

“Rule” means SEC Regulation, 17 C.F.R. Section 240.15c2-12, promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

“SEC” means Securities and Exchange Commission.

Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) On or before 270 days after the end of each Fiscal Year of the City, commencing with the Fiscal Year ending December 31, 2025, the City shall provide to the Repository the following financial information and operating data (the “Disclosure Information”):

(i) The Audited Financial Statement of the City for such Fiscal Year, which financial statements shall contain balance sheets as of the end of such Fiscal Year and a statement of operations, changes in fund balances and cash flows for the Fiscal Year then ended, showing in comparative form such figures for the preceding Fiscal Year of the City, prepared in accordance with GAAP or as otherwise provided under Minnesota law, as in effect from time to time, or, if to the extent such financial statements have not been prepared in accordance with such GAAP for

reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the effect thereof and certified as to accuracy and completeness in all material respects by the Finance Officer of the City; and

(ii) To the extent not included in the financial statements referred to in clause (i) above, information of the type set forth below, which information may be unaudited, but is to be certified as to accuracy and completeness in all material respects by the Finance Officer to the best of the Finance Officer's knowledge, which certification may be based on the reliability of information obtained from governmental or other third party sources.

The Annual Report and Disclosure Information may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the City may be submitted separately from the balance of the Annual Report.

Any or all of the Disclosure Information may be incorporated, if it is updated as required by the Disclosure Covenants, by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

(b) If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other City operations in respect of which data are not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be material, then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or the Disclosure Covenants are amended as permitted by this Disclosure Certificate, then the City is to include in the next Disclosure Information to be delivered under the Disclosure Covenants, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

(c) If the City is unable or fails to provide to the Repository an Annual Report and Disclosure Information by the date required in subsection (a), the City shall send a notice of that fact in a timely manner to the Repository.

(d) The City shall determine each year prior to the date for providing the Annual Report and Disclosure Information the name and address of the Repository.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following sections of the Final Official Statement:

1. City Property Values and Taxes
2. Indebtedness of the City
3. Financial Information

In addition to the items listed above, the Annual Report shall include Audited Financial Statements submitted in accordance with Section 3 of this Disclosure Certificate.

Any or all of the items listed above may be incorporated, if it is updated as required by the Disclosure Covenants, by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events (“Material Events”) with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of Bondholders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person;
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The City shall file a notice of such occurrence with the Repository or with the MSRB within ten (10) business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the City shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the City's information.

Section 6. EMMA. The SEC has designated the Electronic Municipal Market Access ("EMMA") system operated by the MSRB as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the City shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 7. Termination of Reporting Obligation. The City's obligations under the Resolutions and this Disclosure Certificate shall terminate upon the redemption or payment in full, of all the Bonds. The City shall file a notice with EMMA in the event of the termination of the obligations of the City under the Disclosure Covenants pursuant to this Disclosure Certificate.

Section 8. Agent. The City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolutions and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 9. Amendments; Interpretation. The Disclosure Covenants (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to or the consent of the Holders of the Bonds, by a resolution of the governing body of the City accompanied by an opinion of nationally recognized bond counsel, who may rely on certificates of the City and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature, or status of the City or the type of operations conducted by the City, or (b) is required by, or better complies with, the provisions of the Rule; (ii) the Disclosure Covenants as so amended or supplemented would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Holders under the Rule. If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder. The Disclosure Covenants are to be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure

Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 11. Default. In the event of a failure of the City to comply with any Disclosure Covenants of this Disclosure Certificate, any person aggrieved thereby including the Holders of the Bonds may take whatever action at law or in equity as may appear necessary or appropriate to enforce performance and observance of any such Disclosure Covenant, including seeking mandamus or specific performance by court order. Direct, indirect, consequential and punitive damages shall not be recoverable, however, for any default under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds or under any other provisions of the Resolutions.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Participating Underwriters, and the Holders from time to time of the Bonds, and, except as expressly set forth herein, shall create no rights in any other person or entity.

IN WITNESS WHEREOF, the undersigned officer has executed this Disclosure Certificate as of the date and year first written above.

CITY OF MINNEAPOLIS, MINNESOTA

Finance Officer

APPENDIX D

EXCERPTS OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED DECEMBER 31, 2024

Copies of the City's complete audited financial statements for the fiscal year ended December 31, 2024 are available upon request from the office of the Finance Officer, 325M City Hall, Minneapolis, Minnesota. The report can be requested by phone 612-673-2079 or email "finance@minneapolismn.gov".

The report is also available for viewing on the following website:

<https://www.minneapolismn.gov/media/-www-content-assets/documents/city-policy/2024-ACFR---City-of-Minneapolis.pdf>

ANNUAL COMPREHENSIVE FINANCIAL REPORT



CITY OF
MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2024

FINANCE AND PROPERTY SERVICES DEPARTMENT

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June 30, 2025

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, 2024. This report presents the financial position of the City and the results of its operations for the year 2024. 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, 2024. 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. 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, 2024, was \$139.8 million, which is \$27.1 million more than policy requires. Additional information regarding the 2024 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 2023 and in 2024.

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 2024 to ensure proper funding for continued service needs. A detailed discussion and analysis of the City's overall financial condition during the fiscal year ended 2024 is included as part of the MD&A. The City utilized the remaining American Rescue Plan Act funding in 2024.

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.

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

AWARDS AND ACKNOWLEDGEMENTS

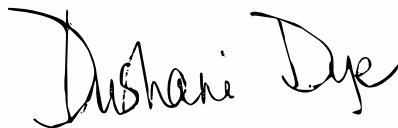
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2023. A Certificate of Achievement is valid for a period of one year only. The City has received this prestigious award for 50 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, 2024. 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.

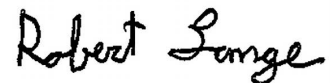
Respectfully submitted,



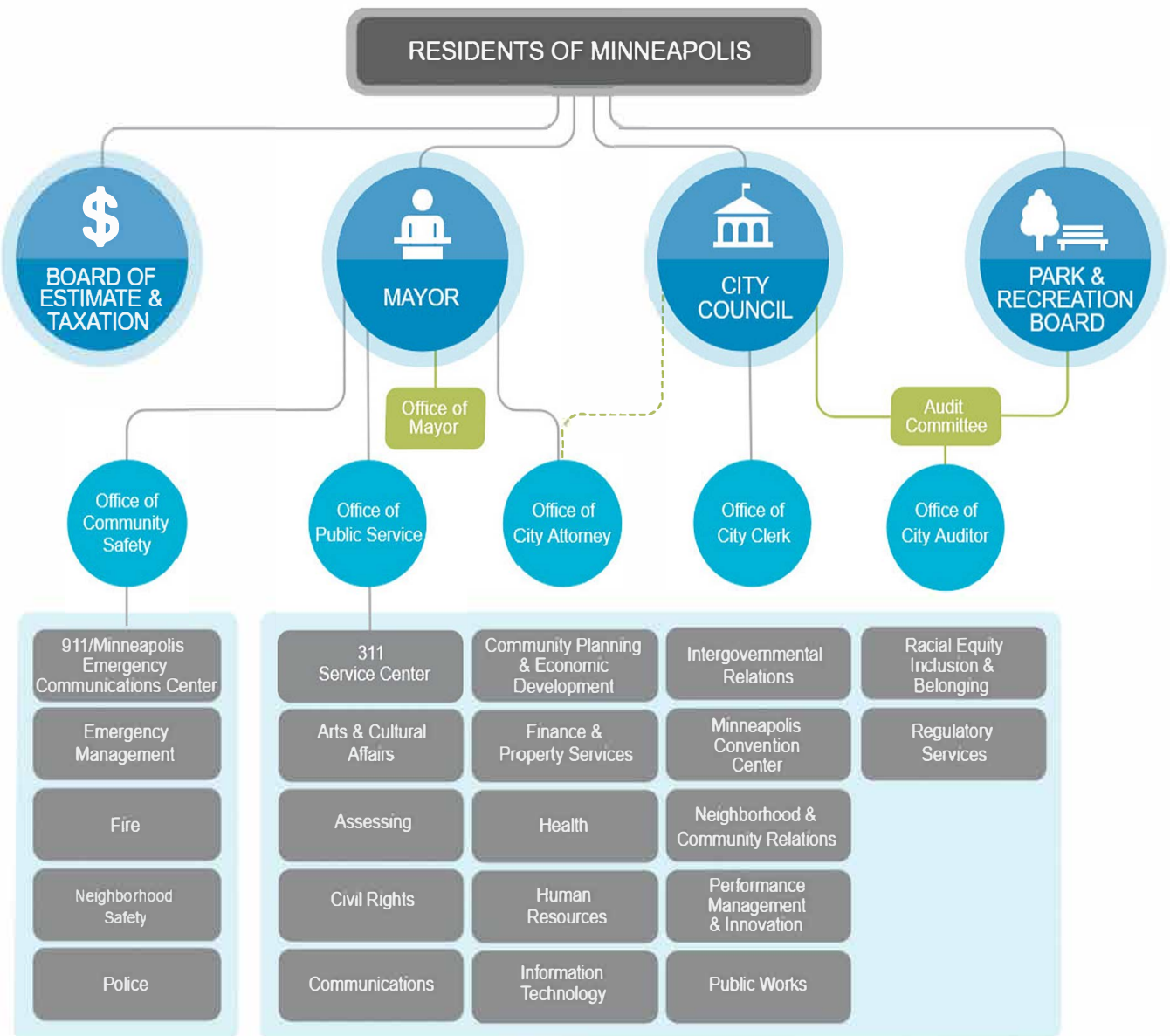
Dushani Dye
Chief Financial Officer



George Hardgrove
Controller



Robert Lange
Deputy Controller



MAYOR AND COUNCIL
CITY OF MINNEAPOLIS, MINNESOTA
2024

| | | |
|---------|---------------------|----------------|
| 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 | |



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, 2023

Christopher P. Morill

Executive Director/CEO



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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, 2024, 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, 2024, 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 1.0 percent, 0.3 percent, and 6.5 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of December 31, 2024. 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 2.9 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, 2024. 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*.

Emphasis of Matter – Correction of Material Misstatement in Previously Issued Financial Statements

As discussed in Note 1.R to the financial statements, the previously issued 2023 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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, Schedules 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

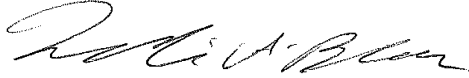
Management is responsible for the other information included in the annual financial report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do 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, 2025, 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 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



Chad Struss, CPA
Deputy State Auditor

June 25, 2025

**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, 2024. 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 2024 calendar year, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$3,041,870 (net position). Of this amount, \$2,627,743 is the City's net investment in capital assets and \$380,987 is restricted for specific purposes (restricted net position) leaving \$33,140 in unrestricted net position.
- The City's total net position increased by \$134,738 in 2024. Governmental activities increased the City's net position by \$86,130 and business-type activities increased the net position by \$48,608.
- As of December 31, 2024, total fund balance in the General Fund was \$209,175, of which \$15,025 was restricted, \$54,381 was assigned, and \$139,769 was unassigned.
- The City's total long-term bond and note liability increased by \$18,094 from the prior year. Total bonds and notes issued in 2024 was \$119,179. Total debt retirement was \$101,085. All debt issuance in 2024 was for bonds for a variety of special assessment improvements, general infrastructure, sanitary and storm sewer, and water.

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, and community planning and economic development. The business-type activities of the City include sanitary sewer, stormwater, solid waste and recycling, water treatment and distribution services, municipal parking, 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 101-121 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 124.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position—The following table presents the primary government’s net position as of December 31, 2024, with a comparison to 2023.

Statement of Net Position December 31, 2024, and 2023

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|----------------------------------|-------------------------|---------------------|--------------------------|---------------------|--------------------------|---------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Current and other assets | \$ 1,335,080 | \$ 1,351,409 | \$ 162,424 | \$ 164,047 | \$ 1,497,504 | \$ 1,515,456 |
| Capital assets, net | 2,040,328 | 1,949,414 | 1,432,949 | 1,385,381 | 3,473,277 | 3,334,795 |
| Total assets | <u>\$ 3,375,408</u> | <u>\$ 3,300,823</u> | <u>\$ 1,595,373</u> | <u>\$ 1,549,428</u> | <u>\$ 4,970,781</u> | <u>\$ 4,850,251</u> |
| Deferred outflows of resources | \$ 314,847 | \$ 399,681 | \$ 16,401 | \$ 22,461 | \$ 331,248 | \$ 422,142 |
| Current and other liabilities | \$ 112,221 | \$ 174,682 | \$ 22,619 | \$ 21,462 | \$ 134,840 | \$ 196,144 |
| Long-term liabilities | 1,359,926 | 1,377,366 | 393,009 | 406,081 | 1,752,935 | 1,783,447 |
| Total liabilities | <u>\$ 1,472,147</u> | <u>\$ 1,552,048</u> | <u>\$ 415,628</u> | <u>\$ 427,543</u> | <u>\$ 1,887,775</u> | <u>\$ 1,979,591</u> |
| Deferred inflows of resources | \$ 356,371 | \$ 372,849 | \$ 16,013 | \$ 12,811 | \$ 372,384 | \$ 385,660 |
| Net position | | | | | | |
| Net investment in capital assets | \$ 1,506,791 | \$ 1,478,541 | \$ 1,120,952 | \$ 1,074,632 | \$ 2,627,743 | \$ 2,553,173 |
| Restricted net position | 354,492 | 330,137 | 26,495 | 25,809 | 380,987 | 355,946 |
| Unrestricted net position | 454 | (33,071) | 32,686 | 31,084 | 33,140 | (1,987) |
| Total net position | <u>\$ 1,861,737</u> | <u>\$ 1,775,607</u> | <u>\$ 1,180,133</u> | <u>\$ 1,131,525</u> | <u>\$ 3,041,870</u> | <u>\$ 2,907,132</u> |

*Governmental activities balances were restated for adjustment to land held for resale and related expenditures

The largest portion of the City’s net position reflects its \$2,627,743 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 increased \$10,861 to \$380,987 in 2024 in part due to the increase in capital improvements funds held in governmental funds to be used in future capital projects. 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 \$33,140 represents the unrestricted portion of the City’s net position. This is an increase of \$35,127 from the 2023 unrestricted net position. The increase in unrestricted net position is the result of a multitude of factors, including an increase in overall net position of the city offset by additional restrictions to net position as noted above. As noted in the following section, overall net position of the City increased by \$134,738 in 2024.

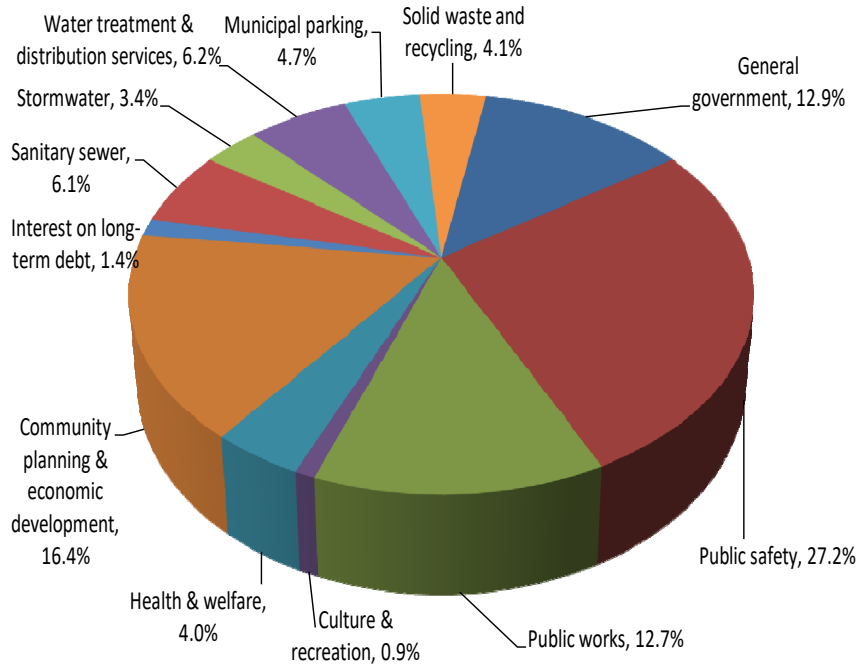
Statement of Activities—The following table presents the changes in net position for governmental and business-type activities. The governmental activities net position increased by \$86,130 while the business-type activities net position increased by \$48,608.

| Statement of Activities For the Years Ended December 31, 2024, and 2023 | | | | | | |
|--|-------------------------|--------------|--------------------------|--------------|--------------------------|--------------|
| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 175,126 | \$ 130,479 | \$ 355,657 | \$ 340,257 | \$ 530,783 | \$ 470,736 |
| Operating grants and contributions | 230,500 | 230,554 | 14,091 | 4,407 | 244,591 | 234,961 |
| Capital grants and contributions | 5,275 | 7,433 | - | - | 5,275 | 7,433 |
| General revenues: | | | | | | |
| General property tax and fiscal disparities | 393,836 | 383,051 | - | - | 393,836 | 383,051 |
| Property tax increment | 982 | 491 | - | - | 982 | 491 |
| Franchise taxes | 43,973 | 40,122 | 338 | 356 | 44,311 | 40,478 |
| Local taxes | 87,328 | 77,608 | - | - | 87,328 | 77,608 |
| Local government aid - unrestricted | 74,934 | 65,518 | 855 | 3 | 75,789 | 65,521 |
| Grants and contributions not restricted to programs | 13,967 | 692 | 734 | 3 | 14,701 | 695 |
| Unrestricted interest and investment earnings | 35,708 | 47,900 | 636 | 1,108 | 36,344 | 49,008 |
| Other | - | - | 76 | 113 | 76 | 113 |
| Total revenues | 1,061,629 | 983,848 | 372,387 | 346,247 | 1,434,016 | 1,330,095 |
| Expenses | | | | | | |
| General government | 166,241 | 139,362 | - | - | 166,241 | 139,362 |
| Public safety | 354,768 | 361,983 | - | - | 354,768 | 361,983 |
| Public works | 164,515 | 142,916 | - | - | 164,515 | 142,916 |
| Culture and recreation | 11,029 | 14,532 | - | - | 11,029 | 14,532 |
| Health and welfare | 51,675 | 36,191 | - | - | 51,675 | 36,191 |
| Community planning and economic development | 212,458 | 212,592 | 1,266 | 1,372 | 213,724 | 213,964 |
| Interest on long-term debt | 18,666 | 19,054 | - | - | 18,666 | 19,054 |
| Sanitary sewer | - | - | 79,226 | 62,338 | 79,226 | 62,338 |
| Stormwater | - | - | 44,638 | 39,020 | 44,638 | 39,020 |
| Water treatment and distribution services | - | - | 81,087 | 76,673 | 81,087 | 76,673 |
| Municipal parking | - | - | 60,954 | 50,466 | 60,954 | 50,466 |
| Solid waste and recycling | - | - | 52,755 | 37,947 | 52,755 | 37,947 |
| Total expenses | 979,352 | 926,630 | 319,926 | 267,816 | 1,299,278 | 1,194,446 |
| Excess (deficiency) before transfers | 82,277 | 57,218 | 52,461 | 78,431 | 134,738 | 135,649 |
| Transfers | 3,853 | 34,788 | (3,853) | (34,788) | - | - |
| Change in net position | 86,130 | 92,006 | 48,608 | 43,643 | 134,738 | 135,649 |
| Net position - Beginning | 1,775,607 | 1,683,601 | 1,131,525 | 1,087,882 | 2,907,132 | 2,771,483 |
| Net position - Ending | \$ 1,861,737 | \$ 1,775,607 | \$ 1,180,133 | \$ 1,131,525 | \$ 3,041,870 | \$ 2,907,132 |

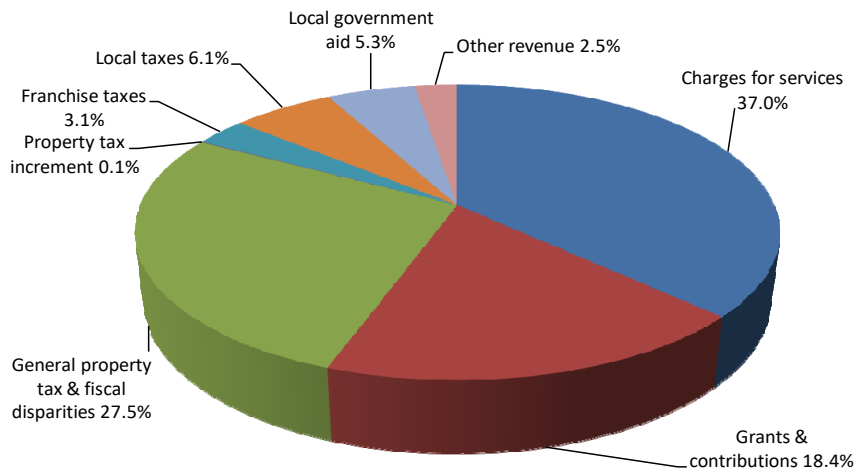
* Governmental activities were restated for adjustment to land held for resale and related expenditures

Below are graphs showing the breakdown of government-wide expenses and revenues by category for 2024:

Government-wide Expenses



Government-wide Revenues

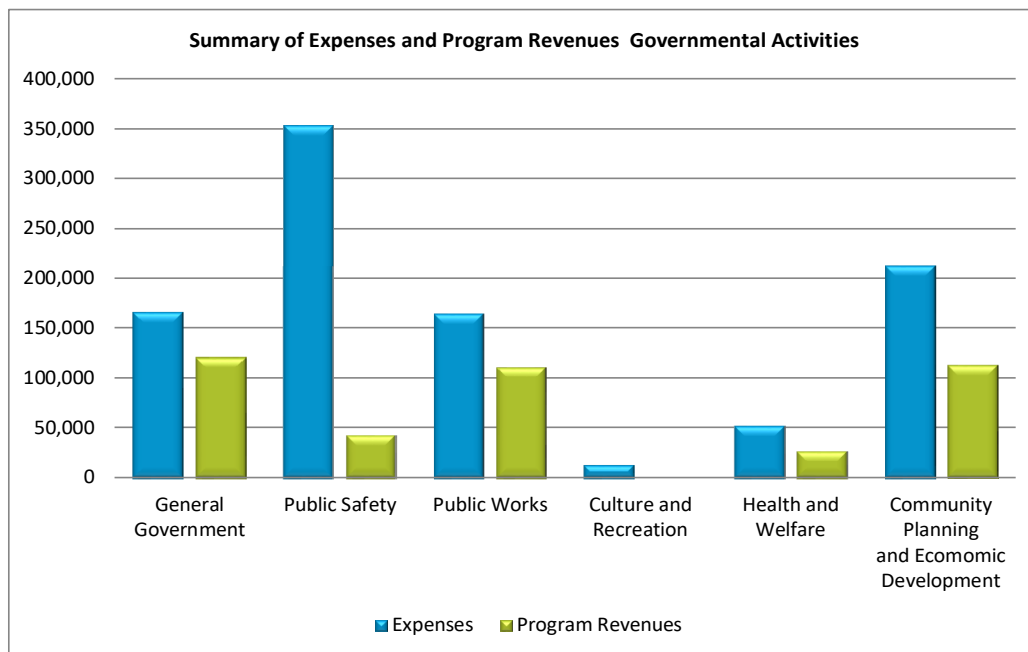


Governmental Activities—Governmental activities increased the City’s net position by \$86,130 compared to an increase of \$106,186 in 2023. Total governmental revenue increased by 7.9% between 2023 to 2024 from \$983,848 to \$1,061,629. Total expenses increased by 7.3% over that same period from \$912,450 in 2023 to \$979,352 in 2024. The increase in expenses is attributable mainly to increases in general government, public works, health and welfare, and community planning and economic development. General government expenses increased due to more spending on personnel and projects as the City’s operations continue to return to pre-pandemic levels. In addition, public works costs increased spending on improvement projects as well as reclassifying activity from general government to public works. Health and welfare increased due to additional state and local grant funding for public health initiatives. Community planning and economic development saw increased spending related to development and housing initiatives. 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 \$92,837.

Program revenue saw an increase in charges for services primarily due to no longer eliminating the activity between governmental and business type to enhance transparency of costs to operate business type activities. Additionally, the city continues to respond to the COVID-19 pandemic leading to variability in revenues from various sources. Charges for services increased by \$44,647 or 34.2% during 2024. Operating grants remained consistent between years as the city recognized the remaining American Rescue Plan Act funding sources. General revenues cover any net expense after program specific revenues are applied. General revenues increased \$35,346 in total. General property tax revenues and fiscal disparities increased by \$10,785, local taxes increased by \$9,720, and local government aid increased \$9,416. This was offset by a decrease in unrestricted interest and investment earnings by \$12,192.

Summary of expenses and program revenues - Governmental Activities
For the Year ended December 31, 2024

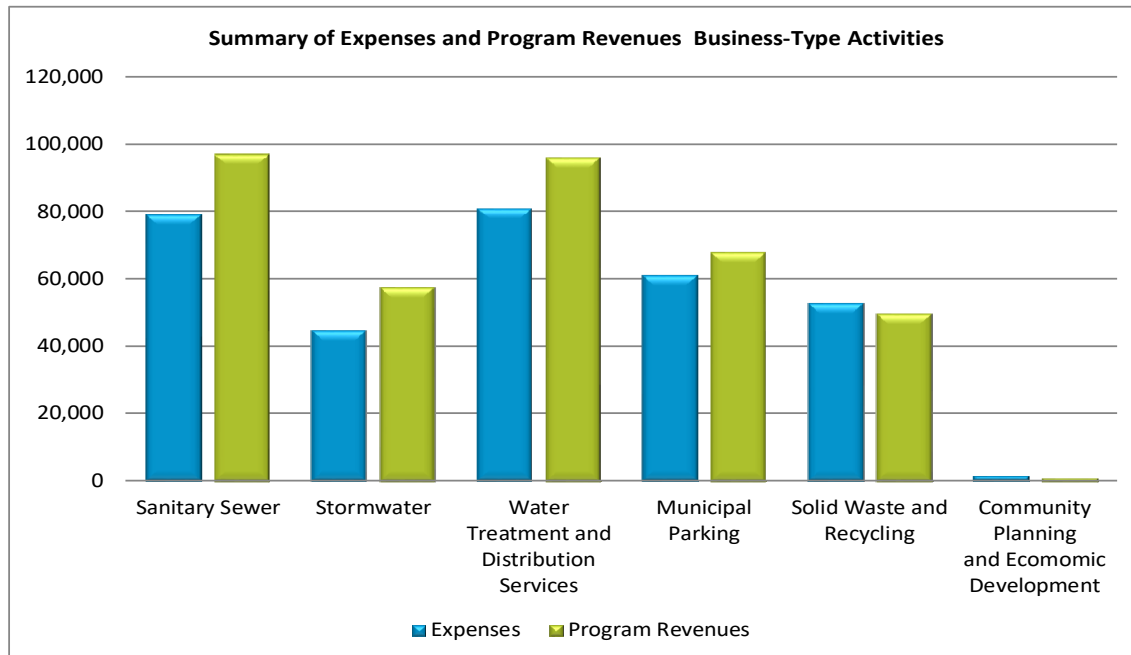
| Functions/Programs | Expenses | Program Revenues | Net (Expense) Revenue by Program |
|---|-------------------|-------------------------|---|
| General government | \$ 166,241 | \$ 120,002 | \$ (46,239) |
| Public safety | 354,768 | 42,135 | (312,633) |
| Public works | 164,515 | 110,052 | (54,463) |
| Culture and recreation | 11,029 | - | (11,029) |
| Health and welfare | 51,675 | 26,303 | (25,372) |
| Community planning and economic development | 212,458 | 112,409 | (100,049) |
| Interest on long-term debt | 18,666 | - | (18,666) |
| | <u>\$ 979,352</u> | <u>\$ 410,901</u> | <u>\$ (568,451)</u> |
| General revenues and transfers supporting governmental activities | | | 654,581 |
| Change in net position | | | 86,130 |
| Net position - January 1, 2024 (restated, see Note 1R) | | | 1,775,607 |
| Net position - December 31, 2024 | | | <u>\$ 1,861,737</u> |



Business-Type Activities—Business-type activities increased the City’s net position by \$48,608 compared with an increase of \$43,643 in 2023. 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, 2024**

| Functions/Programs | Expenses | Program Revenues | Net (Expense) Revenue by Program |
|--|-------------------|-------------------|----------------------------------|
| Sanitary sewer | \$ 79,226 | \$ 97,327 | \$ 18,101 |
| Stormwater | 44,638 | 57,520 | 12,882 |
| Water treatment and distribution services | 81,087 | 96,171 | 15,084 |
| Municipal parking | 60,954 | 67,974 | 7,020 |
| Solid waste and recycling | 52,755 | 49,793 | (2,962) |
| Community planning and economic development | 1,266 | 963 | (303) |
| | <u>\$ 319,926</u> | <u>\$ 369,748</u> | <u>\$ 49,822</u> |
| General revenues and transfers supporting business-type activities | | | (1,214) |
| Change in net position | | | 48,608 |
| Net position - January 1, 2024 | | | 1,131,525 |
| Net position - December 31, 2024 | | | <u>\$ 1,180,133</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 2024, 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, 2024, the City's governmental funds reported a combined ending fund balance of \$752,768, an increase of \$16,150 compared with the prior year ending fund balance (as restated, see Note 1R). Approximately 15.9% of this total amount, or \$119,633, constitutes unassigned fund balance, which is available for spending at the City's discretion.

The remainder of the fund balance is classified as follows: \$354,492 is restricted for debt service, community planning and economic development, capital improvements, grants, and law enforcement legal requirements; and \$278,643 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 | | | | | |
|--|------------------|---------------------|------------------|---------------------|------------------------|
| | 2024 | | 2023 | | Increase / Decrease |
| | Amount | Percent of Total | Amount | Percent of Total | Amount |
| Revenue by Source: | | | | | |
| Taxes | \$ 525,945 | 49.74 | % \$ 501,596 | 48.57 | % \$ 24,349 |
| Licenses | 50,772 | 4.80 | 45,801 | 4.44 | 4,971 |
| Intergovernmental revenues | 294,445 | 27.84 | 289,506 | 28.04 | 4,939 |
| Charges for services and sales | 81,037 | 7.66 | 78,386 | 7.59 | 2,651 |
| Fines and forfeits | 5,833 | 0.55 | 5,852 | 0.57 | (19) |
| Special assessments | 29,870 | 2.82 | 31,193 | 3.02 | (1,323) |
| Investment earnings | 35,808 | 3.39 | 48,015 | 4.65 | (12,207) |
| Miscellaneous revenues | 33,813 | 3.20 | 32,243 | 3.12 | 1,570 |
| Total revenues | <u>1,057,523</u> | <u>100.00</u> | <u>1,032,592</u> | <u>100.00</u> | <u>24,931</u> |
| Expenditures by Function: | | | | | |
| Current: | | | | | |
| General government | 173,359 | 15.22 | 170,260 | 16.49 | 3,099 |
| Public safety | 367,377 | 32.26 | 332,834 | 32.21 | 34,543 |
| Public works | 85,532 | 7.51 | 70,925 | 6.86 | 14,607 |
| Health and welfare | 50,938 | 4.47 | 36,210 | 3.50 | 14,728 |
| Community planning and economic development | 209,852 | 18.43 | 184,352 | 17.84 | 25,500 |
| Capital outlay | 147,150 | 12.92 | 131,698 | 12.74 | 15,452 |
| Intergovernmental: | | | | | |
| General government | 6,521 | 0.57 | 771 | 0.07 | 5,750 |
| Health and welfare | 168 | 0.02 | 332 | 0.03 | (164) |
| Culture and recreation | 11,029 | 0.97 | 13,174 | 1.27 | (2,145) |
| Debt service: | | | | | |
| Principal retirement | 67,372 | 5.92 | 73,925 | 7.15 | (6,553) |
| Interest and fiscal charges | 19,509 | 1.71 | 18,987 | 1.84 | 522 |
| Total expenditures | <u>1,138,807</u> | <u>100.00</u> | <u>1,033,468</u> | <u>100.00</u> | <u>105,339</u> |

General Fund—The General Fund is the general operating fund of the City. As of December 31, 2024, restricted fund balance totaled \$15,025, the assigned fund balance totaled \$54,381, while unassigned totaled \$139,769. Total fund balance decreased by \$1,195 during 2024.

The following table provides changes in revenues by source from 2023 to 2024.

| Revenues by Source | General Fund Revenues By Source | | | | Increase/ (Decrease) |
|---|------------------------------------|---------------------|------------|---------------------|-------------------------|
| | 2024 | | 2023 | | |
| | Amount | Percent of Total | Amount | Percent of Total | |
| | Amount | | | | |
| Taxes | \$ 338,298 | 51.30 % | \$ 325,383 | 50.49 % | \$ 12,915 |
| Licenses and permits | 50,282 | 7.62 | 45,368 | 7.04 | 4,914 |
| Intergovernmental revenues | 94,505 | 14.33 | 116,806 | 18.13 | (22,301) |
| Charges for services and sales | 57,505 | 8.72 | 59,322 | 9.21 | (1,817) |
| Fines and forfeits | 5,589 | 0.85 | 5,741 | 0.89 | (152) |
| Special assessments | 5,524 | 0.84 | 5,337 | 0.83 | 187 |
| Investment earnings | 14,265 | 2.16 | 20,483 | 3.18 | (6,218) |
| Miscellaneous revenues | 3,394 | 0.51 | 3,660 | 0.57 | (266) |
| Total revenues | \$ 569,362 | 86.33 | \$ 582,100 | 90.34 | \$ (12,738) |
| Transfers in | 89,957 | 13.64 | 61,738 | 9.58 | 28,219 |
| Leases/Subscriptions Issued | 186 | 0.03 | 502 | 0.08 | (316) |
| Total revenues and other financing sources | \$ 659,505 | 100.00 % | \$ 644,340 | 100.00 % | \$ 15,165 |

In 2024, General Fund revenues and other financing sources increased by 2.4% from the previous year. Some highlights include:

- Tax collections were higher in 2024 than 2023 due to an increase in the property tax levy amount in the General Fund.
- Licenses and permits increased 10.8% over 2023 as the City had an increase in local activity in entertainment and sales.
- Intergovernmental revenues decreased 19.1% over 2023 primarily due to a decrease in pension contributions from the State as well as public safety aid received in 2023.
- Transfers in increased by \$28,219 as the City used the remaining American Rescue plan act funds to replace lost revenue in the General Fund.
- The City's investment earnings decreased in 2024 by \$6,218 compared to 2023 with changes in market conditions.

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The following table provides the changes in expenditures by function from 2023 to 2024:

| General Fund Expenditures by Function | | | | | | Increase/ (Decrease) |
|---|------------|---------------------|------------|---------------------|-----------|-------------------------|
| Expenditures by Function | 2024 | | 2023 | | Amount | |
| | Amount | Percent of Total | Amount | Percent of Total | | |
| Current and Intergovernmental: | | | | | | |
| General government | \$ 145,194 | 21.98 % | \$ 133,782 | 22.01 % | \$ 11,412 | |
| Public safety | 348,811 | 52.79 | 315,840 | 51.97 | 32,971 | |
| Public works | 72,902 | 11.03 | 69,387 | 11.42 | 3,515 | |
| Health and welfare | 24,373 | 3.69 | 15,758 | 2.59 | 8,615 | |
| Community planning and economic development | 46,983 | 7.11 | 38,256 | 6.30 | 8,727 | |
| Debt Service: | | | | | | |
| Principal retirement | 1,642 | 0.25 | 1,580 | 0.26 | 62 | |
| Interest and fiscal charges | 199 | 0.03 | 196 | 0.03 | 3 | |
| Total expenditures | 640,104 | 96.88 | 574,799 | 94.58 | 65,305 | |
| Transfers out | 20,596 | 3.12 | 32,888 | 5.42 | (12,292) | |
| Total expenditures and other financing uses | \$ 660,700 | 100.00 % | \$ 607,687 | 100.00 % | \$ 53,013 | |

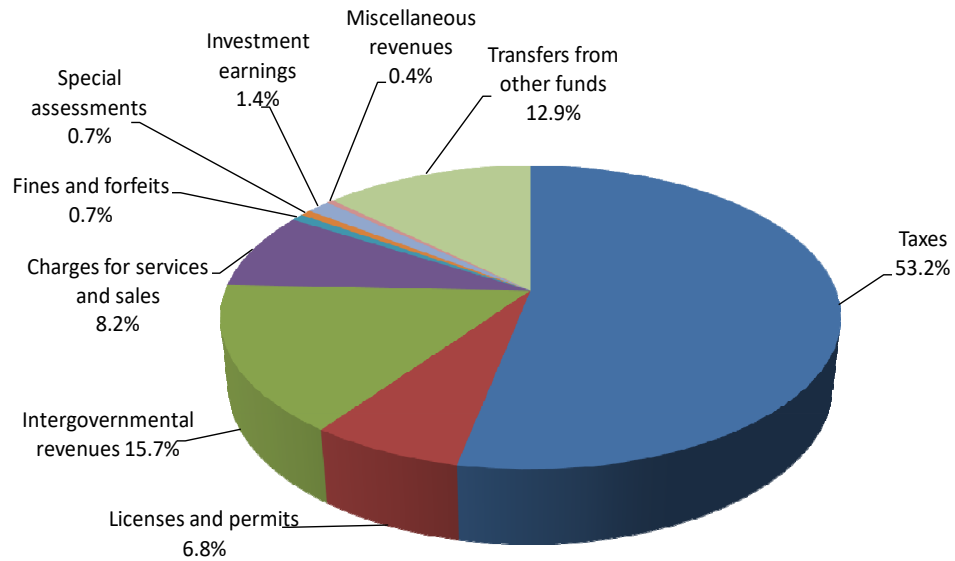
Overall, General Fund expenditures and transfers out increased by 8.7% from the previous year. The recovery from 2023 continued into 2024 with ongoing responses to the COVID-19 pandemic. Revenue replacement funds from American Rescue Plan Act funding allowed the General Fund to restore service levels to higher levels than recent years. General government spending increased due to a variety of factors. General government spending increased due to inflationary factors as well a return to pre-pandemic spending. Public safety spending increased as departments saw increased staffing along with increase in overtime pay. Health and welfare saw increase in state and local grant funds for current year health initiatives. Community planning and economic development saw an increase in project spending on various efforts related to affordable housing and economic recovery.

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 2024, the following were significant budget actions:

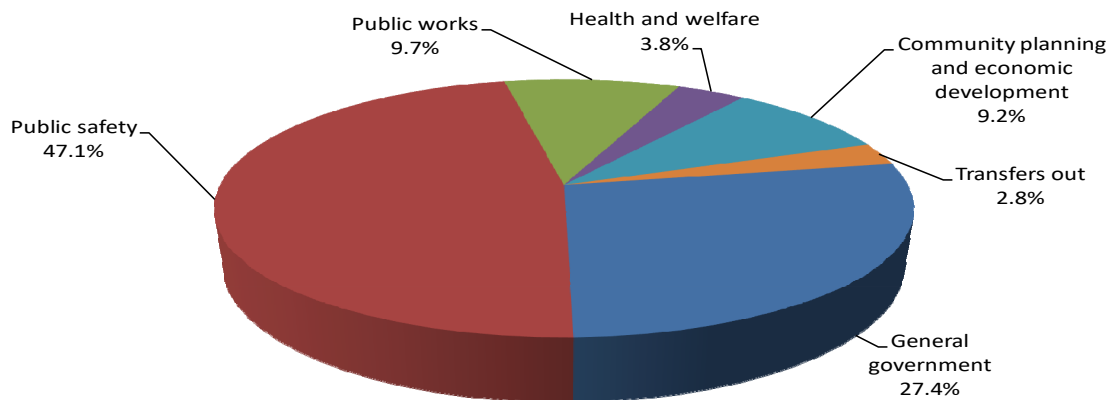
- The original General Fund appropriation for fiscal year 2024 was \$685,394, which included projected transfers out of \$17,192. The final appropriation was \$737,413 including transfers of \$20,596. General revenues and other resources were originally estimated at \$667,149, which included projected transfers in of \$60,390. The final revenue estimate was \$696,977 including transfers of \$90,228.
- Budgetary variances between the final amended budget and the actual results include:
 - 1) Public Works finished the year \$1,513 over budget primarily due to material and supplies cost exceeding budget. The work for others expense was offset by increased revenues.
 - 2) Public Safety finished the year \$1,157 over budget primarily due to multi-year union contract settlements as well overtime issues due to staff shortages.
 - 3) Several General Government departments were under budget by \$56,551 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 \$21,188.
 - 5) Unspent contingency funding of \$23,244 and the underspending identified above offset any overspending, resulting in an overall underspending in the General Fund of \$76,713.

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

General Fund Revenue Budget by Source



General Fund Expenditure Budget by Function



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 2024 were \$33,100, 2.3% more than the prior year. A majority, approximately 59.8%, of the fund's revenue was derived from property tax increment, and 5.2% 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 2024 were \$52,308. 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 increased in 2024. The expenditures in this fund will vary depending on the project activity in any given year.

The fund's transfers to other funds of \$7,922 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 \$217,644. This included \$147,671 restricted for specific programs by State law; and the remaining \$69,973 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 2024 was \$108,574, an increase of \$869 or 1% compared to the 2023 revenue of \$107,705. The increase is primarily due to ARPA funding. Total expenditures in 2024 totaled \$104,059, which includes \$58,756 of transfers to other funds, increased by \$4,145 or 4% compared to the 2023 expense of \$99,914. In summary, the increase in expenditures is also due to ARPA funding. Total fund balance at year end 2024 was \$12,853, an increase of \$4,515 from the 2023-year end fund balance of \$8,338.

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 Community Planning and Development Office.

Total revenue in 2024 was \$26,181, an increase of \$4,962 or 23% compared to the 2023 revenue of \$21,219. The increase is primarily due to HOME ARP, CDBG funding and increased programmatic activity in community planning and economic development (CPED) which includes multi-family and affordable housing. Expenditures in 2024 totaled \$26,364, an increase of \$5,377 or 26% compared to the 2023 expenditures of \$20,987. In summary, HOME, HOME ARP, and CDBG funding increased both the revenue and expenditure in CPED programs. Total fund balance at year end 2024 was \$5,338, a decrease of \$183 over the 2023-year end fund balance of \$5,521.

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 2024, \$147,150 of capital outlay occurred, which is an increase of 11.7% from outlay of \$131,698 in 2023.

The key assets constructed with these funds include:

- Bridges - \$488
- Streets - \$73,359
- Traffic Signals and Street Lighting - \$19,294
- Bike Trails - \$9,592
- Property Service - \$14,348
- Consolidated Office Building - \$11,078

The fund balance increased from \$76,674 in 2023 to \$80,351 in 2024. The increase is mostly due to bond proceeds remaining on hand. Other than bond sales and transfers, revenues for the fund increased from \$53,367 in 2023 to \$70,694 in 2024 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 2024 the City had \$72,970 of debt outstanding for special assessment improvements. During 2024, the City received debt related assessment collections and interest earnings of \$15,213 and paid total principal of \$9,435 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 \$1,223,303 on December 31, 2024, an increase of \$50,206 over the 2023 balance of \$1,173,097.

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 2024 and 2023:

| Enterprise Funds Key Balance Sheet Account Balances and Operating Activities December 31, 2024 and 2023 | | | | | | | | |
|---|-------------------|------------|--|----------------------|------------------------------------|--|------------|------------|
| | Sanitary Sewer | Stormwater | Water Treatment and Distribution Services | Municipal Parking | Solid Waste and Recycling | Community Planning and Economic Development | Total | |
| | | | | | | | 2024 | 2023 |
| Cash and investments | \$ 24,807 | \$ 15,484 | \$ 53,082 | \$ 3,701 | \$ 18,628 | \$ 24,843 | \$ 140,545 | \$ 151,738 |
| Assets | 264,780 | 464,807 | 552,547 | 251,038 | 76,527 | 28,844 | 1,638,543 | 1,591,000 |
| Deferred outflows of resources | 1,494 | 4,194 | 5,685 | 1,471 | 3,557 | - | 16,401 | 22,461 |
| Liabilities | 71,431 | 65,615 | 181,771 | 60,275 | 34,589 | 1,947 | 415,628 | 427,543 |
| Deferred inflows of resources | 1,435 | 3,880 | 5,932 | 1,431 | 3,335 | - | 16,013 | 12,821 |
| Operating income (loss) | 17,618 | 4,651 | 18,166 | 8,868 | (3,428) | (303) | 45,572 | 48,574 |
| Change in net position | 17,582 | 11,546 | 17,278 | 5,023 | (1,556) | 333 | 50,206 | 45,003 |
| Net position | 193,408 | 399,506 | 370,529 | 190,803 | 42,160 | 26,897 | 1,223,303 | 1,173,097 |

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, 2024 was \$193,408 compared to \$175,826 for 2023, an increase of \$17,582. The operating revenues of \$95,016 for 2024 compared to \$91,641 for 2023 reflects an increase of \$3,375. The sanitary utility sales and service revenues account for \$3,094 of an increase due to both an increase in rates and volume. Sewer availability charge (SAC) revenues decreased by \$1,392. Decreases in SAC revenue is offset by equivalent decreases in SAC expenses.

The operating expenses totaled \$77,398 compared to \$75,475 in 2023 resulting in an increase of \$1,923. The increase in operating expenses mainly reflects a \$1,364 increase in supplies and materials from 2023.

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, 2024 was \$399,506 which was an increase of \$11,546 from the beginning balance of \$387,960.

The 2024 operating revenues of \$47,737 compared to \$47,366 for 2023 reflected an increase of \$371. The increase is due mainly to an increase in Utility service revenues of \$1,170 due to both a rate increase and more volume.

The operating expenses totaled \$43,086 compared to \$37,826 reported for 2023. This was an increase of \$5,260 and reflects in large part a \$4,130 increase in personnel costs (pension and other benefits) along with higher capital contractual service expenses as compared to 2023 amount.

Water Treatment and Distribution Services Fund—The Public Works 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 \$17,278 for the year, resulting in a net position on December 31, 2024 of \$370,529. This planned increase allowed for net increases to long-term assets in the amount of \$15,954 for improvements to the City's water distribution system and water treatment infrastructure improvements.

Operating revenue increased by \$430, when compared to 2023, due in large part to a slight increase in water sales due to higher rates from both retail and wholesale customers. Operating expenses decreased by \$67, when compared to 2023. This decrease is made up of decreases in personnel costs (mainly pension) that were almost offset by higher 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, 2024 was \$190,803 which is an increase of \$5,023 from the beginning balance.

Operating parking revenues were up \$5,331 from 2023. These revenues continue to increase as compared to the previous four 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 \$4,882 more in operating expenses from the 2023 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, 2024 totaled \$42,160, a decrease of \$1,556 compared to the beginning balance of \$43,716. Operating revenues totaled \$48,073, an increase of \$3,587 over 2023. This increase is due to \$2,226 more in utility services revenue due to higher rates and \$712 more in scrap sales.

Operating expenses increased to \$51,501 compared to \$47,158 for 2023. This increase of \$4,343 reflects increases in personnel costs and 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 \$333 during the year. Operating loss was down from \$548 in 2023 to \$303 in 2024. 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:

| <p style="text-align: center;">Internal Service Funds Key Balance Sheet Account Balances and Operating Activities December 31, 2024, and 2023</p> | | | | | | | | | |
|--|---|---------------------------------|----------------------|-----------------------|------------------------|--------------------|---------------|---------------|--|
| | Engineering Materials and Testing | Intergovern- mental Services | Property Services | Equipment Services | Public Works Stores | Self- Insurance | 2024 Total | 2023 Total | |
| Cash | \$ 1,734 | \$ 12,845 | \$ 2,977 | \$ 8,231 | \$ 4,073 | \$ 174,933 | \$ 204,793 | \$ 179,971 | |
| Assets | 1,948 | 55,521 | 53,389 | 90,704 | 11,560 | 174,934 | 388,056 | 353,736 | |
| Deferred outflows of resources | 334 | 2,942 | 2,214 | 1,970 | 331 | 200 | 7,991 | 11,204 | |
| Liabilities | 1,475 | 38,035 | 12,067 | 10,232 | 1,848 | 258,893 | 322,550 | 286,137 | |
| Deferred inflows of resources | 335 | 3,350 | 2,213 | 1,924 | 353 | 221 | 8,396 | 6,810 | |
| Operating income (loss) | (177) | 1,485 | 218 | (3,592) | 806 | (10,022) | (11,282) | (17,403) | |
| Change in net position | (144) | 1,674 | 557 | (2,322) | 1,103 | (7,760) | (6,892) | (14,229) | |
| Net position | 472 | 17,078 | 41,323 | 80,518 | 9,690 | (83,980) | 65,101 | 71,993 | |

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 2024, the net position is \$472 representing a decrease of \$144 from 2023 ending net position of \$616. 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 \$1,734 at year-end 2024 which is a decrease of \$211 to the 2023 ending balance of \$1,945.

Intergovernmental Services Fund—This 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 2024 ending net position is \$17,078 representing an increase of \$1,674 from the year-end 2023 net position of \$15,404. This increase is mainly due to increase in IT allocation to fund products, services, and expand project activities including HRIS system upgrade. The cash balance at year-end 2024 is \$12,845 representing an increase of \$1,916 to 2023 year-end cash balance of \$10,929.

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. Included in this fund is the Radio Shop, which maintains the City's emergency communications network. Radio Shop will move to 911 starting in 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 2024, the fund net position increased by \$557 resulting in an ending balance of \$41,323 compared to the 2023 ending net position of \$40,766. The cash balance decreased by \$3,223 which reduced cash from \$6,200 at year-end 2023 to \$2,977 at year-end 2024 due to increased asset preservation projects completed in 2024 that were rolled over from prior periods.

Equipment Services Fund—The Equipment Services Fund manages the acquisition, maintenance, and disposal of over 2,341 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 2024, the fund experienced a decrease of \$2,322 to net position resulting in an ending balance of \$80,518 compared to the 2023 ending net position of \$82,840. The 2024 ending cash balance is \$8,231, a decrease of \$8,571 from the ending balance of \$16,802 in 2023. The decrease to 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 was unable to collect for the entire replacement costs, which led to the decrease in the fund balance in 2024.

Public Works Stores Fund—This 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 2024, the fund reported an increase to net position by \$1,103 from a 2023 ending balance of \$8,587 to \$9,690 in 2024. The fund ending cash balance is \$4,073 for 2024, an increase of \$1,424 from the 2023 ending cash balance of \$2,649. The increase in cash balance and net position is primarily due to an increase in operating margin resulting from the realignment of cost allocation to meet actual inventory costs and services.

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.

The net position at year-end 2024 was negative \$83,980, an increase of \$7,760 to the 2023 ending net position of negative \$76,220. This variance is mainly due to the higher General Liability claims booked according to 2024 actuarial report. The cash balance increased by \$33,487 from \$141,446 in 2023 to \$174,933 at year-end 2024. The increase in cash balance is mainly due to a combination of higher revenues and reduced claims expenditures. Workers' compensation reported a net cash inflow of \$8,396, due to increased allocation revenue, higher State reimbursements, and a reduction in claims paid. Similarly, general liability reflected a net increase of \$8,099 due to lower claims and legal expenditures. Medical and dental realized \$24,933 in additional inflows from premium revenue, pharmacy rebates, and State reimbursements, partially offset by a \$7,950 increase in claims paid.

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. 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, 2024, the City’s investment in capital assets for its governmental and business-type activities was \$3,473,277 (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 4.7% increase in governmental activities and a 3.4% increase in business-type activities.

The following table summarizes capital assets for governmental and business-type activities for 2024 and 2023:

Capital and Lease Assets (Net of depreciation/amortization)

| | <u>Governmental</u> | | <u>Business-type</u> | | <u>Total</u> | |
|------------------------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|
| | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Land and easements | \$ 114,788 | \$ 114,788 | \$ 130,321 | \$ 130,321 | \$ 245,109 | \$ 245,109 |
| Construction in progress | 714,204 | 601,171 | 171,748 | 148,588 | 885,952 | 749,759 |
| Lease assets: | | | | | | |
| Land | 20 | 3 | 4,094 | 4,617 | 4,114 | 4,620 |
| Buildings | 3,059 | 3,279 | - | - | 3,059 | 3,279 |
| Equipment | 558 | 1,036 | - | - | 558 | 1,036 |
| Software Subscriptions | 26,536 | 22,844 | | | 26,536 | 22,844 |
| Infrastructure | 509,654 | 525,929 | - | - | 509,654 | 525,929 |
| Buildings and structures | 432,657 | 450,947 | 281,246 | 290,983 | 713,903 | 741,930 |
| Public improvements | 154,849 | 159,804 | 763,233 | 729,174 | 918,082 | 888,978 |
| Equipment and other capital outlay | 77,724 | 64,711 | 82,307 | 81,696 | 160,031 | 146,407 |
| Software | 6,279 | 4,902 | - | 2 | 6,279 | 4,904 |
| Total | <u>\$ 2,040,328</u> | <u>\$ 1,949,414</u> | <u>\$ 1,432,949</u> | <u>\$ 1,385,381</u> | <u>\$ 3,473,277</u> | <u>\$ 3,334,795</u> |

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, and downtown asset improvements, combined to increase governmental assets by \$90,914 net of depreciation.
- 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 \$47,568 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, 2024, the City had total long-term bonds and notes outstanding of \$849,539 compared to \$831,445 in the prior year. Of this amount, \$540,865 is related to governmental activities and \$308,674 is related to business-type activities. The City had \$26,045 or approximately 3.1% of the long-term debt in variable rate mode at year-end. Long-term notes of \$79,395 are included in the above total, all of which is for business-type activities.

The following table shows various classifications of the City's long-term bonds and notes on December 31, 2024, and the amount of principal due in 2025.

| Summary of Outstanding Bonds and Notes | Balance 1/1/2024 | Additions | Retirements | Balance 12/31/2024 | Due in 2025 |
|--|---------------------|-------------------|--------------------|-----------------------|-------------------|
| General Obligation (GO) Bonds and Notes: | | | | | |
| Property Tax Supported GO Bonds | \$ 290,665 | \$ 79,510 | \$ (44,255) | \$ 325,920 | \$ 22,350 |
| Self-Supporting GO Bonds | 142,195 | - | (5,940) | 136,255 | 32,260 |
| Special Assessment GO Bonds | 73,855 | 8,550 | (9,435) | 72,970 | 8,490 |
| Enterprise Fund Related GO Bonds | 226,335 | 31,119 | (28,175) | 229,279 | 26,500 |
| Enterprise Fund Related GO Notes | 86,575 | - | (7,180) | 79,395 | 11,435 |
| Total General Obligation Bonds and Notes | 819,625 | 119,179 | (94,985) | 843,819 | 101,035 |
| Revenue Bonds and Notes: | | | | | |
| Tax Increment Revenue Bonds | 11,190 | - | (5,470) | 5,720 | 1,400 |
| Revenue Notes | 630 | - | (630) | - | - |
| Total Revenue Bonds and Notes | 11,820 | - | (6,100) | 5,720 | 1,400 |
| Total Outstanding Bonds and Notes | <u>\$ 831,445</u> | <u>\$ 119,179</u> | <u>\$(101,085)</u> | <u>\$ 849,539</u> | <u>\$ 102,435</u> |

The City maintained an "AAA" rating from Standard & Poor's and Fitch Ratings for its general obligation debt in 2024, and was rated as "AAA" by Moody's for its general obligation debt in 2024. 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 2024 is \$65.1 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 \$6.9 million from 2023 to 2024.
- 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 which the City continues to monitor and plan for. Cash balances were increased in the self-insurance fund from \$141.4 million in 2023 to \$174.9 million in 2024.
- Similar to other jurisdictions, employee wages and benefits make up over 64.1% of the City's General Fund 2024 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 \$82.0 million. The

allocation for 2024 was \$85.3 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 2024, the City marked its thirteenth 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 2024.
- The City continues to monitor impact of federal funding changes and is prepared to respond appropriately.

In the course of the City's annual business and strategic 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 the pandemic 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 2025, the Council Adopted Budget for all City funds was \$1.89 billion which represents a \$60.0 million or 3.15% increase from the 2024 Council Adopted Budget of \$1.83 billion, exclusive of the City's Independent Boards and interfund transfers.
- At the same time, the Council adopted a 2025 property tax levy of \$497.4 million, which results in a 5.4%, or \$25.4 million increase, from the 2024 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 2021, in response to the ongoing financial effects of the COVID-19 pandemic, the City chose to temporarily freeze over 300 positions. For 2022 many of those positions were added back to authorized full time equivalent (FTE) counts in a staggered approach. For 2023, an additional 68 FTE were added to the budget. In 2024, the City added 119.64 FTEs. Some of these positions had been temporary workers related to ARPA programming.
- A primary feature of the 2024 budget is continued planning for ongoing effects of the COVID-19 pandemic including the use of American Rescue Plan Act funding for targeted programming throughout the City and for use as revenue replacement to the General Fund as allowed by grant guidelines. 2024 is the final year for planned ARPA spending.
- 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 2024 and will be reevaluated annually going forward.
- For 2024-2029, the six-year capital program totals \$1.4 billion including all funding sources. The 2024 portion of the six-year capital program is \$274.2 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 \$13.1 billion for 2024 up from \$12.7 billion in 2023.

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 5.4% in 2025, decreasing to a growth of 3.6% by 2029.

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 2025 *U.S. Office Marketbeat Report* published by Cushman & Wakefield, the office space vacancy rate for the Minneapolis/St. Paul metro area is up to 29.3% at the end of 2024. The vacancy rate has continued to climb each year since 2021 when the vacancy rate was 23.7%.

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 2024 annual average Minnesota unemployment rate was 3.2% while the Minneapolis metro unemployment rate was 2.4%.

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.



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STATEMENT OF NET POSITION
December 31, 2024

CITY OF MINNEAPOLIS, MINNESOTA
(In Thousands)

| | Primary Government | | | Discrete | |
|--|---------------------|---------------------|---------------------|-------------------|---------------------|
| | Governmental | Business-type | Total | Component | Total |
| | Activities | Activities | | Units | |
| <u>ASSETS</u> | | | | | |
| Cash and pooled investments | \$ 944,788 | \$ 115,702 | \$ 1,060,490 | \$ 86,728 | \$ 1,147,218 |
| Investments with trustees | 2,114 | 24,843 | 26,957 | - | 26,957 |
| Receivables - net | 287,166 | 42,999 | 330,165 | 16,700 | 346,865 |
| Due from other governmental agencies | - | 11,565 | 11,565 | - | 11,565 |
| Prepays and other assets | 6,921 | 4,758 | 11,679 | 957 | 12,636 |
| Inventories | 8,837 | 5,727 | 14,564 | 110 | 14,674 |
| Internal balances | 43,170 | (43,170) | - | - | - |
| Properties held for resale | 42,084 | - | 42,084 | - | 42,084 |
| Capital assets: | | | | | |
| Nondepreciable/nonamortizable | 828,992 | 302,069 | 1,131,061 | 229,754 | 1,360,815 |
| Depreciable/amortizable, net | 1,211,336 | 1,130,880 | 2,342,216 | 277,184 | 2,619,400 |
| Total assets | <u>\$ 3,375,408</u> | <u>\$ 1,595,373</u> | <u>\$ 4,970,781</u> | <u>\$ 611,433</u> | <u>\$ 5,582,214</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | | | |
| Deferred outflows - other postemployment benefits | \$ 61,969 | \$ 11,220 | \$ 73,189 | \$ 1,005 | \$ 74,194 |
| Deferred outflows - pensions | 252,878 | 5,181 | 258,059 | 12,610 | 270,669 |
| Total deferred outflows of resources | <u>\$ 314,847</u> | <u>\$ 16,401</u> | <u>\$ 331,248</u> | <u>\$ 13,615</u> | <u>\$ 344,863</u> |
| <u>LIABILITIES</u> | | | | | |
| Accrued salaries and benefits | \$ 23,353 | \$ 2,429 | \$ 25,782 | \$ 3,766 | \$ 29,548 |
| Accounts payable | 60,997 | 16,362 | 77,359 | 7,520 | 84,879 |
| Retainage payable | 4,010 | - | 4,010 | - | 4,010 |
| Interest payable | 2,882 | 1,188 | 4,070 | - | 4,070 |
| Due to other governmental agencies | 53 | 395 | 448 | - | 448 |
| Deposits held for others | 8,228 | 2,031 | 10,259 | 13,237 | 23,496 |
| Unearned revenue | 12,698 | 214 | 12,912 | 135 | 13,047 |
| Long-term liabilities: | | | | | |
| Due within one year | 128,689 | 38,442 | 167,131 | 467 | 167,598 |
| Due beyond one year | 706,006 | 293,211 | 999,217 | 8,409 | 1,007,626 |
| Compensated absences: | | | | | |
| Due within one year | 37,772 | 4,918 | 42,690 | 6,033 | 48,723 |
| Due beyond one year | 29,848 | 2,028 | 31,876 | 1,702 | 33,578 |
| Other postemployment benefits: | | | | | |
| Due within one year | 6,403 | 1,158 | 7,561 | 175 | 7,736 |
| Due beyond one year | 101,996 | 18,470 | 120,466 | 1,846 | 122,312 |
| Net pension liability | 349,212 | 34,782 | 383,994 | 42,295 | 426,289 |
| Total liabilities | <u>\$ 1,472,147</u> | <u>\$ 415,628</u> | <u>\$ 1,887,775</u> | <u>\$ 85,585</u> | <u>\$ 1,973,360</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | |
| Deferred inflows - public-public-partnership agreement | \$ - | \$ - | \$ - | \$ 3,270 | \$ 3,270 |
| Deferred inflows - leases | 17,391 | - | 17,391 | - | 17,391 |
| Deferred inflows - other postemployment benefits | 4,874 | 882 | 5,756 | 135 | 5,891 |
| Deferred inflows - pensions | 334,106 | 15,131 | 349,237 | 25,355 | 374,592 |
| Total deferred inflows of resources | <u>\$ 356,371</u> | <u>\$ 16,013</u> | <u>\$ 372,384</u> | <u>\$ 28,760</u> | <u>\$ 401,144</u> |
| <u>NET POSITION</u> | | | | | |
| Net investment in capital assets | \$ 1,506,791 | \$ 1,120,952 | \$ 2,627,743 | \$ 502,568 | \$ 3,130,311 |
| Restricted: | | | | | |
| Public safety aid | 15,025 | - | 15,025 | - | 15,025 |
| Debt service | 62,623 | 26,495 | 89,118 | - | 89,118 |
| Community and economic development | 127,640 | - | 127,640 | - | 127,640 |
| Law enforcement | 2,764 | - | 2,764 | - | 2,764 |
| Grants | 20,181 | - | 20,181 | - | 20,181 |
| Properties held for resale | 42,084 | - | 42,084 | - | 42,084 |
| Capital improvements | 84,175 | - | 84,175 | 1,068 | 85,243 |
| Project and grant programs | - | - | - | 29,322 | 29,322 |
| Special trust | - | - | - | 216 | 216 |
| Special reserves | - | - | - | 4,753 | 4,753 |
| Donor restrictions | - | - | - | 246 | 246 |
| Unrestricted | 454 | 32,686 | 33,140 | (27,470) | 5,670 |
| Total net position | <u>\$ 1,861,737</u> | <u>\$ 1,180,133</u> | <u>\$ 3,041,870</u> | <u>\$ 510,703</u> | <u>\$ 3,552,573</u> |

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

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended December 31, 2024

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 | | | | |
| | | | | | Governmental Activities | Business-type Activities | Total | Discrete Component Units | Total |
| Primary government | | | | | | | | | |
| Governmental Activities: | | | | | | | | | |
| General government | \$ 166,241 | \$ 31,101 | \$ 88,901 | \$ - | \$ (46,239) | \$ - | \$ (46,239) | \$ - | \$ (46,239) |
| Public safety | 354,768 | 16,949 | 25,186 | - | (312,633) | - | (312,633) | - | (312,633) |
| Public works | 164,515 | 55,363 | 49,414 | 5,275 | (54,463) | - | (54,463) | - | (54,463) |
| Culture and recreation | 11,029 | - | - | - | (11,029) | - | (11,029) | - | (11,029) |
| Health and welfare | 51,675 | 3,475 | 22,828 | - | (25,372) | - | (25,372) | - | (25,372) |
| Community planning and economic development | 212,458 | 68,238 | 44,171 | - | (100,049) | - | (100,049) | - | (100,049) |
| Interest on long-term debt | 18,666 | - | - | - | (18,666) | - | (18,666) | - | (18,666) |
| Total governmental activities | 979,352 | 175,126 | 230,500 | 5,275 | (568,451) | - | (568,451) | - | (568,451) |
| Business-type Activities: | | | | | | | | | |
| Sanitary sewer | 79,226 | 95,016 | 2,311 | - | - | 18,101 | 18,101 | - | 18,101 |
| Stormwater | 44,638 | 47,469 | 10,051 | - | - | 12,882 | 12,882 | - | 12,882 |
| Water treatment and distribution services | 81,087 | 96,171 | - | - | - | 15,084 | 15,084 | - | 15,084 |
| Municipal parking | 60,954 | 67,974 | - | - | - | 7,020 | 7,020 | - | 7,020 |
| Solid waste and recycling | 52,755 | 48,064 | 1,729 | - | - | (2,962) | (2,962) | - | (2,962) |
| Community planning and economic development | 1,266 | 963 | - | - | - | (303) | (303) | - | (303) |
| Total business-type activities | 319,926 | 355,657 | 14,091 | - | - | 49,822 | 49,822 | - | 49,822 |
| Total primary government | \$ 1,299,278 | \$ 530,783 | \$ 244,591 | \$ 5,275 | (568,451) | 49,822 | (518,629) | - | (518,629) |
| Component units: | | | | | | | | | |
| Discrete component units | \$ 186,109 | \$ 52,953 | \$ 6,926 | \$ 37,716 | | | | (88,514) | (88,514) |
| General Revenues: | | | | | | | | | |
| Taxes: | | | | | | | | | |
| General property tax and fiscal disparities | | | | | 393,836 | - | 393,836 | 80,042 | 473,878 |
| Property tax increment | | | | | 982 | - | 982 | - | 982 |
| Museum (county-wide levy) | | | | | - | - | - | 19,505 | 19,505 |
| Franchise taxes | | | | | 43,973 | 338 | 44,311 | - | 44,311 |
| Local taxes | | | | | 87,328 | - | 87,328 | - | 87,328 |
| Local government aid - unrestricted | | | | | 74,934 | 855 | 75,789 | 9,605 | 85,394 |
| Grants and contributions not restricted to programs | | | | | 13,967 | 734 | 14,701 | 1,790 | 16,491 |
| Unrestricted interest and investment earnings | | | | | 35,708 | 636 | 36,344 | 1,519 | 37,863 |
| Other | | | | | - | 76 | 76 | 373 | 449 |
| Transfers | | | | | 3,853 | (3,853) | - | - | - |
| Total general revenues and transfers | | | | | 654,581 | (1,214) | 653,367 | 112,834 | 766,201 |
| Change in net position | | | | | 86,130 | 48,608 | 134,738 | 24,320 | 159,058 |
| Net Position - January 1 | | | | | 1,789,787 | 1,131,525 | 2,921,312 | 486,848 | 3,408,160 |
| Restatement (see Note 1R) | | | | | (14,180) | - | (14,180) | (465) | (14,645) |
| Net position - January 1, as restated | | | | | 1,775,607 | 1,131,525 | 2,907,132 | 486,383 | 3,393,515 |
| Net position - December 31 | | | | | \$ 1,861,737 | \$ 1,180,133 | \$ 3,041,870 | \$ 510,703 | \$ 3,552,573 |

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

**GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2024**

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 | \$ 234,387 | \$ 203,429 | \$ 11,158 | \$ 551 | \$ 76,385 | \$ 24,405 | \$ 189,680 | \$ 739,995 |
| Investments with trustees | - | - | - | - | - | - | 2,114 | 2,114 |
| Receivables: | | | | | | | | |
| Accounts - net | 9,682 | 2 | 14 | 5 | 3,262 | - | 904 | 13,869 |
| Taxes | 3,494 | 43 | - | - | 74 | - | 791 | 4,402 |
| Special assessments | 1,004 | 868 | - | - | 2,041 | 72,674 | 25 | 76,612 |
| Intergovernmental | 612 | 173 | 9,060 | 6,053 | 27,761 | - | 22,336 | 65,995 |
| Loans - net | - | 53,155 | 1,864 | 48,280 | - | - | - | 103,299 |
| Leases | - | - | - | - | - | - | 18,219 | 18,219 |
| Accrued interest | 2,209 | 837 | 51 | - | 565 | 101 | 685 | 4,448 |
| Due from other funds | - | - | - | - | - | - | 3,500 | 3,500 |
| Advances to other funds | - | - | - | - | - | - | 3,445 | 3,445 |
| Properties held for resale | - | 20,031 | 403 | 5,338 | 16,312 | - | - | 42,084 |
| Total assets | \$ 251,388 | \$ 278,538 | \$ 22,550 | \$ 60,227 | \$ 126,400 | \$ 97,180 | \$ 241,699 | \$ 1,077,982 |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u> | | | | | | | | |
| Liabilities: | | | | | | | | |
| Salaries payable | \$ 20,266 | \$ 99 | \$ 325 | \$ 179 | \$ 444 | \$ - | \$ 677 | \$ 21,990 |
| Accounts payable | 14,415 | 5,267 | 5,936 | 2,930 | 13,615 | 13 | 7,728 | 49,904 |
| Retainage payable | - | - | - | - | 4,010 | - | - | 4,010 |
| Due to other funds | - | - | - | 3,500 | - | - | - | 3,500 |
| Due to other governmental agencies | - | - | 1 | - | 46 | - | 6 | 53 |
| Deposits held for others | 5,068 | 1,462 | - | - | 665 | - | 1,033 | 8,228 |
| Advances from other funds | - | - | - | - | - | - | 3,445 | 3,445 |
| Unearned revenue | 46 | - | 1,571 | - | 2,176 | - | 7,756 | 11,549 |
| Total liabilities | 39,795 | 6,828 | 7,833 | 6,609 | 20,956 | 13 | 20,645 | 102,679 |
| Deferred Inflows of Resources: | | | | | | | | |
| Unavailable revenue | 2,418 | 54,066 | 1,864 | 48,280 | 25,093 | 73,025 | 398 | 205,144 |
| Leases | - | - | - | - | - | - | 17,391 | 17,391 |
| Total deferred inflows of resources | 2,418 | 54,066 | 1,864 | 48,280 | 25,093 | 73,025 | 17,789 | 222,535 |
| Fund balances: | | | | | | | | |
| Restricted | 15,025 | 147,671 | 12,853 | 5,338 | 100,487 | 24,142 | 48,976 | 354,492 |
| Assigned | 54,381 | 69,973 | - | - | - | - | 154,289 | 278,643 |
| Unassigned | 139,769 | - | - | - | (20,136) | - | - | 119,633 |
| Total fund balances | 209,175 | 217,644 | 12,853 | 5,338 | 80,351 | 24,142 | 203,265 | 752,768 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 251,388 | \$ 278,538 | \$ 22,550 | \$ 60,227 | \$ 126,400 | \$ 97,180 | \$ 241,699 | \$ 1,077,982 |

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, 2024**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

Fund balances - total governmental funds \$ 752,768

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 | 784,693 | |
| Depreciable / amortizable | 2,261,719 | |
| Accumulated depreciation and amortization | (1,173,267) | 1,873,145 |

Deferred inflows are not available to pay for current-period expenditures and, therefore, in the governmental funds, are unavailable revenue. 205,144

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. 65,101

Receivable from business-type funds for internal service fund activity. 43,170

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 | (570,046) | |
| Other postemployment benefits payable | (99,206) | |
| Net pension liability | (330,859) | |
| Bond interest payable | (2,325) | |
| Lease liability | (646) | |
| Lease interest payable | (7) | |
| Software subscriptions liability | (6,091) | |
| Software subscriptions interest payable | (26) | |
| Compensated absences | (44,657) | (1,053,863) |

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 | 56,713 | |
| Deferred inflows - other postemployment benefits | (4,460) | |
| Deferred outflows - pensions | 250,143 | |
| Deferred inflows - pensions | (326,124) | (23,728) |

Net position of governmental activities \$ 1,861,737

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, 2024

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 | \$ 338,298 | \$ 19,809 | \$ - | \$ - | \$ 15,309 | \$ - | \$ 152,529 | \$ 525,945 |
| Licenses and permits | 50,282 | - | - | - | 431 | - | 59 | 50,772 |
| Intergovernmental revenues | 94,505 | 3,564 | 104,274 | 24,733 | 37,368 | - | 30,001 | 294,445 |
| Charges for services and sales | 57,505 | 1,464 | - | 515 | 11,021 | - | 10,532 | 81,037 |
| Fines and forfeits | 5,589 | - | - | - | - | - | 244 | 5,833 |
| Special assessments | 5,524 | 29 | - | - | 1,291 | 14,523 | 8,503 | 29,870 |
| Investment earnings | 14,265 | 6,528 | 4,208 | 107 | 3,646 | 690 | 6,364 | 35,808 |
| Miscellaneous revenues | 3,394 | 1,706 | 92 | 826 | 1,628 | - | 26,167 | 33,813 |
| Total revenues | 569,362 | 33,100 | 108,574 | 26,181 | 70,694 | 15,213 | 234,399 | 1,057,523 |
| EXPENDITURES: | | | | | | | | |
| Current: | | | | | | | | |
| General government | 145,194 | - | 7,649 | 3,579 | - | - | 16,937 | 173,359 |
| Public safety | 348,811 | - | 6,197 | 1,115 | - | - | 11,254 | 367,377 |
| Public works | 72,902 | - | 3,968 | - | - | - | 8,662 | 85,532 |
| Health and welfare | 24,373 | - | 13,295 | 456 | - | - | 12,814 | 50,938 |
| Community planning and economic development | 46,983 | 52,308 | 14,026 | 21,214 | - | - | 75,321 | 209,852 |
| Capital outlay | - | - | - | - | 147,150 | - | - | 147,150 |
| Intergovernmental: | | | | | | | | |
| General government | - | - | - | - | 6,521 | - | - | 6,521 |
| Health and welfare | - | - | 168 | - | - | - | - | 168 |
| Culture and recreation | - | - | - | - | 11,029 | - | - | 11,029 |
| Debt Service: | | | | | | | | |
| Principal retirement | 1,642 | - | - | - | - | 9,435 | 56,295 | 67,372 |
| Interest and fiscal charges | 199 | - | - | - | - | 2,489 | 16,821 | 19,509 |
| Total expenditures | 640,104 | 52,308 | 45,303 | 26,364 | 164,700 | 11,924 | 198,104 | 1,138,807 |
| Excess (deficiency) of revenues over (under) expenditures | (70,742) | (19,208) | 63,271 | (183) | (94,006) | 3,289 | 36,295 | (81,284) |
| OTHER FINANCING SOURCES (USES): | | | | | | | | |
| Transfers from other funds | 89,957 | 17,299 | - | - | 6,218 | - | 62,914 | 176,388 |
| Transfers to other funds | (20,596) | (7,922) | (58,756) | - | (2,425) | - | (83,331) | (173,030) |
| Premium (discount) | - | - | - | - | 5,830 | - | - | 5,830 |
| Software subscriptions issued | 76 | - | - | - | - | - | - | 76 |
| Leases issued | 110 | - | - | - | - | - | - | 110 |
| Bonds issued | - | - | - | - | 88,060 | - | - | 88,060 |
| Total other financing sources (uses) | 69,547 | 9,377 | (58,756) | - | 97,683 | - | (20,417) | 97,434 |
| Net change in fund balances | (1,195) | (9,831) | 4,515 | (183) | 3,677 | 3,289 | 15,878 | 16,150 |
| Fund balances - January 1 | 210,370 | 241,655 | 8,338 | 5,521 | 76,674 | 20,853 | 187,387 | 750,798 |
| Restatement (see Note 1R) | - | (14,180) | - | - | - | - | - | (14,180) |
| Fund balances - January 1, as restated | 210,370 | 227,475 | 8,338 | 5,521 | 76,674 | 20,853 | 187,387 | 736,618 |
| Fund balances - December 31 | \$ 209,175 | \$ 217,644 | \$ 12,853 | \$ 5,338 | \$ 80,351 | \$ 24,142 | \$ 203,265 | \$ 752,768 |

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, 2024**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | | |
|--|-----------|---------------|
| Net increase (decrease) in fund balances - total governmental funds | \$ | 16,150 |
| 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. | | (6,892) |
| Transfers from business-type funds for internal service fund activity. | | 1,598 |
| 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: | 149,071 | |
| Less current year depreciation and amortization | (69,807) | 79,264 |
| 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 | 205,144 | |
| Deferred inflows of resources - January 1 | (197,321) | 7,823 |
| 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 | (110) | |
| Software subscription proceeds | (76) | |
| Bond, lease and software subscription principal payments | 67,372 | |
| Bond proceeds | (88,060) | (20,874) |
| 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 | 843 | |
| Change in other postemployment benefits payable and related deferred outflows and inflows | (10,633) | |
| Change in compensated absences | (18,707) | |
| Change in net pension liability and related deferred outflows and inflows | 40,655 | |
| Change in other long-term liabilities | (3,097) | 9,061 |
| Increase (decrease) in net position of governmental activities | \$ | 86,130 |

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

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2024

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Business-type Activities - Enterprise Funds | | | | | | Governmental Activities | |
|---|---|------------|---|-------------------|---------------------------|---|-------------------------|------------------------|
| | Sanitary Sewer | Stormwater | Water Treatment and Distribution Services | Municipal Parking | Solid Waste and Recycling | Community Planning and Economic Development | Total | Internal Service Funds |
| ASSETS | | | | | | | | |
| Current assets: | | | | | | | | |
| Cash and cash equivalents | \$ 24,807 | \$ 15,484 | \$ 53,082 | \$ 3,701 | \$ 18,628 | \$ - | \$ 115,702 | \$ 204,793 |
| Investments with trustees | - | - | - | - | - | 24,843 | 24,843 | - |
| Receivables: | | | | | | | | |
| Accounts - net | 9,067 | 4,296 | 8,899 | 1,037 | 6,118 | - | 29,417 | 322 |
| Special assessments: | | | | | | | | |
| Current | 3,114 | 981 | 2,707 | 843 | 1,950 | - | 9,595 | - |
| Delinquent | 73 | 99 | 237 | - | 104 | - | 513 | - |
| Noncurrent | 1,125 | - | 1,653 | 543 | - | - | 3,321 | - |
| Due from other governmental agencies | - | 8,671 | - | 2,892 | 2 | - | 11,565 | - |
| Accrued interest | - | - | - | - | - | 153 | 153 | - |
| Inventories | - | - | 4,241 | - | 1,486 | - | 5,727 | 8,837 |
| Prepaid items | 4,475 | 283 | - | - | - | - | 4,758 | 6,921 |
| Total current assets | 42,661 | 29,814 | 70,819 | 9,016 | 28,288 | 24,996 | 205,594 | 220,873 |
| Long-term assets: | | | | | | | | |
| Capital assets: | | | | | | | | |
| Nondepreciable/amortizable: | | | | | | | | |
| Land and easements | 1 | 7,211 | 5,347 | 109,735 | 4,179 | 3,848 | 130,321 | 23,007 |
| Construction in progress | 30,711 | 85,300 | 52,974 | 1,375 | 1,388 | - | 171,748 | 21,292 |
| Depreciable/amortizable: | | | | | | | | |
| Land lease - amortizable | - | - | - | 5,689 | - | - | 5,689 | - |
| Less accumulated amortization | - | - | - | (1,595) | - | - | (1,595) | - |
| Leased buildings | - | - | - | - | - | - | - | 4,077 |
| Less accumulated amortization | - | - | - | - | - | - | - | (1,634) |
| Leased Equipment | - | - | - | - | - | - | - | 1,992 |
| Less accumulated amortization | - | - | - | - | - | - | - | (1,434) |
| Software Subscriptions | - | - | - | - | - | - | - | 29,436 |
| Less accumulated amortization | - | - | - | - | - | - | - | (8,856) |
| Buildings and structures | - | - | 260,164 | 292,318 | 36,411 | 12,743 | 601,636 | 55,560 |
| Less accumulated depreciation | - | - | (128,913) | (173,550) | (5,184) | (12,743) | (320,390) | (38,152) |
| Public improvements | 275,690 | 499,788 | 332,978 | 8,089 | 3,663 | - | 1,120,208 | 21,493 |
| Less accumulated depreciation | (84,283) | (157,308) | (109,433) | (5,279) | (672) | - | (356,975) | (9,253) |
| Equipment and other capital outlay | 1,624 | 1,941 | 115,416 | 18,070 | 29,166 | - | 166,217 | 190,911 |
| Less accumulated depreciation | (1,624) | (1,939) | (46,805) | (12,830) | (20,712) | - | (83,910) | (127,497) |
| Software | - | 1,494 | 302 | 130 | 955 | - | 2,881 | 69,836 |
| Less accumulated depreciation | - | (1,494) | (302) | (130) | (955) | - | (2,881) | (63,595) |
| Total long - term assets | 222,119 | 434,993 | 481,728 | 242,022 | 48,239 | 3,848 | 1,432,949 | 167,183 |
| Total assets | \$ 264,780 | \$ 464,807 | \$ 552,547 | \$ 251,038 | \$ 76,527 | \$ 28,844 | \$ 1,638,543 | \$ 388,056 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | |
| Deferred outflows - other postemployment benefits | \$ 1,030 | \$ 2,945 | \$ 3,755 | \$ 1,008 | \$ 2,482 | \$ - | \$ 11,220 | \$ 5,256 |
| Deferred outflows - pensions | 464 | 1,249 | 1,930 | 463 | 1,075 | - | 5,181 | 2,735 |
| Total deferred outflows of resources | \$ 1,494 | \$ 4,194 | \$ 5,685 | \$ 1,471 | \$ 3,557 | \$ - | \$ 16,401 | \$ 7,991 |

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

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2024

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Business-type Activities - Enterprise Funds | | | | | | Governmental Activities | |
|--|---|-------------------|---|-------------------|---------------------------|---|-------------------------|------------------------|
| | Sanitary Sewer | Stormwater | Water Treatment and Distribution Services | Municipal Parking | Solid Waste and Recycling | Community Planning and Economic Development | Total | Internal Service Funds |
| <u>LIABILITIES</u> | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Salaries payable | \$ 209 | \$ 561 | \$ 922 | \$ 224 | \$ 508 | \$ 5 | \$ 2,429 | \$ 1,363 |
| Accounts payable | 3,575 | 1,761 | 4,730 | 3,306 | 1,296 | 1,694 | 16,362 | 11,063 |
| Intergovernmental payable | - | 7 | 40 | 22 | 326 | - | 395 | 30 |
| Deposits held for others | - | - | 302 | 1,729 | - | - | 2,031 | - |
| Interest payable | 183 | 172 | 619 | 118 | 62 | 34 | 1,188 | 524 |
| Unearned revenue | - | - | - | - | - | 214 | 214 | 1,149 |
| Bonds payable - current portion | 6,850 | 4,160 | 9,450 | 5,355 | 685 | - | 26,500 | - |
| Notes payable - current portion | - | - | 8,610 | 2,825 | - | - | 11,435 | - |
| Compensated absences payable - current portion | 423 | 1,228 | 1,880 | 417 | 970 | - | 4,918 | 5,089 |
| Other postemployment benefits - current portion | 106 | 304 | 388 | 104 | 256 | - | 1,158 | 543 |
| Software Subscriptions - current portion | - | - | - | - | - | - | - | 4,973 |
| Lease liability - current portion | - | - | - | 507 | - | - | 507 | 1,098 |
| Medical claims payable - current portion | - | - | - | - | - | - | - | 9,255 |
| Unpaid claims payable - current portion | - | - | - | - | - | - | - | 47,285 |
| Total current liabilities | <u>11,346</u> | <u>8,193</u> | <u>26,941</u> | <u>14,607</u> | <u>4,103</u> | <u>1,947</u> | <u>67,137</u> | <u>82,372</u> |
| Long-term liabilities: | | | | | | | | |
| Bonds payable | 55,102 | 43,681 | 90,176 | 13,858 | 18,783 | - | 221,600 | - |
| Notes payable | - | - | 44,740 | 23,220 | - | - | 67,960 | - |
| Compensated absences payable | 174 | 507 | 775 | 172 | 400 | - | 2,028 | 17,874 |
| Lease liability | - | - | - | 3,651 | - | - | 3,651 | 1,992 |
| Software Subscriptions liability | - | - | - | - | - | - | - | 12,639 |
| Other postemployment benefits | 1,697 | 4,848 | 6,181 | 1,659 | 4,085 | - | 18,470 | 8,650 |
| Net pension liability | 3,112 | 8,386 | 12,958 | 3,108 | 7,218 | - | 34,782 | 18,353 |
| Unpaid claims payable | - | - | - | - | - | - | - | 180,670 |
| Total long-term liabilities | <u>60,085</u> | <u>57,422</u> | <u>154,830</u> | <u>45,668</u> | <u>30,486</u> | <u>-</u> | <u>348,491</u> | <u>240,178</u> |
| Total liabilities | <u>\$ 71,431</u> | <u>\$ 65,615</u> | <u>\$ 181,771</u> | <u>\$ 60,275</u> | <u>\$ 34,589</u> | <u>\$ 1,947</u> | <u>\$ 415,628</u> | <u>\$ 322,550</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | | | | |
| Deferred inflows - other postemployment benefits | \$ 81 | \$ 232 | \$ 295 | \$ 79 | \$ 195 | \$ - | \$ 882 | 414 |
| Deferred inflows - pensions | 1,354 | 3,648 | 5,637 | 1,352 | 3,140 | - | 15,131 | 7,982 |
| Total deferred inflows of resources | <u>\$ 1,435</u> | <u>\$ 3,880</u> | <u>\$ 5,932</u> | <u>\$ 1,431</u> | <u>\$ 3,335</u> | <u>\$ -</u> | <u>\$ 16,013</u> | <u>\$ 8,396</u> |
| <u>NET POSITION</u> | | | | | | | | |
| Net investment in capital assets | \$ 159,355 | \$ 390,389 | \$ 346,690 | \$ 192,160 | \$ 28,510 | \$ 3,848 | \$ 1,120,952 | \$ 146,279 |
| Restricted - debt service | - | - | - | - | - | 26,495 | 26,495 | - |
| Unrestricted | 34,053 | 9,117 | 23,839 | (1,357) | 13,650 | (3,446) | 75,856 | (81,178) |
| Total net position | <u>\$ 193,408</u> | <u>\$ 399,506</u> | <u>\$ 370,529</u> | <u>\$ 190,803</u> | <u>\$ 42,160</u> | <u>\$ 26,897</u> | <u>\$ 1,223,303</u> | <u>\$ 65,101</u> |
| Net position - total enterprise funds | | | | | | | \$ 1,223,303 | |
| 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. | | | | | | | <u>(43,170)</u> | |
| Net position of business-type activities | | | | | | | <u>\$ 1,180,133</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, 2024

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Business-type Activities - Enterprise Funds | | | | | | Governmental Activities | |
|---|---|-------------------|---|-------------------|---------------------------|---|-------------------------|------------------------|
| | Sanitary Sewer | Stormwater | Water Treatment and Distribution Services | Municipal Parking | Solid Waste and Recycling | Community Planning and Economic Development | Total | Internal Service Funds |
| Operating revenues: | | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ 338 | \$ - | \$ - | \$ 338 | \$ - |
| Licenses and permits | - | - | 116 | 796 | - | - | 912 | - |
| Intergovernmental revenues | - | 268 | - | - | 8 | - | 276 | 284 |
| Charges for services and sales | 92,881 | 46,359 | 92,094 | 67,076 | 46,266 | 47 | 344,723 | 225,901 |
| Special assessments | 2,135 | 1,110 | 2,759 | - | 1,799 | - | 7,803 | - |
| Rents and commissions | - | - | - | 102 | - | 916 | 1,018 | 42,217 |
| Total operating revenues | 95,016 | 47,737 | 94,969 | 68,312 | 48,073 | 963 | 355,070 | 268,402 |
| Operating expenses: | | | | | | | | |
| Personnel costs | 6,044 | 15,696 | 22,987 | 6,623 | 18,245 | 161 | 69,756 | 49,547 |
| Contractual services | 17,027 | 17,192 | 24,620 | 41,348 | 28,207 | 255 | 128,649 | 134,586 |
| Materials, supplies, services and other | 50,764 | 4,937 | 13,741 | 3,342 | 2,616 | 850 | 76,250 | 73,461 |
| Depreciation and amortization | 3,563 | 5,261 | 15,455 | 8,131 | 2,433 | - | 34,843 | 22,090 |
| Total operating expenses | 77,398 | 43,086 | 76,803 | 59,444 | 51,501 | 1,266 | 309,498 | 279,684 |
| Operating income (loss) | 17,618 | 4,651 | 18,166 | 8,868 | (3,428) | (303) | 45,572 | (11,282) |
| Nonoperating revenues (expenses): | | | | | | | | |
| Intergovernmental | 2,453 | 10,166 | 592 | 142 | 2,050 | - | 15,403 | 838 |
| Investment earnings | - | - | - | - | - | 636 | 636 | - |
| Interest expense | (1,469) | (1,552) | (3,819) | (1,341) | (649) | - | (8,830) | (640) |
| Special assessments | - | - | 1,202 | - | - | - | 1,202 | - |
| Other revenues | - | - | 76 | - | - | - | 76 | 3,700 |
| Other expenses | - | - | - | - | - | - | - | (3) |
| Total nonoperating revenues (expenses) | 984 | 8,614 | (1,949) | (1,199) | 1,401 | 636 | 8,487 | 3,895 |
| Income (loss) before transfers | 18,602 | 13,265 | 16,217 | 7,669 | (2,027) | 333 | 54,059 | (7,387) |
| Transfers in (out): | | | | | | | | |
| Transfers from other funds | - | - | 1,061 | - | 471 | - | 1,532 | 495 |
| Transfers to other funds | (1,020) | (1,719) | - | (2,646) | - | - | (5,385) | - |
| Total transfers | (1,020) | (1,719) | 1,061 | (2,646) | 471 | - | (3,853) | 495 |
| Change in net position | 17,582 | 11,546 | 17,278 | 5,023 | (1,556) | 333 | 50,206 | (6,892) |
| Net position - January 1 | 175,826 | 387,960 | 353,251 | 185,780 | 43,716 | 26,564 | 1,173,097 | 71,993 |
| Net position - December 31 | <u>\$ 193,408</u> | <u>\$ 399,506</u> | <u>\$ 370,529</u> | <u>\$ 190,803</u> | <u>\$ 42,160</u> | <u>\$ 26,897</u> | <u>\$ 1,223,303</u> | <u>\$ 65,101</u> |

Change in net position - total enterprise funds \$ 50,206

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. (1,598)

Change in net position of business-type activities \$ 48,608

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, 2024

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Business-type Activities - Enterprise Funds | | | | | | Governmental Activities | |
|---|---|------------|---|-------------------|---------------------------|---|-------------------------|------------------------|
| | Sanitary Sewer | Stormwater | Water Treatment and Distribution Services | Municipal Parking | Solid Waste and Recycling | Community Planning and Economic Development | Total | Internal Service Funds |
| Cash flows from operating activities: | | | | | | | | |
| Cash received from customers | \$ 93,415 | \$ 47,840 | \$ 93,100 | \$ 68,851 | \$ 47,144 | \$ 900 | \$ 351,250 | \$ 16,521 |
| Intergovernmental receipts | - | - | - | - | 8 | - | 8 | 38,044 |
| Cash received from interfund activities | 9 | 32 | 875 | 238 | 11 | - | 1,165 | 224,546 |
| Payments to suppliers | (57,154) | (16,218) | (18,962) | (36,656) | (25,558) | (682) | (155,230) | (167,424) |
| Payments to employees | (6,454) | (13,205) | (23,919) | (6,893) | (15,915) | (159) | (66,545) | (51,183) |
| Payments for interfund activities | (10,193) | (7,001) | (19,774) | (8,063) | (8,211) | - | (53,242) | (10,780) |
| Other nonoperating revenues | - | - | 76 | - | - | - | 76 | 3,697 |
| Net cash provided (used) by operating activities | 19,623 | 11,448 | 31,396 | 17,477 | (2,521) | 59 | 77,482 | 53,421 |
| Cash flows from non-capital financing activities: | | | | | | | | |
| Transfers from other funds | - | - | 1,061 | - | 471 | - | 1,532 | 686 |
| Transfers to other funds | (1,020) | (1,719) | - | (2,646) | - | - | (5,385) | - |
| Intergovernmental receipts | 2,453 | 1,962 | 592 | 142 | 2,050 | - | 7,199 | 650 |
| Net cash provided (used) by non-capital financing activities | 1,433 | 243 | 1,653 | (2,504) | 2,521 | - | 3,346 | 1,336 |
| Cash Flows from capital and related financing activities: | | | | | | | | |
| Bonds issued | 11,470 | 8,849 | 12,723 | - | - | - | 33,042 | - |
| Principal paid on bonds | (5,163) | (3,735) | (9,835) | (7,760) | (595) | - | (27,088) | - |
| Interest paid on bonds | (1,940) | (1,883) | (3,456) | (653) | (759) | - | (8,691) | - |
| Principal paid on notes | - | - | (6,890) | (290) | - | - | (7,180) | - |
| Interest paid on notes | - | - | (1,019) | (1,033) | - | - | (2,052) | - |
| Principal paid on leases | - | - | - | (514) | - | - | (514) | (1,151) |
| Interest paid on leases | - | - | - | (54) | - | - | (54) | - |
| Special assessments | - | - | 1,202 | 243 | - | - | 1,445 | - |
| Acquisition and construction of capital assets | (18,679) | (27,109) | (32,312) | (1,428) | (1,974) | - | (81,502) | (22,462) |
| Principal paid on software subscriptions | - | - | - | - | - | - | - | (5,682) |
| Interest paid on software subscriptions | - | - | - | - | - | - | - | (640) |
| Bond issuance costs | (38) | (20) | - | - | - | - | (58) | - |
| Net cash provided (used) by capital and related financing activities | (14,350) | (23,898) | (39,587) | (11,489) | (3,328) | - | (92,652) | (29,935) |
| Cash flows from investing activities: | | | | | | | | |
| Purchase of investments | - | - | - | - | - | (1,871) | (1,871) | - |
| Sale of investments | - | - | - | - | - | 1,181 | 1,181 | - |
| Interest | - | - | - | - | - | 631 | 631 | - |
| Net cash provided (used) by investing activities | - | - | - | - | - | (59) | (59) | - |
| Net increase (decrease) in cash and cash equivalents | 6,706 | (12,207) | (6,538) | 3,484 | (3,328) | - | (11,883) | 24,822 |
| Cash and cash equivalents, beginning of year | 18,101 | 27,691 | 59,620 | 217 | 21,956 | - | 127,585 | 179,971 |
| Cash and cash equivalents, end of year | \$ 24,807 | \$ 15,484 | \$ 53,082 | \$ 3,701 | \$ 18,628 | \$ - | \$ 115,702 | \$ 204,793 |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | | | | | |
| Operating income (loss) | \$ 17,618 | \$ 4,651 | \$ 18,166 | \$ 8,868 | \$ (3,428) | \$ (303) | \$ 45,572 | \$ (11,282) |
| Adjustment to reconcile change in net position to net cash provided (used) by operating activities: | | | | | | | | |
| Depreciation and amortization | 3,563 | 5,261 | 15,455 | 8,131 | 2,433 | - | 34,843 | 22,089 |
| Accounts receivable | (315) | 594 | (449) | 126 | (256) | - | (300) | 4,621 |
| Intergovernmental receivable | - | (268) | - | 629 | (655) | - | (294) | - |
| Special assessments receivable | (1,277) | (191) | (671) | - | - | - | (2,139) | - |
| Inventories | - | - | (336) | - | 314 | - | (22) | (95) |
| Prepaid items | (379) | (67) | - | - | - | - | (446) | (2,375) |
| Deferred outflows - other postemployment benefits | 358 | (61) | 572 | 136 | 428 | - | 1,433 | 684 |
| Deferred outflows - pensions | 531 | 728 | 2,030 | 468 | 869 | - | 4,626 | 2,531 |
| Salaries payable | 40 | 63 | 231 | 63 | 169 | 1 | 567 | 249 |
| Accounts payable | 1,182 | (997) | 499 | (32) | (1,139) | 425 | (62) | 1,079 |
| Interest Payable | - | - | - | - | - | (1) | (1) | 296 |
| Intergovernmental payable | - | 7 | 28 | 3 | (347) | - | (309) | - |
| Deposits held for others | - | - | 127 | 21 | - | - | 148 | - |
| Unearned revenue | - | - | - | - | - | (63) | (63) | (330) |
| Compensated absences payable | 172 | 838 | 1,039 | 207 | 562 | - | 2,818 | 2,715 |
| Other postemployment benefits | (255) | 878 | 156 | 67 | 30 | - | 876 | 393 |
| Net pension liability | (1,739) | (1,254) | (6,349) | (1,430) | (2,260) | - | (13,032) | (7,321) |
| Unpaid claims payable | - | - | - | - | - | - | - | 35,926 |
| Medical claims payable | - | - | - | - | - | - | - | (1,040) |
| Deferred inflows - other postemployment benefits | (38) | (15) | (74) | (18) | (53) | - | (198) | (94) |
| Deferred inflows - pensions | 162 | 1,281 | 896 | 238 | 812 | - | 3,389 | 1,679 |
| Other nonoperating revenues | - | - | 76 | - | - | - | 76 | 3,696 |
| Net cash provided (used) by operating activities | \$ 19,623 | \$ 11,448 | \$ 31,396 | \$ 17,477 | \$ (2,521) | \$ 59 | \$ 77,482 | \$ 53,421 |
| Non-cash investing, capital and financing activities: | | | | | | | | |
| Increase (decrease) in the value of investments reported at fair value | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 189 | \$ 189 | \$ - |
| Capital assets purchased on account | 1,887 | 263 | 480 | 446 | 263 | - | 3,339 | - |
| Leases issued | - | - | - | - | - | - | - | 637 |
| Software subscriptions issued | - | - | - | - | - | - | - | 10,641 |

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

CUSTODIAL FUNDS
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2024

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Total Custodial Funds |
|----------------------------|----------------------------------|
| <u>ASSETS</u> | |
| Cash and cash equivalents | \$ 2,428 |
| Receivables: | |
| Intergovernmental | 9 |
| Accrued interest | 10 |
| Prepaid items | 2 |
| | <hr/> |
| Total assets | <u>\$ 2,449</u> |
| <u>LIABILITIES</u> | |
| Accounts payable | \$ 22 |
| Intergovernmental payable | 182 |
| Unearned revenue | 1,141 |
| | <hr/> |
| Total liabilities | <u>\$ 1,345</u> |
| <u>NET POSITION</u> | |
| Restricted for: | |
| Other governments | <u>\$ 1,104</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, 2024

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | <u>Total Custodial Funds</u> |
|---|----------------------------------|
| <u>ADDITIONS</u> | |
| Intergovernmental revenues | \$ 1,720 |
| Development fees | 48 |
| Investment earnings | 74 |
| Miscellaeneous revenues | <u>12</u> |
| Total additions | <u>1,854</u> |
| <u>DEDUCTIONS</u> | |
| General government | 1,900 |
| Legal services | <u>45</u> |
| Total deductions | <u>1,945</u> |
| Net increase (decrease) in fiduciary net position | (91) |
| Net Position - January 1 | <u>1,195</u> |
| Net Position - December 31 | <u><u>\$ 1,104</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, 2024**

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 | \$ 83,098 | \$ 1,494 | \$ 2,136 | \$ 86,728 |
| Receivables | 11,571 | 4,636 | 493 | 16,700 |
| Prepays and other assets | 647 | - | 310 | 957 |
| Inventories | 104 | - | 6 | 110 |
| Capital assets: | | | | |
| Nondepreciable/nonamortizable | 168,219 | 61,535 | - | 229,754 |
| Depreciable/amortizable, net | 272,700 | 1,353 | 3,131 | 277,184 |
| Total assets | <u>\$ 536,339</u> | <u>\$ 69,018</u> | <u>\$ 6,076</u> | <u>\$ 611,433</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | | |
| Deferred outflows - other postemployment benefits | \$ 896 | \$ 109 | \$ - | \$ 1,005 |
| Deferred outflows - pensions | 12,336 | 274 | - | 12,610 |
| Total deferred outflows of resources | <u>\$ 13,232</u> | <u>\$ 383</u> | <u>\$ -</u> | <u>\$ 13,615</u> |
| <u>LIABILITIES</u> | | | | |
| Accrued salaries and benefits | \$ 2,598 | \$ 214 | \$ 954 | \$ 3,766 |
| Accounts payable | 5,872 | 1,450 | 198 | 7,520 |
| Deposits held for others | 13,213 | 24 | - | 13,237 |
| Unearned revenue | - | - | 135 | 135 |
| Long-term liabilities: | | | | |
| Due within one year | 132 | - | 335 | 467 |
| Due beyond one year | 5,407 | - | 3,002 | 8,409 |
| Compensated absences: | | | | |
| Due within one year | 5,692 | 341 | - | 6,033 |
| Due beyond one year | 1,655 | 47 | - | 1,702 |
| Other postemployment benefits | | | | |
| Due within one year | 84 | 91 | - | 175 |
| Due beyond one year | 1,334 | 512 | - | 1,846 |
| Net pension liability | 39,469 | 2,826 | - | 42,295 |
| Total liabilities | <u>\$ 75,456</u> | <u>\$ 5,505</u> | <u>\$ 4,624</u> | <u>\$ 85,585</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Deferred inflows - public-public-partnership agreement | \$ 3,270 | \$ - | \$ - | \$ 3,270 |
| Deferred inflows - other postemployment benefits | 69 | 66 | - | 135 |
| Deferred inflows - pensions | 24,279 | 1,076 | - | 25,355 |
| Total deferred inflows of resources | <u>\$ 27,618</u> | <u>\$ 1,142</u> | <u>\$ -</u> | <u>\$ 28,760</u> |
| <u>NET POSITION</u> | | | | |
| Net investment in capital assets | \$ 438,773 | \$ 62,888 | \$ 907 | \$ 502,568 |
| Restricted: | | | | |
| Capital improvements | 1,068 | - | - | 1,068 |
| Project and grant programs | 29,322 | - | - | 29,322 |
| Special trust | 216 | - | - | 216 |
| Special reserves | 4,753 | - | - | 4,753 |
| Donor restrictions | - | - | 246 | 246 |
| Unrestricted | (27,635) | (134) | 299 | (27,470) |
| Total net position | <u>\$ 446,497</u> | <u>\$ 62,754</u> | <u>\$ 1,452</u> | <u>\$ 510,703</u> |

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, 2024

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 | \$ 162,722 | \$ 30,369 | \$ 5,965 | \$ 26,132 | \$ (100,256) | \$ - | \$ - | \$ (100,256) |
| Municipal Building Commission | 8,618 | 10,108 | - | 11,584 | - | 13,074 | - | 13,074 |
| Meet Minneapolis | 14,769 | 12,476 | 961 | - | - | - | (1,332) | (1,332) |
| Total discrete component unit activities | <u>\$ 186,109</u> | <u>\$ 52,953</u> | <u>\$ 6,926</u> | <u>\$ 37,716</u> | <u>(100,256)</u> | <u>13,074</u> | <u>(1,332)</u> | <u>(88,514)</u> |
| General Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| General property tax and fiscal disparities | | | | | 80,042 | - | - | 80,042 |
| Museum (county-wide levy) | | | | | 19,505 | - | - | 19,505 |
| Local government aid - unrestricted | | | | | 9,605 | - | - | 9,605 |
| Grants and contributions not restricted to specific programs | | | | | 1,555 | 235 | - | 1,790 |
| Unrestricted interest and investment earnings | | | | | 1,519 | - | - | 1,519 |
| Other | | | | | 197 | 9 | 167 | 373 |
| Total general revenues | | | | | <u>112,423</u> | <u>244</u> | <u>167</u> | <u>112,834</u> |
| Change in net position | | | | | 12,167 | 13,318 | (1,165) | 24,320 |
| Net Position - January 1 | | | | | 434,795 | 49,436 | 2,617 | 486,848 |
| Restatement (see Note 1R) | | | | | (465) | - | - | (465) |
| Net position - January 1, as restated | | | | | <u>434,330</u> | <u>49,436</u> | <u>2,617</u> | <u>486,383</u> |
| Net position - December 31 | | | | | <u>\$ 446,497</u> | <u>\$ 62,754</u> | <u>\$ 1,452</u> | <u>\$ 510,703</u> |

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

For the fiscal year ended December 31, 2024

(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 Ways and Means/Budget Committee are ex-officio members of the board. The Minneapolis Park and Recreation Board annually selects one of its members to serve on the 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 both a voting majority and operational responsibility over the BET. It is these criterions 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, 2024

(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 and the state of Minnesota. 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, 2024

(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 MFSA can be obtained from the Minnesota Sports Facilities Authority at 900 South Fifth 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, 2024

(Dollar Amounts Expressed in Thousands)

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

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, 2024

(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 MS 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, 2024

(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.basettcreekwmo.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, 2024

(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, 2024

(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, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B – Basis of Presentation**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, 2024

(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: | Debt Service Funds: |
| Arena Reserve | Community Development Agency |
| Board of Estimate and Taxation | Development |
| Downtown Assets | General Debt Service |
| Convention Center | |
| Self-Managed Special Service Districts | |
| Employee Retirement | |
| Grants – Other | |
| Police | |
| Neighborhood and Community Relations | |

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, 2024

(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 2023 process for the 2024 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. Featured elements are reported and the reports made public. This analysis and reporting is the Department Results Minneapolis program.

March*Preliminary prior year-end budget status report*

Finance presents a year-end budget status report for the previous year to the Ways and Means/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, 2024

(Dollar Amounts Expressed in Thousands)

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

The 2024 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 Coordinator's Office 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 Ways and Means/Budget Committee which is comprised of all Council members. Following departmental budget hearings, the Ways and Means/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.

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For the fiscal year ended December 31, 2024

(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 Ways and Means/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, 2024

(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 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. 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, 2024

(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 | 15 to 100 years |
| Buildings and structures | 25 to 50 years |
| Equipment | 5 to 15 years |
| Public improvements | 20 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, 2024

(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.

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, 2024

(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 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 \$83,980. 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, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q – Change in Accounting Principle

During the year ended December 31, 2024, the City adopted new accounting guidance by implementing provisions of GASB Statement number 101. GASB Statement No. 101, Compensated Absences, prescribed a new approach to the recognition and measurement for compensated absences. Whereas the City previously recorded accumulated sick leave liability to the extent that the City believed would be paid upon employee severance, the new guidance requires accumulated sick leave liability to also include leave that is earned and anticipated to be used or settled through cash and noncash means. Note 13 – Vacation, Severance, Sick and Compensatory Time Pay reflects the liability for the City’s compensated absences.

R – Restatement of Net Position

Community Planning and Economic Development migrated the software utilized for land inventory tracking. The migration resulted in the identification of specific properties that were no longer owned by the City as of the start of the fiscal year. Community Planning and Economic Development Special Revenue Fund statement of fund balance and governmental activities were restated. The impact of these adjustments on fund balance and net position are reflected in the table below.

| | Community Planning and Economic Development Special Revenue Fund | Governmental Activities |
|---|--|----------------------------|
| Balance January 1, 2024 | 241,655 | 1,789,787 |
| Expenditure - Community planning and economic development | (14,180) | (14,180) |
| Balance January 1, 2024 - Restated | 227,475 | 1,775,607 |

The beginning net position of the Park Board discrete component unit was restated to reflect an adjustment to the expenditures from a prior period. The impact of these adjustments on net position is reflected in the table below.

| | Minneapolis Park and Recreation Board Discrete Component Unit |
|------------------------------------|---|
| Balance January 1, 2024 | 434,795 |
| Expenditure - Park Board | (465) |
| Balance January 1, 2024 - Restated | 434,330 |

For the fiscal year ended December 31, 2024

(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 | \$ (583) |
| Investments | 1,157,333 |
| Imprest cash held by City | 71 |
| Component unit investments not held by City | 19,782 |
| Total | <u>\$ 1,176,603</u> |
| Primary Government: | |
| Cash and pooled Investments | \$ 1,060,490 |
| Cash and pooled investments in custodial funds | 2,428 |
| Investments with trustees | 26,957 |
| Total primary government | <u>\$ 1,089,875</u> |
| Discretely Presented Component Units: | |
| Park and Recreation Board: | |
| Cash and pooled investments | <u>83,098</u> |
| Municipal Building Commission: | |
| Cash and pooled investments | <u>1,494</u> |
| Meet Minneapolis: | |
| Cash and pooled investments | <u>2,136</u> |
| Total discretely presented component units | <u>\$ 86,728</u> |
| Total reporting entity | <u>\$ 1,176,603</u> |

The City has executed a Depository Pledge Agreement with its depository bank. The depository bank pledges to secure the deposited funds, to the extent not insured by the Federal Deposit Insurance Corporation ("FDIC"), by providing collateral held in safekeeping in a restricted account or by furnishing a corporate surety bond, as permitted under Minnesota Statutes, Section 118A.04. The bank balances at the City's designated depository as of December 31, 2024, totaled \$8,996.

| | |
|--|-----------------|
| Reconciliation of bank cash balances to book cash balance: | |
| Bank balance, per December 31, 2024 bank statement | \$ 8,996 |
| Reconciling items and outstanding checks | <u>(9,579)</u> |
| Deposits, per book | <u>\$ (583)</u> |

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

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

Custodial credit risk is the risk that, in the event of a financial institution failure, the City's deposits may be delayed or not returned. The City's policy is to require its designated depositories to comply with Minnesota Statutes Chapter 118A by furnishing a corporate surety bond, pledging allowable securities or providing a letter of credit (LOC) from the Federal Home Loan Bank (FHLB) to collateralize the City's deposits. At December 31, 2024, 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 deposit value or collateralized by a FHLB LOC.

B – Investments

In accordance with Minnesota Statutes, Section 118A.04, and with the City Charter & Code of Ordinances, and Investment Policy the City may invest, subject to restrictions, in (1) U.S. government securities, (2) state and local securities such as municipal bonds, (3) commercial papers, and, (4) time deposits. The City may also enter into certain investment-related contracts and agreements, also subject to restrictions, such as (1) repurchase agreements, (2) securities lending, (3) participation in the Minnesota joint powers investment trust, and (4) guaranteed investment contracts.

Investment derivative instruments

The City and its investment management firms will exercise extreme caution in the use of derivative instruments, keeping abreast of future information on risk management issues and will consider derivatives only when a sufficient understanding of the products and expertise to manage them has been developed and analyzed. Any derivative will also be required to pass the requirements of Minnesota Statutes Section 118A.

As of December 31, 2024, there were no derivative instruments held in the City's Investment Portfolio.

Interest and Reinvestment Rate Risk

Interest and reinvestment rate risk is the risk that market interest rate increases may create unrealized losses in the fair value of the City's investments. The unrealized losses typically end by the time individual bonds mature. Unrealized losses may be realized when bonds are sold prior to maturity. The Investment Policy outlines 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.

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

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

The following table presents the City of Minneapolis' investment balances (excluding accrued earnings) at December 31, 2024, and information relating to interest rate risks:

| Investment Type | Portfolio Weighted Final Maturity (Years) | Market Value |
|---|--|---------------------|
| U.S. Treasury Obligation | 3.5 | \$ 620,918 |
| U.S. Federal Agency Obligations | 1.1 | 139,859 |
| U.S Mortgage Obligations | 15.3 | 143,494 |
| Municipal Bonds | 4.3 | 50,572 |
| Money Market Mutual Funds | - | 202,490 |
| Portfolio Weighted Average Final Maturity | 4.1 | |
| Total investments | | <u>\$ 1,157,333</u> |
| Deposits, per Book | | (583) |
| Imprest Cash held by City | | 71 |
| Component Unit Investments Not Held By City | | <u>19,782</u> |
| Total Cash and Investments | | <u>\$ 1,176,603</u> |

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the City's policy to invest only in securities that meet the ratings requirements set by Minnesota Statutes, Section 118A.04 and 118A.05 as follows:

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

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS

B – Investments (continued)

(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.

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.

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

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

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.

At December 31, 2024, 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+ | \$ 620,918 | Aaa | \$ 620,918 |
| U.S. Federal Agency Obligations | AAA | \$ - | Aaa | \$ 139,859 |
| | AA+ | 139,859 | Aa1 | - |
| Total U.S. Federal Agency Obligations | | \$ 139,859 | | \$ 139,859 |
| U.S. Mortgage Obligations | AAA | \$ 28 | Aaa | \$ 141,807 |
| | AA+ | 143,466 | Aa1 | - |
| | Not Available | - | Not Available | 1,687 |
| Total U.S. Mortgage Obligations | | \$ 143,494 | | \$ 143,494 |
| Municipal Bonds | AAA | \$ 11,199 | Aaa | \$ 7,909 |
| | AA+ | 13,180 | Aa1 | 19,960 |
| | AA | 6,046 | Aa2 | 8,353 |
| | AA- | 2,751 | Aa3 | 3,093 |
| | A+ | - | A1 | - |
| | A | - | A2 | - |
| | Not Available | 17,396 | Not Available | 11,257 |
| Total Municipal Bonds | | \$ 50,572 | | \$ 50,572 |
| Money Market Mutual Funds | AAAm | \$ 202,490 | Aaa | \$ 192,194 |
| | Not Available | - | Not Available | 10,296 |
| Total Money Market Mutual Funds | | \$ 202,490 | | \$ 202,490 |
| Total | | \$ 1,157,333 | | \$ 1,157,333 |

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

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

* 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.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside 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. The City’s investments were not exposed to custodial credit risk at December 31, 2024.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the City’s investment in a single issuer. It is the City’s policy to diversify its investment portfolio. Assets held shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. Portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide for stability of income and reasonable liquidity.

Fair Value Measurement

The City categorizes its fair value measurements in accordance with guidelines established by generally accepted accounting principles. These guidelines establish a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management’s assumption of the default rate among underlying mortgages of a mortgage-backed security.

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

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

At December 31, 2024, the City had the following recurring fair value measurements:

| | | Market 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 | \$ 620,918 | \$ - | \$ 620,918 | \$ - |
| U.S. Federal Agency Obligations | 139,859 | - | 139,859 | - |
| U.S. Mortgage Obligations | 143,494 | - | 142,583 | 911 |
| Municipal Bonds | 50,572 | - | 50,572 | - |
| Total Investments by Fair Value Level | <u>\$ 954,843</u> | <u>\$ -</u> | <u>\$ 953,932</u> | <u>\$ 911</u> |
| Investments Measured at Net Asset Value (NAV) | | | | |
| Money Market Mutual Funds | \$ 202,490 | | | |
| Total Investments Measured at NAV | <u>\$ 202,490</u> | | | |
| Total Investments Measured at Fair Value and NAV | | <u>\$ 1,157,333</u> | | |

Debt securities classified in Level 1 are valued using a market approach quoted in active markets for those securities. Debt securities classified in Level 2 are valued using the following approaches:

- U.S. Treasury obligations and U.S. Federal agency obligations are valued using a market approach by utilizing quoted prices for identical securities in markets that are not active;
- U.S. Mortgage obligations are valued using matrix pricing based on the securities relationship to benchmark quoted prices; and
- Municipal bonds are valued using a market approach using quoted prices for similar securities in active markets.

The City also holds \$202,490 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, 2024

(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 | General Fund | Community Planning and Economic Development | Grants-Federal | HUD Consolidated Plan | Permanent Improvement | Special Assessment | Non-Major Governmental Funds | Internal Service Funds | Total Governmental |
|------------------------------|------------------|---|------------------|-----------------------|-----------------------|--------------------|------------------------------|------------------------|--------------------|
| Accounts | \$ 10,825 | \$ 2 | \$ 14 | \$ 5 | \$ 3,350 | \$ - | \$ 905 | \$ 328 | \$ 15,429 |
| Taxes | 3,494 | 43 | - | - | 74 | - | 791 | - | 4,402 |
| Special assessments | 1,004 | 868 | - | - | 2,041 | 72,674 | 25 | - | 76,612 |
| Intergovernmental | 612 | 173 | 9,060 | 6,053 | 27,761 | - | 22,336 | - | 65,995 |
| Loans | - | 215,090 | 11,953 | 48,280 | - | - | - | - | 275,323 |
| Leases | - | - | - | - | - | - | 18,219 | - | 18,219 |
| Accrued interest | 2,209 | 837 | 51 | - | 565 | 101 | 685 | - | 4,448 |
| Gross receivables | 18,144 | 217,013 | 21,078 | 54,338 | 33,791 | 72,775 | 42,961 | 328 | 460,428 |
| Less: | | | | | | | | | |
| Allowance for uncollectibles | (1,143) | (161,935) | (10,089) | - | (88) | - | (1) | (6) | (173,262) |
| Total receivables | <u>\$ 17,001</u> | <u>\$ 55,078</u> | <u>\$ 10,989</u> | <u>\$ 54,338</u> | <u>\$ 33,703</u> | <u>\$ 72,775</u> | <u>\$ 42,960</u> | <u>\$ 322</u> | <u>\$ 287,166</u> |

| Business-type Activities | Sanitary Sewer | Water Treatment and Distribution | Stormwater | Municipal Services | Parking | Solid Waste and Recycling | Community Planning and Economic Development | Total Business-type |
|------------------------------|------------------|----------------------------------|------------------|--------------------|-----------------|---------------------------|---|---------------------|
| Accounts | \$ 9,067 | \$ 4,296 | \$ 8,899 | \$ 1,451 | \$ 6,118 | \$ - | \$ - | \$ 29,831 |
| Special assessments | 4,312 | 1,080 | 4,597 | 1,386 | 2,054 | - | - | 13,429 |
| Intergovernmental | - | 8,671 | - | 2,892 | 2 | - | - | 11,565 |
| Accrued interest | - | - | - | - | - | 153 | - | 153 |
| Gross receivables | 13,379 | 14,047 | 13,496 | 5,729 | 8,174 | 153 | - | 54,978 |
| Less: | | | | | | | | |
| Allowance for uncollectibles | - | - | - | (414) | - | - | - | (414) |
| Total receivables | <u>\$ 13,379</u> | <u>\$ 14,047</u> | <u>\$ 13,496</u> | <u>\$ 5,315</u> | <u>\$ 8,174</u> | <u>\$ 153</u> | <u>\$ -</u> | <u>\$ 54,564</u> |
| (due within one year) | | | | | | | | |

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 \$1,425 of principal payments and \$221 of interest payments for the total of \$1,646 in 2024.

Principal and Interest Expected to Maturity

| Year Ending December 31 | Governmental Activities | | |
|----------------------------|-------------------------|-------------------|----------------|
| | Principal Payments | Interest Payments | Total Payments |
| 2025 | \$ 1,475 | \$ 204 | \$ 1,679 |
| 2026 | 1,526 | 187 | 1,713 |
| 2027 | 1,578 | 169 | 1,747 |
| 2028 | 1,631 | 150 | 1,781 |
| 2029 | 1,686 | 131 | 1,817 |
| 2030-2034 | 9,303 | 341 | 9,644 |
| 2035 | 1,020 | 3 | 1,023 |

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS**A – Current Year Activity**

Capital asset activity for the year ended December 31, 2024 was as follows:

| | Balance January 1, 2024 | Additions | Retirements | Balance December 31, 2024 |
|--|-------------------------------|------------|-------------|---------------------------------|
| Governmental activities | | | | |
| <i>Capital assets, not being depreciated/amortized</i> | | | | |
| Land and easements | \$ 114,788 | \$ - | \$ - | \$ 114,788 |
| Construction in progress | 601,171 | 152,875 | (39,842) | 714,204 |
| Total capital assets, not being depreciated/amortized | 715,959 | 152,875 | (39,842) | 828,992 |
| <i>Capital assets, being depreciated/amortized</i> | | | | |
| Lease land | 11 | 21 | - | 32 |
| Lease buildings | 4,900 | 726 | (190) | 5,436 |
| Lease equipment | 1,992 | - | - | 1,992 |
| Software subscriptions | 27,955 | 10,717 | (567) | 38,105 |
| Infrastructure | 1,247,247 | 21,284 | - | 1,268,531 |
| Buildings and structures | 804,171 | 3,008 | - | 807,179 |
| Public improvements | 190,672 | 4,503 | (199) | 194,976 |
| Equipment, other capital outlay | 227,068 | 26,746 | (5,632) | 248,182 |
| Software | 66,533 | 4,058 | - | 70,591 |
| Total capital assets, being depreciated/amortized | 2,570,549 | 71,063 | (6,588) | 2,635,024 |
| Less accumulated depreciation/amortization for: | | | | |
| Lease land | (8) | (4) | - | (12) |
| Lease buildings | (1,621) | (946) | 190 | (2,377) |
| Lease equipment | (956) | (478) | - | (1,434) |
| Software subscriptions | (5,111) | (6,823) | 365 | (11,569) |
| Infrastructure | (721,318) | (37,559) | - | (758,877) |
| Buildings and structures | (353,224) | (21,298) | - | (374,522) |
| Public improvements | (30,868) | (9,365) | 106 | (40,127) |
| Machinery, equipment, other capital outlay | (162,357) | (13,683) | 5,582 | (170,458) |
| Software | (61,631) | (2,681) | - | (64,312) |
| Total accumulated depreciation/amortization | (1,337,094) | (92,837) | 6,243 | (1,423,688) |
| Total capital assets, being depreciated/amortized, net | 1,233,455 | (21,774) | (345) | 1,211,336 |
| Governmental activities capital assets, net | \$ 1,949,414 | \$ 131,101 | \$ (40,187) | \$ 2,040,328 |

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

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

| | |
|--|-----------|
| General government | \$ 24,017 |
| Public safety | 2,322 |
| Public works | 45,584 |
| Health and welfare | 112 |
| Community planning and economic development | 20,802 |
| Total depreciation/amortization expense - governmental functions | \$ 92,837 |

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS**A – Current Year Activity (continued)**

| | Balance January 1, 2024 | Additions | Retirements | Balance December 31, 2024 |
|--|-------------------------------|------------|-------------|---------------------------------|
| Business-type activities | | | | |
| <i>Capital assets, not being depreciated/amortized</i> | | | | |
| Land and easements | \$ 130,321 | \$ - | \$ - | \$ 130,321 |
| Construction in progress | 148,588 | 82,012 | (58,852) | 171,748 |
| Total capital assets, not being depreciated/amortized | 278,909 | 82,012 | (58,852) | 302,069 |
| <i>Capital assets, being depreciated/amortized</i> | | | | |
| Lease land | 5,680 | 9 | - | 5,689 |
| Buildings and structures | 599,845 | 1,791 | - | 601,636 |
| Public improvements | 1,072,616 | 47,592 | - | 1,120,208 |
| Equipment and other capital outlay | 156,358 | 9,859 | - | 166,217 |
| Software | 2,881 | - | - | 2,881 |
| Total capital assets, being depreciated/amortized | 1,837,380 | 59,251 | - | 1,896,631 |
| Less accumulated depreciation/amortization for: | | | | |
| Lease land | (1,063) | (532) | - | (1,595) |
| Buildings and structures | (308,862) | (11,528) | - | (320,390) |
| Public improvements | (343,442) | (13,533) | - | (356,975) |
| Equipment and other capital outlay | (74,662) | (9,248) | - | (83,910) |
| Software | (2,879) | (2) | - | (2,881) |
| Total accumulated depreciation/amortized | (730,908) | (34,843) | - | (765,751) |
| Total capital assets, being depreciated/amortized, net | 1,106,472 | 24,408 | - | 1,130,880 |
| Business-type activities capital assets, net | \$ 1,385,381 | \$ 106,420 | \$ (58,852) | \$ 1,432,949 |

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

| | |
|--|------------------|
| Sanitary sewer | \$ 3,563 |
| Stormwater | 5,261 |
| Water treatment and distribution services | 15,455 |
| Municipal parking | 8,131 |
| Solid waste and recycling | 2,433 |
| Total depreciation/amortized expense - business-type functions | <u>\$ 34,843</u> |

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 4 – CAPITAL ASSETS (continued)**B – Capital Project Commitments**

For the year ended December 31, 2024, the City of Minneapolis made capital project commitments for the following:

| | |
|-----------------------------------|-------------------|
| Public works department | \$ 225,496 |
| Public grounds and facilities | 32,250 |
| Miscellaneous projects | 1,384 |
| Total capital project commitments | <u>\$ 259,130</u> |

C – Discretely Presented Component Units

Activity for the discretely presented component units for the year ended December 31, 2024, was as follows:

| | Balance | | | Balance |
|--|------------------------|------------------|--------------------|--------------------------|
| <u>Minneapolis Park and Recreation Board</u> | <u>January 1, 2024</u> | <u>Additions</u> | <u>Retirements</u> | <u>December 31, 2024</u> |
| Capital assets, not being depreciated/amortized | \$ 161,740 | \$ 29,369 | \$ (22,890) | \$ 168,219 |
| Capital assets, being depreciated/amortized, net | 269,013 | 3,729 | (51) | 272,691 |
| | <u>\$ 430,753</u> | <u>\$ 33,098</u> | <u>\$ (22,941)</u> | <u>\$ 440,910</u> |
| Depreciation expense/amortized charged | \$ 22,180 | | | |
| | | | | |
| | Balance | | | Balance |
| <u>Municipal Building Commission</u> | <u>January 1, 2024</u> | <u>Additions</u> | <u>Retirements</u> | <u>December 31, 2024</u> |
| Capital assets, not being depreciated/amortized | \$ 48,411 | \$ 13,124 | \$ - | \$ 61,535 |
| Capital assets, being depreciated/amortized, net | 1,956 | (603) | - | 1,353 |
| | <u>\$ 50,367</u> | <u>\$ 12,521</u> | <u>\$ -</u> | <u>\$ 62,888</u> |
| Depreciation expense/amortized charged | \$ 603 | | | |

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For the fiscal year ended December 31, 2024

(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 and Notes

Improvement bonds and notes 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 and notes.

Tax Increment General Obligation Bonds and Notes

Tax increment bonds and notes are payable primarily from the increase in property taxes resulting from replacing older improvements with new or remodeled improvements. These bonds and notes are recorded in the Governmental Funds and are also backed by the full faith and credit of the City.

Revenue Bonds and Notes

Revenue bonds and notes are recorded in the Governmental Funds. These bonds and notes are payable solely from revenues of the respective Enterprise Funds or tax increment districts. 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.

For Tax Increment Revenue Refunding Bonds, 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.

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.

2024 Bond and Note Sales

In 2024, the City of Minneapolis issued general obligation bonds and notes totaling \$119,180 of new bonds. Below are details of the 2024 debt issuances.

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 5 – LONG-TERM DEBT (continued)

In October 2024, the City issued \$119,180 of General Obligation Bonds, Series 2024 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 \$127,768 including an original issue premium of \$8,725 offset by a \$137 underwriter's discount. The proceeds were used to reimburse design and construction costs of \$9,255 for special assessment projects related to street reconstruction and resurfacing and \$118,313 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 \$8,550 and \$110,630, respectively. \$200 of the proceeds not required for projects was used to pay cost of issuance expenses. The bonds were dated October 23, 2024, and were issued with fixed interest rates ranging from 3.00% to 5.00% and a final maturity date of December 1, 2043.

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 below 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 five remaining notes in this program is \$53,350 as of December 31, 2024. 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, 2024, \$21,429 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, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 5 – LONG-TERM DEBT (continued)

Long-term debt on December 31, 2024 (in thousands) are detailed below.

| | Balance <u>1/1/2024</u> | <u>Additions</u> | <u>Retirements</u> | Balance <u>12/31/2024</u> | Amounts Due Within <u>One Year</u> |
|---|----------------------------|-------------------|--------------------|------------------------------|--|
| Governmental activities: | | | | | |
| <u>Bonds and Notes</u> | | | | | |
| Property Tax Supported GO Bonds | 290,665 | 79,510 | 44,255 | 325,920 | 22,350 |
| Self Supporting GO Bonds | 142,195 | - | 5,940 | 136,255 | 32,260 |
| GO Improvement Bonds | 73,855 | 8,550 | 9,435 | 72,970 | 8,490 |
| Tax Increment Revenue Bonds | 11,190 | - | 5,470 | 5,720 | 1,400 |
| Tax Increment Revenue Notes | 630 | - | 630 | - | - |
| Total Bonds and Notes | <u>518,535</u> | <u>88,060</u> | <u>65,730</u> | <u>540,865</u> | <u>64,500</u> |
| <u>Other Long-term Debt</u> | | | | | |
| Unamortized Premium (Discount) | 26,084 | 5,830 | 2,733 | 29,181 | - |
| Lease Liability | 4,499 | 747 | 1,510 | 3,736 | 1,368 |
| Software Subscriptions | <u>19,953</u> | <u>10,717</u> | <u>6,967</u> | <u>23,703</u> | <u>6,281</u> |
| Total Long-term Debt Governmental | <u>569,071</u> | <u>105,354</u> | <u>76,940</u> | <u>597,485</u> | <u>72,149</u> |
| Business-type activities: | | | | | |
| <u>Bonds and Notes</u> | | | | | |
| Sanitary Sewer Fund GO Bonds | 51,650 | 11,469 | 6,250 | 56,869 | 6,850 |
| Stormwater Fund GO Bonds | 39,515 | 8,070 | 3,735 | 43,850 | 4,160 |
| Water Treatment and Distribution Services Fund GO Bonds | 90,495 | 11,580 | 9,835 | 92,240 | 9,450 |
| Water Treatment and Distribution Services Fund GO Notes | 60,240 | - | 6,890 | 53,350 | 8,610 |
| Municipal Parking Fund GO Bonds | 25,905 | - | 7,760 | 18,145 | 5,355 |
| Municipal Parking Fund GO Notes | 26,335 | - | 290 | 26,045 | 2,825 |
| Solid Waste Fund GO Bonds | <u>18,770</u> | <u>-</u> | <u>595</u> | <u>18,175</u> | <u>685</u> |
| Total Bonds and Notes | <u>312,910</u> | <u>31,119</u> | <u>35,355</u> | <u>308,674</u> | <u>37,935</u> |
| <u>Other Long-term Debt</u> | | | | | |
| Unamortized Premium (Discount) | 17,815 | 2,895 | 1,889 | 18,821 | - |
| Lease Liability | <u>4,664</u> | <u>8</u> | <u>514</u> | <u>4,158</u> | <u>507</u> |
| Total Long-term Debt Business-Type | <u>335,389</u> | <u>34,022</u> | <u>37,758</u> | <u>331,653</u> | <u>38,442</u> |
| Total Long-term Debt | <u>\$ 904,460</u> | <u>\$ 139,376</u> | <u>\$ 114,698</u> | <u>\$ 929,138</u> | <u>\$ 110,591</u> |

For the fiscal year ended December 31, 2024

(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, 2024, all annual debt service requirements for Governmental activities are as follows:

| Year Ending December 31: | Governmental Activities | |
|-----------------------------|-------------------------|-------------------|
| | Bonds | |
| | Principal | Interest |
| 2025 | \$ 64,500 | \$ 19,567 |
| 2026 | 37,175 | 17,883 |
| 2027 | 40,570 | 16,460 |
| 2028 | 26,450 | 15,001 |
| 2029 | 30,870 | 13,965 |
| 2030 - 2034 | 124,115 | 54,103 |
| 2035 - 2039 | 102,900 | 32,429 |
| 2040 - 2044 | 93,475 | 12,828 |
| 2045 - 2046 | 20,810 | 1,070 |
| | <u>\$ 540,865</u> | <u>\$ 183,306</u> |

Debt Service Requirements of Outstanding Business-type Activities City Debt

As of December 31, 2024, 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 |
| 2025 | \$ 26,500 | \$ 8,805 | \$ 11,435 | 1,670 | \$ 37,935 | \$ 10,475 |
| 2026 | 27,155 | 7,776 | 11,885 | 1,434 | \$ 39,040 | \$ 9,210 |
| 2027 | 23,320 | 6,857 | 12,425 | 1,128 | \$ 35,745 | \$ 7,985 |
| 2028 | 22,425 | 6,083 | 7,915 | 836 | \$ 30,340 | \$ 6,919 |
| 2029 | 18,485 | 5,347 | 6,370 | 674 | \$ 24,855 | \$ 6,021 |
| 2030 - 2034 | 54,445 | 18,464 | 27,415 | 1,537 | \$ 81,860 | \$ 20,001 |
| 2034- 2039 | 38,430 | 8,168 | 1,950 | 29 | \$ 40,380 | \$ 8,197 |
| 2040 - 2043 | 18,519 | 1,357 | - | - | \$ 18,519 | \$ 1,357 |
| | <u>\$ 229,279</u> | <u>\$ 62,857</u> | <u>\$ 79,395</u> | <u>\$ 7,308</u> | <u>\$ 308,674</u> | <u>\$ 70,165</u> |

For the fiscal year ended December 31, 2024

(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 |
| 2025 | \$ 1,369 | \$ 40 | \$ 1,409 | 507 | \$ 45 | \$ 552 |
| 2026 | 921 | 25 | 946 | 504 | 39 | 543 |
| 2027 | 857 | 12 | 869 | 510 | 34 | 544 |
| 2028 | 323 | 4 | 327 | 516 | 28 | 544 |
| 2029 | 269 | 1 | 270 | 521 | 22 | 543 |
| 2030 - 2032 | - | - | - | 1,600 | 31 | 1,631 |
| | <u>\$ 3,739</u> | <u>\$ 82</u> | <u>\$ 3,821</u> | <u>\$ 4,158</u> | <u>\$ 199</u> | <u>\$ 4,357</u> |

Software Subscriptions Payable Payment Schedule

Principal and Interest Requirements to Maturity

| Year Ending December 31: | Governmental Activities | | |
|-----------------------------|-------------------------|----------------------|-------------------|
| | Principal Payments | Interest Payments | Total Payments |
| 2025 | \$ 6,281 | \$ 606 | \$ 6,887 |
| 2026 | 4,037 | 445 | 4,482 |
| 2027 | 3,276 | 342 | 3,618 |
| 2028 | 3,229 | 259 | 3,488 |
| 2029 | 2,745 | 176 | 2,921 |
| 2030 - 2034 | <u>4,134</u> | <u>239</u> | <u>4,373</u> |
| | <u>\$ 23,702</u> | <u>\$ 2,067</u> | <u>\$ 25,769</u> |

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

As of December 31, 2024, outstanding industrial, commercial, and housing revenue bonds and notes is \$1,966,993. 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.

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

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 Consolidated Plan | Permanent Improvement | Special Assessment | Non-Major Governmental Funds | Total Governmental |
|-------------------------------------|-----------------|--|--------------------|-----------------------------|--------------------------|-----------------------|------------------------------------|-----------------------|
| Unavailable Revenue | | | | | | | | |
| Property taxes | \$ 1,638 | \$ 43 | \$ - | \$ - | \$ - | \$ - | \$ 398 | \$ 2,079 |
| Special assessments | 780 | 8,140 | - | - | 2,028 | 73,025 | - | 83,973 |
| Intergovernmental | - | - | - | - | 23,065 | - | - | 23,065 |
| Loans receivable | - | 45,883 | 1,864 | 48,280 | - | - | - | 96,027 |
| Leases | - | - | - | - | - | - | 17,391 | 17,391 |
| Total deferred inflows of resources | <u>\$ 2,418</u> | <u>\$ 54,066</u> | <u>\$ 1,864</u> | <u>\$ 48,280</u> | <u>\$ 25,093</u> | <u>\$ 73,025</u> | <u>\$ 17,789</u> | <u>\$ 222,535</u> |

NOTE 8 – INTERFUND TRANSACTIONS**Interfund Receivables/Payables**

The composition of interfund balances as of December 31, 2024 are as follows:

Due to/from other funds:

| Receivable Fund | Payable Fund | Amount |
|-----------------------------|-----------------------------|--------|
| Non-Major Governmental Fund | Non-Major Governmental Fund | 3,500 |

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 within one year.

Advances to/from other funds:

| Receivable Fund | Payable Fund | Amount |
|-----------------------------|-----------------------------|--------|
| Non-Major Governmental Fund | Non-Major Governmental Fund | 3,445 |

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

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 8 – INTERFUND TRANSACTIONS (continued)**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:

| Fund Transferred To | Fund Transferred From | | Total Transfers In |
|------------------------------|------------------------------|---------------|---------------------------|
| Governmental Funds: | | | |
| General Fund | Municipal Parking Fund | \$ 1,100 | |
| | Stormwater Fund | 110 | |
| | Grants - Federal Fund | 58,756 | |
| | Non-major Governmental Funds | <u>29,991</u> | <u>89,957</u> |
| CPED Special Revenue Fund | General Fund | 15,984 | |
| | Non-Major Governmental Funds | <u>1,315</u> | <u>17,299</u> |
| Permanent Improvement Fund | General Fund | 3,747 | |
| | CPED Special Revenue Fund | 862 | |
| | Stormwater Fund | <u>1,609</u> | <u>6,218</u> |
| Non-Major Governmental Funds | General Fund | 4 | |
| | CPED Special Revenue Fund | 7,060 | |
| | Permanent Improvement Fund | 2,425 | |
| | Non-Major Governmental Funds | 52,025 | |
| | Municipal Parking Fund | <u>1,400</u> | <u>62,914</u> |
| Total Governmental Funds | | | <u>\$ 176,388</u> |

| Fund Transferred To | Fund Transferred From | | Total Transfers In |
|--|------------------------------|---------------|---------------------------|
| Proprietary Funds: | | | |
| Business-type Activities | | | |
| Water Treatment and Distribution Services Fund | General Fund | \$ 41 | |
| | Sanitary Sewer Fund | <u>1,020</u> | <u>1,061</u> |
| Solid Waste & Recycling Fund | General Fund | 325 | |
| | Municipal Parking Fund | <u>146</u> | <u>471</u> |
| Total Business-type Activities | | | <u>\$ 1,532</u> |
| Governmental Activities | | | |
| Internal Service Funds | General Fund | <u>\$ 495</u> | <u>495</u> |
| Total Governmental Activities | | | <u>\$ 495</u> |

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 8 – INTERFUND TRANSACTIONS**Transfers (continued)**

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.

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.

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 9 – NET POSITION/FUND BALANCES (continued)

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.

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 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 aid | \$ 15,025 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 15,025 |
| Debt service: | | | | | | | | |
| Community development | - | - | - | - | - | - | 2,212 | 2,212 |
| General debt service | - | - | - | - | - | - | 19,191 | 19,191 |
| Development debt service | - | - | - | - | - | - | 17,078 | 17,078 |
| Special assessment | - | - | - | - | - | 24,142 | - | 24,142 |
| Community and economic development | - | 127,640 | - | - | - | - | - | 127,640 |
| Law enforcement: | | | | | | | | |
| Forfeitures | - | - | - | - | - | - | 2,764 | 2,764 |
| Grants | - | - | 12,450 | - | - | - | 7,731 | 20,181 |
| Properties held for resale | - | 20,031 | 403 | 5,338 | 16,312 | - | - | 42,084 |
| Capital improvements | - | - | - | - | 84,175 | - | - | 84,175 |
| Total restricted | 15,025 | 147,671 | 12,853 | 5,338 | 100,487 | 24,142 | 48,976 | 354,492 |
| Assigned to | | | | | | | | |
| General government | | | | | | | | |
| Budget Rollovers | 32,107 | - | - | - | - | - | - | 32,107 |
| 2024 budget use of fund balance | 22,274 | - | - | - | - | - | - | 22,274 |
| Board of estimate and taxation | - | - | - | - | - | - | 362 | 362 |
| Self-managed special districts | - | - | - | - | - | - | 442 | 442 |
| Public safety: | | | | | | | | |
| Police | - | - | - | - | - | - | 729 | 729 |
| Community and economic development | - | 69,973 | - | - | - | - | 111,707 | 181,680 |
| Neighborhood and community relations | - | - | - | - | - | - | 367 | 367 |
| Pension obligations | - | - | - | - | - | - | 40,682 | 40,682 |
| Total assigned | 54,381 | 69,973 | - | - | - | - | 154,289 | 278,643 |
| Unassigned | | | | | | | | |
| Unassigned | 139,769 | - | - | - | (20,136) | - | - | 119,633 |
| Total fund balances | \$ 209,175 | \$ 217,644 | \$ 12,853 | \$ 5,338 | \$ 80,351 | \$ 24,142 | \$ 203,265 | \$ 752,768 |

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

Governmental Activities: Law Enforcement \$2,764

For the fiscal year ended December 31, 2024

(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 PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the annuity accrual rate for Coordinated members is 1.2 percent for each of the first 10 years of service and 1.7 percent for each additional year. Under Method 2, the annuity accrual rate for Coordinated members is 1.7 percent for all years of service. For General Employees Plan members hired prior to July 1, 1989 a full annuity 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, 2024

(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 595 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 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, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS

C – Contributions (continued)

1. GERP Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in calendar year 2024 and the City, Park Board, and MBC were required to contribute 7.50 percent for Coordinated Plan members. The City, Park Board, and MBC contributions related to payroll to the GERP for the year ended December 31, 2024, were \$19,938, \$3,947, and \$250 respectively. The City, Park Board, and MBC fixed contributions to the GERP for the year ended December 31, 2024, 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 2024. Employers were required to contribute 17.70 percent of pay for PEPFP members in calendar year 2024. Contributions to the PEPFP related to payroll for the year ended December 31, 2024, were \$25,789 for the City and \$746 for the Park Board. The City also made fixed contributions to PEPFP, non-payroll related, of \$7,679 for the year ended December 31, 2024. 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, 2024, was \$2,250. The City’s contributions were equal to the required contributions as set by state statute.

D – Pension Costs

1. GERP Pension Costs

At December 31, 2024, the City, Park Board, and MBC reported a liability of \$108,653, \$22,085, and \$1,403 respectively for the proportionate share of the GERP’s net pension liability related to payroll contributions. The net pension liability was measured as of June 30, 2024, 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, 2023, through June 30, 2024, relative to the total employer payroll related contributions received from all of PERA’s participating employers. At June 30, 2024, the City’s proportionate share related to payroll contributions was 3.1359 percent, which was an increase of 0.0136 percent from its proportion measured as of June 30, 2023. At June 30, 2024 the Park Board’s proportionate share related to payroll contributions was 0.6374 percent, which was a decrease of 0.0168 percent from its proportion measured as of June 30, 2023. At June 30, 2024, MBC’s proportionate share related to payroll contributions was 0.0405 percent, which was a decrease of 0.0007 percent from its proportion measured as of June 30, 2023.

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS**D – Pension Costs****1. GERP 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 \$74,465, \$13,610, and \$1,423 respectively as of the June 30, 2024 measurement date. The resulting combined net pension liability reported by the City, Park Board, and MBC as of December 31, 2024 is \$183,117, \$35,694 and \$2,826, respectively. The combined liability represents a proportionate share of the Plan's net pension liability equal to 4.9532 percent for the City, 0.9655 percent for Park Board, and 0.0764 percent for MBC.

For the year ended December 31, 2024, the City, Park Board, and MBC recognized pension expense of (\$14,097), (\$2,238), and (\$87), respectively for the proportionate share of the GERP's pension expense.

The State of Minnesota contributed \$170.1 million to the General Employees Plan in the plan fiscal year ended June 30, 2024. This contribution was a one-time direct state aid that does not meet the definition of a special funding situation. The City, Park Board, and MBC recognized \$8,242, \$1,606, and \$117, respectively as revenue, which results in a reduction of the net pension liability, for its proportionate share of the State of Minnesota's on-behalf contributions to the General Employees Plan.

In addition, the City, Park Board, and MBC also recognized \$124, \$24, and \$2, 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.

| | City Governmental Activities | City Business- type Activities | City Total | Park Board | MBC |
|--|---|---|-------------------|-------------------|-----------------|
| Payroll related proportionate share of the net pension liability | \$ 88,020 | \$ 20,633 | \$ 108,653 | \$ 22,085 | \$ 1,403 |
| Net present value of fixed pension contributions | \$ 60,323 | \$ 14,141 | \$ 74,464 | \$ 13,610 | \$ 1,423 |
| State of Minnesota's proportionate share of the net pension liability associated with the entity | \$ 3,752 | \$ 880 | \$ 4,632 | \$ 903 | \$ 66 |
| Total | \$ 152,095 | \$ 35,654 | \$ 187,749 | \$ 36,598 | \$ 2,892 |

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS**D – Pension Costs****1. GERP Pension Costs (continued)**

At December 31, 2024, 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 | \$ 10,856 | \$ 2,227 | \$ 142 | \$ - | \$ - | \$ - |
| Changes in actuarial assumptions | 540 | 112 | 8 | 44,404 | 9,210 | 587 |
| Difference between projected and actual investment earnings | - | - | - | 34,746 | 6,780 | 430 |
| Changes in proportion | 5,576 | 1,519 | 1 | 507 | 673 | 59 |
| Contributions paid to PERA subsequent to the measurement date | 10,307 | 2,042 | 123 | - | - | - |
| Total | <u>\$ 27,279</u> | <u>\$ 5,900</u> | <u>\$ 274</u> | <u>\$ 79,657</u> | <u>\$ 16,663</u> | <u>\$ 1,076</u> |

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, 2025. These contributions total \$10,307 for the City, \$2,042 for the Park Board, and \$124 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 |
| 2025 | (34,891) | (6,736) | (511) |
| 2026 | (4,902) | (1,131) | (106) |
| 2027 | (14,006) | (3,132) | (193) |
| 2028 | (8,886) | (1,806) | (115) |

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS**D – Pension Costs (continued)****2. PEPFP Pension Costs**

At December 31, 2024, the City reported a liability of \$123,976 for the proportionate share of the PEPFP's net pension liability related to payroll contributions. The net pension liability was measured as of June 30, 2024, 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, 2023, through June 30, 2024, relative to the total employer payroll related contributions received from all of PERA's participating employers. At June 30, 2024, the City's proportionate share related to payroll contributions was 10.2515 percent, which was a decrease of 0.1583 percent from its proportion measured as of June 30, 2023. 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 \$48,923 as of the June 30, 2024 measurement date. The resulting combined net pension liability reported by the City as of December 31, 2024 is \$172,899. The combined liability represents a proportionate share of the Plan's net pension liability equal to 13.1421 percent for the City.

At December 31, 2024, the Park Board reported a liability of \$3,775 for the proportionate share of the PEPFP's net pension liability. The net pension liability was measured as of June 30, 2024, 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, 2023, through June 30, 2024, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2024, the Park Board's proportion share was 0.2788 percent, which was an decrease of 0.0289 percent from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the City and Park Board recognized pension expense of (\$21,959) and \$9 respectively for the proportionate share of the PEPFP's pension expense.

The State of Minnesota contributed \$19.4 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2024. The contribution was a one-time direct state aid that does not meet the definition of a special funding situation. Additionally, the State of Minnesota contributed \$9 million in direct state aid that does meet 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 was paid on October 1, 2023. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached for three consecutive years or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded for three consecutive years, or until the Police and Fire Plan and State Patrol Plan are 90 percent funded for three consecutive years, or July 1, 2048, whichever is earlier.

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, 2024, the City and Park Board respectively recognized pension expense of (\$713) and (\$14) for its proportionate share of the Police and Fire Plan's pension expense. The City and Park Board respectively recognized (\$713) and (\$14) 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, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS**D – Pension Costs****2. PEPFP 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 (\$3,607) and (\$73) for the year ended December 31, 2024 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 | \$ 123,976 | \$ 3,372 |
| Net present value of fixed pension contributions | 48,923 | - |
| State of Minnesota's proportionate share of the net pension liability associated with the entity | 6,370 | 130 |
| Total | <u>\$ 179,269</u> | <u>\$ 3,502</u> |

At December 31, 2024, 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 | \$ 54,101 | \$ 1,529 | \$ - | \$ - |
| Changes in actuarial assumptions | 161,857 | 4,391 | 203,544 | 5,955 |
| Difference between projected and actual investment earnings | - | - | 45,793 | 1,154 |
| Changes in proportion | - | 70 | 20,243 | 507 |
| Contributions paid to PERA subsequent to the measurement date | 14,070 | 445 | - | - |
| Total | <u>\$ 230,028</u> | <u>\$ 6,435</u> | <u>\$ 269,580</u> | <u>\$ 7,616</u> |

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS

D – Pension Costs

2. PEPFP 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, 2025. These contributions total \$14,070 for the City and \$445 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:

| Year Ended December 31: | Pension Expense Amount | |
|----------------------------|------------------------|------------|
| | City | Park Board |
| 2025 | (11,078) | (284) |
| 2026 | 35,056 | 922 |
| 2027 | (23,255) | (650) |
| 2028 | (57,012) | (1,618) |
| 2029 | 2,667 | 4 |

3. TRA Pension Costs

At December 31, 2024, the City reported a liability of \$27,977 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 7.00 percent.

For the year ended December 31, 2024, the City recognized pension expense of \$(37) for its share of the TRA’s pension expense.

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to TRA’s pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|----------------------------------|---|-------------------------------------|
| Changes in actuarial assumptions | \$ 752 | \$ - |

For the fiscal year ended December 31, 2024

(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, 2025. 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> |
|------------------------------------|-----------------------------------|
| 2025 | 376 |
| 2026 | 376 |

4. Total Pension Costs

Total pension expense for year ended December 31, 2024 is as shown in the chart below:

| | <u>City</u> | <u>Park Board</u> | <u>MBC</u> |
|-------|--------------------|-------------------|----------------|
| GERP | \$ (14,097) | \$ (2,238) | \$ (87) |
| PEPFF | (21,959) | 9 | - |
| TRA | (37) | - | - |
| | <u>\$ (36,093)</u> | <u>\$ (2,229)</u> | <u>\$ (87)</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 2024. This was the same as 2023. 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, 2024

(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, 2024, 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 | 3.00% |
| Investment Rate of Return | 7.00% | 7.00% | 7.00% |

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 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 11.75 percent after one year of service to 3.0 percent after 24 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 1.25 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 2024:

Changes in Actuarial Assumptions:

- 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 to form of payment assumptions for male and female retirees
- Minor changes with respect to missing participant data.

Changes in Plan Provisions:

- The workers’ compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

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

Police and Fire Fund

Changes in Actuarial Assumptions:
(none)

Changes in Plan Provisions:

- The criteria for ending the \$9.0 million contribution was extended slightly to require a 90% funded status for 3 consecutive years, rather than 1 year (but not later than July 1, 2048).
- The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets for one year (or July 1, 2048 if earlier).

Teachers Retirement Association

Changes in Plan Provisions:

- 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 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.

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:

| Plan and Entity | 1% Decrease to Discount Rate | Current Discount Rate | 1% Increase in Discount Rate |
|----------------------------|---|--------------------------------------|---|
| GERF Discount Rate | 6.0% | 7.0% | 8.0% |
| City | 322,605 | 183,117 | 68,104 |
| Park Board | 63,996 | 35,694 | 12,364 |
| MBC | 4,643 | 2,826 | 1,326 |
| PEPFF Discount Rate | 6.0% | 7.0% | 8.0% |
| City | 357,917 | 172,899 | 20,813 |
| Park Board | 8,363 | 3,775 | (726) |
| TRA Discount Rate | 6.0% | 7.0% | 8.0% |
| City | 30,414 | 27,977 | 25,857 |

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 10 – DEFINED BENEFIT PENSION PLANS

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.

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, 2024, was \$1,311 and the CPED's total payroll was \$24,804.

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 \$73 and \$67 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.

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 12 – POSTEMPLOYMENT BENEFITS PLAN (continued)

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, 2024, 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.

As of the actuarial valuation for the fiscal year ending December 31, 2024, 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 | 493 | 10 | 7 |
| Active plan participants | 3,777 | 487 | 42 |
| Total | 4,270 | 497 | 49 |

B – Total OPEB Liability

The City’s and Park Board’s total OPEB liability of \$128,027 and \$1,418 respectively, was measured as of December 31, 2023, with an actuarial valuation as of December 31, 2022. MBC’s total OPEB liability of \$603 was measured as of January 1, 2024, and was determined by an actuarial valuation as of January 1, 2023.

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For the fiscal year ended December 31, 2024

(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, 2024, 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 10.25% for City and Park Board; based on years of service, ranging from 3.00% to 10.25% for MBC |
| Health care cost trend | 6.20% in 2024, gradually decreasing over several decades to an ultimate rate of 4.04% in 2075 and later years for City and Park Board. 6.25% for 2024, grading to 5.00% over 5 years and then 4.00% over the next 48 years for MBC |
| Discount Rate | 3.26% for City and Park Board; 3.70% 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 0.98 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 1.02 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 set forward two years for males and set forward four years 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 0.98.</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 1.05.</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, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 12 – POSTEMPLOYMENT BENEFITS PLAN (continued)**C – Changes in the Total OPEB liability**

| | City | Park Board | MBC |
|------------------------------|-------------|-------------------|------------|
| Balance at January 1, 2024 | \$ 122,427 | \$ 1,338 | \$ 659 |
| Changes for the year | | | |
| Service cost | 2,553 | 29 | 32 |
| Interest cost | 4,530 | 50 | 25 |
| Changes of assumptions | 4,900 | 72 | 6 |
| Benefit payments | (6,383) | (71) | (119) |
| Total net change | 5,600 | 80 | (56) |
| Balance at December 31, 2024 | \$ 128,027 | \$ 1,418 | \$ 603 |

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:

| | 1% Decrease | Current | 1% Increase |
|---------------------------------|--------------------|----------------|--------------------|
| Discount Rate | 2.26% | 3.26% | 4.26% |
| City total OPEB liability | \$ 139,868 | \$ 128,027 | \$ 117,716 |
| Park Board total OPEB liability | \$ 1,550 | \$ 1,418 | \$ 1,304 |
| Discount Rate | 2.70% | 3.70% | 4.70% |
| MBC total OPEB liability | \$ 626 | \$ 603 | \$ 581 |

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:

| | 1% Decrease | Current | 1% Increase |
|---------------------------------|---|---|---|
| Medical Trend Rate | 5.20% Decreasing to 4.04% by 2075 | 6.20% Decreasing to 4.04% by 2075 | 7.20% Decreasing to 4.04% by 2075 |
| City total OPEB liability | \$ 113,964 | \$ 128,027 | \$ 144,453 |
| Park Board total OPEB liability | \$ 1,263 | \$ 1,418 | \$ 1,600 |
| Medical Trend Rate | 5.25% Decreasing to 4.00% over 5 years | 6.25% Decreasing to 5.00% over 5 years | 7.25% Decreasing to 6.00% over 5 years |
| MBC total OPEB liability | \$ 566 | \$ 603 | \$ 646 |

For the fiscal year ended December 31, 2024

(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, 2024, the City, Park Board, and MBC recognized OPEB expense of \$13,727, \$170, and (\$127), 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 | \$ 61,145 | \$ 680 | \$ - | \$ - | \$ - | \$ 53 |
| Changes in actuarial assumptions | 5,294 | 59 | 4 | 5,756 | 69 | 13 |
| Contributions paid subsequent to the measurement date | 6,750 | 157 | 105 | - | - | - |
| Total | 73,189 | 896 | 109 | 5,756 | 69 | 66 |

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, 2025. These contributions total \$6,750 for the City, \$157 for the Park Board, and \$105 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 |
| 2025 | \$ 13,493 | \$ 150 | \$ (64) |
| 2026 | 13,164 | 146 | 2 |
| 2027 | 12,294 | 137 | - |
| 2028 | 11,942 | 133 | - |
| 2029 | 9,232 | 103 | - |
| Thereafter | 558 | 1 | - |

F – Changes in Actuarial Assumptions

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%.

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

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, 2024, was as follows:

| | Balance 1/1/2024 | Additions | Retirements | Balance 12/31/2024 |
|-------------------------------|-----------------------------|------------------|--------------------|-------------------------------|
| Compensated absences payable: | | | | |
| Governmental activities | \$ 46,196 | \$ 48,542 | \$ (27,118) | \$ 67,620 |
| Business-type activities | 4,130 | 6,250 | (3,434) | 6,946 |
| Total | <u>\$ 50,326</u> | <u>\$ 54,792</u> | <u>\$ (30,552)</u> | <u>\$ 74,566</u> |

Discretely Presented Component Units

Activity for the discretely presented component units for the year ended December 31, 2024, was as follows:

| | Balance 1/1/2024 | Additions | Retirements | Balance 12/31/2024 |
|---------------------------------------|-----------------------------|------------------|--------------------|-------------------------------|
| Compensated absences payable: | | | | |
| Minneapolis Park and Recreation Board | \$ 4,469 | \$ 6,707 | \$ (3,829) | \$ 7,347 |
| Municipal Building Commission | 234 | 391 | (237) | 388 |
| Total | <u>\$ 4,703</u> | <u>\$ 7,098</u> | <u>\$ (4,066)</u> | <u>\$ 7,735</u> |

For the fiscal year ended December 31, 2024

(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 2023 and 2024 are as follows:

| | 2023 | 2024 |
|---|------------------|-----------------|
| Incurred but not Received Claims (IBNR) | \$ 10,056 | \$ 9,026 |
| Claims Adjustment Expense | 28 | 29 |
| Provision for Adverse Deviation | 211 | 200 |
| Total Estimated Actuarial Liabilities | <u>\$ 10,295</u> | <u>\$ 9,255</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 \$227,956 reported in the Self-Insurance Internal Service Fund at December 31, 2024, 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 March of 2025 for claim exposure and settlements payments, calculated that the claims liability at December 31, 2024 is \$227,956, an increase of \$35,926 from the liability amount of \$192,030 at December 31, 2023.

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).

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 2023 and 2024 are:

| | 2023 | 2024 |
|--|-------------------|-------------------|
| Liability balance – January 1 | \$ 166,653 | \$ 192,030 |
| Current year claims and changes in estimates | 60,514 | 47,285 |
| Claims payments | (35,137) | (11,360) |
| Liability balance – December 31 | <u>\$ 192,030</u> | <u>\$ 227,955</u> |

For the fiscal year ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

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, 2024, as shown below:

| <u>Tax Abatement Program</u> | <u>Taxes Abated</u> |
|------------------------------|---------------------|
| Tax Increment Financing | \$ 9,840 |

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. However, the City is currently involved in 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 three alleged high exposure police misconduct actions.

The City has temporarily stopped work on a capital project currently included in the City’s construction in progress balance as of December 31, 2024. The project 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. It is the City management’s opinion that this work stoppage does not constitute a permanent impairment to the asset at this time, pending the outcome of the aforementioned legal and contractual discussions.



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GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
REQUIRED SUPPLEMENTAL INFORMATION
For the Fiscal Year Ended December 31, 2024

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amounts | | | |
|---|-------------------------|--------------|---------------|-----------------|
| | Original | Final | Actual | Variance |
| REVENUES: | | | | |
| Taxes | \$ 370,576 | \$ 370,576 | \$ 338,298 | \$ (32,278) |
| Licenses and permits | 47,321 | 47,321 | 50,282 | 2,961 |
| Intergovernmental revenues | 109,237 | 109,227 | 94,505 | (14,722) |
| Charges for services and sales | 57,069 | 57,069 | 57,505 | 436 |
| Fines and forfeits | 5,172 | 5,172 | 5,589 | 417 |
| Special assessments | 4,564 | 4,564 | 5,524 | 960 |
| Investment earnings | 9,940 | 9,940 | 14,265 | 4,325 |
| Miscellaneous revenues | 2,880 | 2,880 | 3,394 | 514 |
| Total revenues | 606,759 | 606,749 | 569,362 | (37,387) |
| CURRENT EXPENDITURES: | | | | |
| Current: | | | | |
| General government: | | | | |
| Mayor | 2,585 | 2,667 | 2,870 | (203) |
| Legislative Department | 25,642 | 27,600 | 22,524 | 5,076 |
| Assessing | 6,755 | 8,290 | 8,336 | (46) |
| Attorney | 21,466 | 21,473 | 21,683 | (210) |
| Civil rights | 6,766 | 6,959 | 6,270 | 689 |
| Office Of Public Service | 73,254 | 79,551 | 61,959 | 17,592 |
| Information Technology | - | 631 | 632 | (1) |
| Neighborhood Safety | 22,425 | 23,842 | 15,720 | 8,122 |
| Arts And Cultural Affairs | 2,568 | 2,562 | 1,452 | 1,110 |
| Racial Equity Inclusion Belong | 2,342 | 2,393 | 1,549 | 844 |
| Performance Mgmt & Innovation | 1,561 | 2,533 | 1,649 | 884 |
| Contingency | 23,244 | 23,244 | - | 23,244 |
| General government pensions | - | - | 550 | (550) |
| Total general government | 188,608 | 201,745 | 145,194 | 56,551 |
| Public safety: | | | | |
| Regulatory services | 30,026 | 30,662 | 28,798 | 1,864 |
| Office of Community Safety | 15,080 | 15,700 | 15,026 | 674 |
| Fire | 80,608 | 80,608 | 87,477 | (6,869) |
| Police | 212,877 | 220,684 | 215,236 | 5,448 |
| Public safety pensions | - | - | 2,274 | (2,274) |
| Total public safety | 338,591 | 347,654 | 348,811 | (1,157) |
| Public works | 70,733 | 71,389 | 72,902 | (1,513) |
| Health and welfare - Health and family support | 24,336 | 27,858 | 24,373 | 3,485 |
| Community planning and economic development | 45,934 | 68,171 | 46,983 | 21,188 |
| Debt Service: | | | | |
| Principal retirement | - | - | 1,642 | (1,642) |
| Interest and fiscal charges | - | - | 199 | (199) |
| Total expenditures | 668,202 | 716,817 | 640,104 | 76,713 |
| Excess (deficiency) of revenues over (under) expenditures | (61,443) | (110,068) | (70,742) | 39,326 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers from other funds | 60,390 | 90,228 | 89,957 | (271) |
| Transfers to other funds | (17,192) | (20,596) | (20,596) | - |
| Software subscriptions issued | - | - | 76 | 76 |
| Leases issued | - | - | 110 | 110 |
| Total other financing sources (uses) | 43,198 | 69,632 | 69,547 | (85) |
| Net change in fund balance | (18,245) | (40,436) | (1,195) | 39,241 |
| Fund balances - January 1 | 210,370 | 210,370 | 210,370 | - |
| Fund balances - December 31 | \$ 192,125 | \$ 169,934 | \$ 209,175 | \$ 39,241 |

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, 2024**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amounts | | Actual | Variance |
|---|-------------------|-------------------|-------------------|------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 24,741 | \$ 24,741 | \$ 19,809 | \$ (4,932) |
| Intergovernmental revenues | - | 3,274 | 3,564 | 290 |
| Charges for services and sales | - | - | 1,464 | 1,464 |
| Special assessments | - | - | 29 | 29 |
| Investment earnings | 6,288 | 6,288 | 6,528 | 240 |
| Miscellaneous revenues | 5,991 | 5,991 | 1,706 | (4,285) |
| Total revenues | <u>37,020</u> | <u>40,294</u> | <u>33,100</u> | <u>(7,194)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 1,384 | 1,384 | - | 1,384 |
| Community planning and economic development | 61,886 | 163,543 | 52,308 | 111,235 |
| Total expenditures | <u>63,270</u> | <u>164,927</u> | <u>52,308</u> | <u>112,619</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(26,250)</u> | <u>(124,633)</u> | <u>(19,208)</u> | <u>105,425</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers from other funds | 16,024 | 19,424 | 17,299 | (2,125) |
| Transfers to other funds | - | - | (7,922) | (7,922) |
| Total other financing sources (uses) | <u>16,024</u> | <u>19,424</u> | <u>9,377</u> | <u>(10,047)</u> |
| Net change in fund balance | <u>(10,226)</u> | <u>(105,209)</u> | <u>(9,831)</u> | <u>95,378</u> |
| Fund balances - January 1 | 227,475 | 227,475 | 241,655 | 14,180 |
| Restatement (see Note 1R) | - | - | (14,180) | (14,180) |
| Fund balances - January 1, as restated | <u>227,475</u> | <u>227,475</u> | <u>227,475</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 217,249</u> | <u>\$ 122,266</u> | <u>\$ 217,644</u> | <u>\$ 95,378</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, 2024**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amounts | | Actual | Variance |
|---|--------------------|--------------------|------------------|------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Intergovernmental revenues | \$ 13,177 | \$ 50,707 | \$ 104,274 | \$ 53,567 |
| Investment earnings | 3,965 | 3,965 | 4,208 | 243 |
| Miscellaneous revenues | - | - | 92 | 92 |
| Total revenues | <u>17,142</u> | <u>54,672</u> | <u>108,574</u> | <u>53,902</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 458 | 10,197 | 7,649 | 2,548 |
| Public safety | 3,224 | 10,458 | 6,197 | 4,261 |
| Public works | - | 899 | 3,968 | (3,069) |
| Health and welfare | 6,496 | 38,113 | 13,295 | 24,818 |
| Community planning and economic development | 3,000 | 13,611 | 14,026 | (415) |
| Intergovernmental: | | | | |
| Health and Welfare - intergovernmental | - | - | 168 | (168) |
| Total expenditures | <u>13,178</u> | <u>73,278</u> | <u>45,303</u> | <u>27,975</u> |
| Excess (deficiency) of revenues over (under) expenditures | 3,964 | (18,606) | 63,271 | 81,877 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers to other funds | <u>(36,319)</u> | <u>(59,028)</u> | <u>(58,756)</u> | <u>272</u> |
| Net change in fund balances | (32,355) | (77,634) | 4,515 | 82,149 |
| Fund balances - January 1 | <u>8,338</u> | <u>8,338</u> | <u>8,338</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ (24,017)</u> | <u>\$ (69,296)</u> | <u>\$ 12,853</u> | <u>\$ 82,149</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, 2024**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amounts | | | |
|---|-------------------------|---------------|-----------------|-----------------|
| | Original | Final | Actual | Variance |
| REVENUES: | | | | |
| Intergovernmental revenues | \$ 17,509 | \$ 20,455 | \$ 24,733 | \$ 4,278 |
| Charges for services and sales | - | - | 515 | 515 |
| Investment earnings | - | - | 107 | 107 |
| Miscellaneous revenues | 612 | 612 | 826 | 214 |
| Total revenues | <u>18,121</u> | <u>21,067</u> | <u>26,181</u> | <u>5,114</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 3,907 | 3,907 | 3,579 | 328 |
| Public safety | 1,090 | 1,115 | 1,115 | - |
| Health and Welfare | 494 | 502 | 456 | 46 |
| Community planning and economic development | 12,630 | 21,025 | 21,214 | (189) |
| Total expenditures | <u>18,121</u> | <u>26,549</u> | <u>26,364</u> | <u>185</u> |
| Net change in fund balances | - | (5,482) | (183) | 5,299 |
| Fund balances - January 1 | <u>5,521</u> | <u>5,521</u> | <u>5,521</u> | - |
| Fund balances - December 31 | <u>\$ 5,521</u> | <u>\$ 39</u> | <u>\$ 5,338</u> | <u>\$ 5,299</u> |

DEFINED BENEFIT PENSION PLANS
CITY OF MINNEAPOLIS, MINNESOTA
For the Fiscal Year Ended December 31, 2024
(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 | Statutorily 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, 2015 | \$ 32,333 | \$ 32,333 | \$ - | \$ 167,834 | 19.3% |
| 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% |

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

| Fiscal Year Ending | Statutorily 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, 2015 | \$ 518 | \$ 518 | \$ - | \$ 2,447 | 21.2% |
| 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% |

* 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.

DEFINED BENEFIT PENSION PLANS

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2024

(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, 2015 | 6.8465% | \$ 354,821 | N/A | \$ 354,821 | \$ 160,155 | 221.5% | 78.2% |
| 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% |

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, 2015 | 0.0870% | \$ 4,509 | N/A | \$ 4,509 | \$ 2,365 | 190.7% | 78.2% |
| 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% |

* 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.

DEFINED BENEFIT PENSION PLANS

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2024

(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, 2015 | \$ 28,504 | \$ 28,504 | \$ - | \$ 104,749 | 27.2% |
| 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% |

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 State's Related 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 Position of the Total Pension Liability |
|-----------------------------|--|---|---|---|--|---|---|
| June 30, 2015 | 19.4220% | \$ 220,680 | N/A | \$ 220,680 | \$ 101,015 | 218.5% | 86.6% |
| 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% |

* 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, 2024
(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, 2015 | \$ 2,250 | \$ 2,250 | \$ - | \$ - | N/A |
| 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 |

**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, 2015 | 0.5911% | \$ 36,365 | \$ - | N/A | 76.8% |
| 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% |

* 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.

POST EMPLOYMENT BENEFIT PLAN

CITY OF MINNEAPOLIS, MINNESOTA

For the Fiscal Year Ended December 31, 2024

(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 Experience | Changes of Assumptions | 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 |
|--------------------|--------------|----------|--|------------------------|------------------|------------------------------------|----------------------------------|-------------------------------|----------------------------|---|
| 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% |

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 Experience | Changes of Assumptions | 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 |
|--------------------|--------------|----------|--|------------------------|------------------|------------------------------------|----------------------------------|-------------------------------|----------------------------|---|
| 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 | - | - | (90) | (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% |

* 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, 2024

(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 had expenditures in excess of appropriation for the fiscal year ending December 31, 2024.

| | Final Budgeted Amounts | Actual | Variance |
|--|---------------------------|----------|----------|
| General Fund: | | | |
| General Government: | | | |
| Mayor | \$ 2,667 | \$ 2,870 | \$ (203) |
| Assessing | 8,290 | 8,336 | (46) |
| Attorney | 21,473 | 21,683 | (210) |
| Information Technology | 631 | 632 | (1) |
| General government pensions | - | 550 | (550) |
| Public Safety: | | | |
| Fire | 80,608 | 87,477 | (6,869) |
| Public safety pensions | - | 2,274 | (2,274) |
| Public Works | 71,389 | 72,902 | (1,513) |
| Debt Service: | | | |
| Principal retirement | - | 1,642 | (1,642) |
| Interest and fiscal charges | - | 199 | (199) |
| Special Revenue: | | | |
| Grants - Federal - Public Works | 899 | 3,968 | (3,069) |
| Grants - Federal - CPED | 13,611 | 14,026 | (415) |
| Grants - Federal - Intergovernmental Health and Wellness | - | 168 | (168) |
| HUD Consolidated Plan - CPED | 21,025 | 21,214 | (189) |

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 Fire Dept exceeded budget due to overtime costs and back pay due to a settled union contract. The Mayor, Assessing, and Attorney exceeded budget due to personnel services over budget. The General Fund portion of IT was over budget due to contractual commitments. For the Grant Special Revenue fund, Public Works was over budget due to overages in the replacement of lead pipes and CPED was over budget due to professional services. 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, 2024

(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 Plan2024

- 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.

2024 (continued)

- 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.

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.

For the Fiscal Year Ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

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

- 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.

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.

For the Fiscal Year Ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 3 – DEFINED BENEFIT PENSION PLANS**A – Changes in Actuarial Assumptions****General Employees Retirement Plan (continued)**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 Plan2024

- The state contribution of \$9,000 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

For the Fiscal Year Ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

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

For the Fiscal Year Ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 3 – DEFINED BENEFIT PENSION PLANS**A – Changes in Actuarial Assumptions****Public Employees Police and Fire Plan**2017 (continued)

- 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.

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 Fund2024

- 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%.

For the Fiscal Year Ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

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

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 increase 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.

For the Fiscal Year Ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 3 – DEFINED BENEFIT PENSION PLANS**A – Changes in Actuarial Assumptions****Teachers' Retirement Association Fund**2016 (continued)

- 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.

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 Liability2024

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, 2024

(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.

For the Fiscal Year Ended December 31, 2024

(Dollar Amounts Expressed in Thousands)

NOTE 4 – POSTEMPLOYMENT BENEFITS PLAN**B – Plan Changes Affecting Actuarial Accrued Liability**2019 (continued)

- 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.
- 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%.

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

2018

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



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

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

GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
December 31, 2024

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Special Revenue | Debt Service | Total Non-Major Governmental |
|---|-------------------|------------------|------------------------------------|
| <u>ASSETS</u> | | | |
| Cash and cash equivalents | \$ 150,184 | \$ 39,496 | \$ 189,680 |
| Investments with trustees | - | 2,114 | 2,114 |
| Receivables: | | | |
| Accounts - net | 904 | - | 904 |
| Taxes | 176 | 615 | 791 |
| Special assessments | 25 | - | 25 |
| Intergovernmental | 22,336 | - | 22,336 |
| Leases | 18,219 | - | 18,219 |
| Accrued interest | 604 | 81 | 685 |
| Due from other funds | 3,500 | - | 3,500 |
| Advances to other funds | 3,445 | - | 3,445 |
| Total assets | <u>\$ 199,393</u> | <u>\$ 42,306</u> | <u>\$ 241,699</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Salaries payable | \$ 677 | \$ - | \$ 677 |
| Accounts payable | 7,652 | 76 | 7,728 |
| Due to other governmental agencies | 6 | - | 6 |
| Deposits held for others | 1,033 | - | 1,033 |
| Advances from other funds | - | 3,445 | 3,445 |
| Unearned revenue | 7,756 | - | 7,756 |
| Total liabilities | <u>17,124</u> | <u>3,521</u> | <u>20,645</u> |
| Deferred Inflows of Resources: | | | |
| Unavailable revenue | 94 | 304 | 398 |
| Leases | 17,391 | - | 17,391 |
| Total deferred inflows of resources | <u>17,485</u> | <u>304</u> | <u>17,789</u> |
| Fund balances: | | | |
| Restricted | 10,495 | 38,481 | 48,976 |
| Assigned | 154,289 | - | 154,289 |
| Total fund balances | <u>164,784</u> | <u>38,481</u> | <u>203,265</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 199,393</u> | <u>\$ 42,306</u> | <u>\$ 241,699</u> |

GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2024

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Special Revenue | Debt Service | Total Non-Major Governmental |
|--|------------------------|---------------------|---|
| REVENUES: | | | |
| Taxes | \$ 100,801 | \$ 51,728 | \$ 152,529 |
| Licenses and permits | 59 | - | 59 |
| Intergovernmental revenues | 29,956 | 45 | 30,001 |
| Charges for services and sales | 10,532 | - | 10,532 |
| Fines and forfeits | 244 | - | 244 |
| Special assessments | 8,503 | - | 8,503 |
| Investment earnings | 4,622 | 1,742 | 6,364 |
| Miscellaneous revenues | 21,314 | 4,853 | 26,167 |
| Total revenues | <u>176,031</u> | <u>58,368</u> | <u>234,399</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| General government | 16,937 | - | 16,937 |
| Public safety | 11,254 | - | 11,254 |
| Public works | 8,662 | - | 8,662 |
| Health and welfare | 12,814 | - | 12,814 |
| Community planning and economic development | 75,321 | - | 75,321 |
| Debt Service: | | | |
| Principal retirement | - | 56,295 | 56,295 |
| Interest and fiscal charges | - | 16,821 | 16,821 |
| Total expenditures | <u>124,988</u> | <u>73,116</u> | <u>198,104</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>51,043</u> | <u>(14,748)</u> | <u>36,295</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers from other funds | 41,074 | 21,840 | 62,914 |
| Transfers to other funds | <u>(82,016)</u> | <u>(1,315)</u> | <u>(83,331)</u> |
| Total other financing sources (uses) | <u>(40,942)</u> | <u>20,525</u> | <u>(20,417)</u> |
| Net change in fund balances | 10,101 | 5,777 | 15,878 |
| Fund balances - January 1 | <u>154,683</u> | <u>32,704</u> | <u>187,387</u> |
| Fund balances - December 31 | <u>\$ 164,784</u> | <u>\$ 38,481</u> | <u>\$ 203,265</u> |

**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
December 31, 2024**

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 | \$ 6,805 | \$ 367 | \$ 82,991 | \$ 13,008 | \$ 796 |
| Receivables: | | | | | |
| Accounts - net | - | - | - | 526 | - |
| Taxes | - | 1 | - | - | - |
| Special assessments | - | - | - | - | 25 |
| Intergovernmental | - | - | 13,898 | - | - |
| Leases | 18,219 | - | - | - | - |
| Accrued interest | 47 | - | 350 | 54 | 3 |
| Due from other funds | - | - | - | - | - |
| Advances to other funds | - | - | - | - | - |
| Total assets | <u>\$ 25,071</u> | <u>\$ 368</u> | <u>\$ 97,239</u> | <u>\$ 13,588</u> | <u>\$ 824</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u> | | | | | |
| Liabilities: | | | | | |
| Salaries payable | \$ 5 | \$ 6 | \$ - | \$ 414 | \$ - |
| Accounts payable | 630 | - | - | 4,712 | - |
| Due to other governmental agencies | - | - | - | 6 | - |
| Deposits held for others | - | - | - | 1,033 | - |
| Unearned revenue | - | - | - | - | 382 |
| Total liabilities | <u>635</u> | <u>6</u> | <u>-</u> | <u>6,165</u> | <u>382</u> |
| Deferred inflows of resources: | | | | | |
| Deferred inflows - leases | 17,391 | - | - | - | - |
| Unavailable revenue | - | - | - | - | - |
| Total deferred inflows of resources | <u>17,391</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | | |
| Restricted | - | - | - | - | - |
| Assigned | 7,045 | 362 | 97,239 | 7,423 | 442 |
| Total fund balances | <u>7,045</u> | <u>362</u> | <u>97,239</u> | <u>7,423</u> | <u>442</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 25,071</u> | <u>\$ 368</u> | <u>\$ 97,239</u> | <u>\$ 13,588</u> | <u>\$ 824</u> |

SPECIAL REVENUE FUNDS CITY OF MINNEAPOLIS, MINNESOTA
COMBINING BALANCE SHEET (Continued)
NON-MAJOR FUNDS
December 31, 2024 (In Thousands)

| Employee Retirement | Grants- Other | Police | Neighborhood and Community Relations | Total |
|--------------------------------|--------------------------|-----------------|---|-------------------|
| \$ 37,019 | \$ 5,251 | \$ 3,580 | \$ 367 | \$ 150,184 |
| - | 260 | 118 | - | 904 |
| 175 | - | - | - | 176 |
| - | - | - | - | 25 |
| - | 8,438 | - | - | 22,336 |
| - | - | - | - | 18,219 |
| 137 | 13 | - | - | 604 |
| - | 3,500 | - | - | 3,500 |
| 3,445 | - | - | - | 3,445 |
| <u>\$ 40,776</u> | <u>\$ 17,462</u> | <u>\$ 3,698</u> | <u>\$ 367</u> | <u>\$ 199,393</u> |
| | | | | |
| \$ - | \$ 222 | \$ 30 | \$ - | \$ 677 |
| - | 2,143 | 167 | - | 7,652 |
| - | - | - | - | 6 |
| - | - | - | - | 1,033 |
| - | 7,366 | 8 | - | 7,756 |
| | | | | |
| - | 9,731 | 205 | - | 17,124 |
| | | | | |
| - | - | - | - | 17,391 |
| 94 | - | - | - | 94 |
| | | | | |
| 94 | - | - | - | 17,485 |
| | | | | |
| - | 7,731 | 2,764 | - | 10,495 |
| 40,682 | - | 729 | 367 | 154,289 |
| | | | | |
| 40,682 | 7,731 | 3,493 | 367 | 164,784 |
| | | | | |
| <u>\$ 40,776</u> | <u>\$ 17,462</u> | <u>\$ 3,698</u> | <u>\$ 367</u> | <u>\$ 199,393</u> |

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, 2024

(In Thousands)

| | Arena Reserve | Board of Estimate and Taxation | Downtown Assets | Convention Center | Self-Managed Special Service Districts |
|--|--------------------------|---|----------------------------|------------------------------|---|
| REVENUES: | | | | | |
| Taxes | \$ - | \$ 98 | \$ 87,328 | \$ - | \$ - |
| Licenses and permits | - | - | - | - | - |
| Intergovernmental revenues | - | - | - | - | - |
| Charges for services and sales | 6 | - | - | 9,042 | - |
| Fines and forfeits | - | - | - | - | - |
| Special assessments | - | - | - | - | 8,448 |
| Investment earnings | 475 | - | 2,000 | 891 | (47) |
| Miscellaneous revenues | 1,730 | - | - | 12,538 | - |
| Total revenues | <u>2,211</u> | <u>98</u> | <u>89,328</u> | <u>22,471</u> | <u>8,401</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | - | 45 | - | - | - |
| Public safety | - | - | - | - | - |
| Public works | - | - | - | - | 8,397 |
| Health and welfare | - | - | - | - | - |
| Community planning and economic development | 5,788 | - | 428 | 57,115 | - |
| Total expenditures | <u>5,788</u> | <u>45</u> | <u>428</u> | <u>57,115</u> | <u>8,397</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,577)</u> | <u>53</u> | <u>88,900</u> | <u>(34,644)</u> | <u>4</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers from other funds | 4,602 | - | 480 | 35,988 | - |
| Transfers to other funds | - | - | (70,462) | (11,554) | - |
| Total other financing sources (uses) | <u>4,602</u> | <u>-</u> | <u>(69,982)</u> | <u>24,434</u> | <u>-</u> |
| Net change in fund balances | 1,025 | 53 | 18,918 | (10,210) | 4 |
| Fund balances - January 1 | <u>6,020</u> | <u>309</u> | <u>78,321</u> | <u>17,633</u> | <u>438</u> |
| Fund balances - December 31 | <u>\$ 7,045</u> | <u>\$ 362</u> | <u>\$ 97,239</u> | <u>\$ 7,423</u> | <u>\$ 442</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, 2024 (In Thousands)

| Employee Retirement | Grants- Other | Police | Neighborhood and Community Relations | Total |
|--------------------------------|--------------------------|-----------------|---|-------------------|
| \$ 13,187 | \$ 42 | \$ 146 | \$ - | \$ 100,801 |
| - | 59 | - | - | 59 |
| 6,554 | 23,288 | 114 | - | 29,956 |
| - | 928 | 556 | - | 10,532 |
| - | - | 244 | - | 244 |
| - | 55 | - | - | 8,503 |
| 1,121 | 182 | - | - | 4,622 |
| 3,470 | 3,576 | - | - | 21,314 |
| <u>24,332</u> | <u>28,130</u> | <u>1,060</u> | <u>-</u> | <u>176,031</u> |
| 16,515 | 377 | - | - | 16,937 |
| 7,679 | 2,104 | 1,471 | - | 11,254 |
| - | 265 | - | - | 8,662 |
| - | 12,814 | - | - | 12,814 |
| - | 11,975 | - | 15 | 75,321 |
| <u>24,194</u> | <u>27,535</u> | <u>1,471</u> | <u>15</u> | <u>124,988</u> |
| <u>138</u> | <u>595</u> | <u>(411)</u> | <u>(15)</u> | <u>51,043</u> |
| - | 4 | - | - | 41,074 |
| - | - | - | - | (82,016) |
| <u>-</u> | <u>4</u> | <u>-</u> | <u>-</u> | <u>(40,942)</u> |
| 138 | 599 | (411) | (15) | 10,101 |
| <u>40,544</u> | <u>7,132</u> | <u>3,904</u> | <u>382</u> | <u>154,683</u> |
| <u>\$ 40,682</u> | <u>\$ 7,731</u> | <u>\$ 3,493</u> | <u>\$ 367</u> | <u>\$ 164,784</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, 2024**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------------|-----------------|-----------------|-----------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Charges for services and sales | \$ - | \$ - | \$ 6 | \$ 6 |
| Investment earnings | 200 | 200 | 475 | 275 |
| Miscellaneous revenues | 1,646 | 1,646 | 1,730 | 84 |
| Total revenues | <u>1,846</u> | <u>1,846</u> | <u>2,211</u> | <u>365</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community planning and economic development | <u>7,257</u> | <u>11,072</u> | <u>5,788</u> | <u>5,284</u> |
| Excess (deficiency) of revenues over (under) expenditures | (5,411) | (9,226) | (3,577) | 5,649 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers from other funds | <u>4,602</u> | <u>4,602</u> | <u>4,602</u> | <u>-</u> |
| Net change in fund balances | (809) | (4,624) | 1,025 | 5,649 |
| Fund balances - January 1 | <u>6,020</u> | <u>6,020</u> | <u>6,020</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 5,211</u> | <u>\$ 1,396</u> | <u>\$ 7,045</u> | <u>\$ 5,649</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, 2024**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amount | | Actual | Variance |
|-----------------------------|-----------------|---------------|---------------|---------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 101 | \$ 101 | \$ 98 | \$ (3) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 151 | 151 | 45 | 106 |
| Net change in fund balances | (50) | (50) | 53 | 103 |
| Fund balances - January 1 | 309 | 309 | 309 | - |
| Fund balances - December 31 | <u>\$ 259</u> | <u>\$ 259</u> | <u>\$ 362</u> | <u>\$ 103</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, 2024

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amount | | | |
|--|------------------------|--------------|---------------|-----------------|
| | Original | Final | Actual | Variance |
| REVENUES: | | | | |
| Taxes | \$ 80,750 | \$ 80,750 | \$ 87,328 | \$ 6,578 |
| Investment earnings | 833 | 833 | 2,000 | 1,167 |
| Total revenues | 81,583 | 81,583 | 89,328 | 7,745 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community planning and economic development | 480 | 480 | 428 | 52 |
| Excess (deficiency) of revenues over (under) expenditures | 81,103 | 81,103 | 88,900 | 7,797 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers from other funds | 480 | 480 | 480 | - |
| Transfers to other funds | (68,230) | (70,462) | (70,462) | - |
| Total other financing sources (uses) | (67,750) | (69,982) | (69,982) | - |
| Net change in fund balances | 13,353 | 11,121 | 18,918 | 7,797 |
| Fund balances - January 1 | 78,321 | 78,321 | 78,321 | - |
| Fund balances - December 31 | \$ 91,674 | \$ 89,442 | \$ 97,239 | \$ 7,797 |

**CONVENTION CENTER
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2024**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amount | | | |
|--|------------------------|-----------------|-----------------|-----------------|
| | Original | Final | Actual | Variance |
| REVENUES: | | | | |
| Charges for services and sales | \$ 6,732 | \$ 6,732 | \$ 9,042 | \$ 2,310 |
| Investment earnings | 548 | 548 | 891 | 343 |
| Miscellaneous revenues | 11,968 | 11,968 | 12,538 | 570 |
| Total revenues | 19,248 | 19,248 | 22,471 | 3,223 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community planning and economic development | 53,757 | 55,642 | 57,115 | (1,473) |
| Excess (deficiency) of revenues over (under) expenditures | (34,509) | (36,394) | (34,644) | 1,750 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers from other funds | 35,988 | 35,988 | 35,988 | - |
| Transfers to other funds | (6,578) | (11,554) | (11,554) | - |
| Total other financing sources (uses) | 29,410 | 24,434 | 24,434 | - |
| Net change in fund balances | (5,099) | (11,960) | (10,210) | 1,750 |
| Fund balances - January 1 | 17,633 | 17,633 | 17,633 | - |
| Fund balances - December 31 | <u>\$ 12,534</u> | <u>\$ 5,673</u> | <u>\$ 7,423</u> | <u>\$ 1,750</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, 2024

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amounts | | Actual | Variance |
|--|-------------------------|---------------|---------------|-----------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Special assessments | \$ 8,440 | \$ 8,440 | \$ 8,448 | \$ 8 |
| Investment earnings | (22) | (22) | (47) | (25) |
| Total revenues | 8,418 | 8,418 | 8,401 | (17) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Works | 8,440 | 8,440 | 8,397 | 43 |
| Excess (deficiency) of revenues over (under) expenditures | (22) | (22) | 4 | 26 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Net change in fund balances | (22) | (22) | 4 | 26 |
| Fund balances - January 1 | 438 | 438 | 438 | - |
| Fund balances - December 31 | <u>\$ 416</u> | <u>\$ 416</u> | <u>\$ 442</u> | <u>\$ 26</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, 2024**

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amounts | | Actual | Variance |
|-----------------------------|-------------------------|------------------|------------------|-----------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 13,575 | \$ 13,575 | \$ 13,187 | \$ (388) |
| Intergovernmental revenues | 5,662 | 5,662 | 6,554 | 892 |
| Investment earnings | 483 | 483 | 1,121 | 638 |
| Miscellaneous revenues | 3,254 | 3,254 | 3,470 | 216 |
| Total revenues | <u>22,974</u> | <u>22,974</u> | <u>24,332</u> | <u>1,358</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 | (1,220) | (1,220) | 138 | 1,358 |
| Fund balances - January 1 | <u>40,544</u> | <u>40,544</u> | <u>40,544</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 39,324</u> | <u>\$ 39,324</u> | <u>\$ 40,682</u> | <u>\$ 1,358</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, 2024

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amounts | | | |
|--|-------------------------|-----------------|-----------------|-----------------|
| | Original | Final | Actual | Variance |
| REVENUES: | | | | |
| Taxes | \$ 70 | \$ 130 | \$ 42 | \$ (88) |
| Licenses and permits | - | 235 | 59 | (176) |
| Intergovernmental revenues | 8,846 | 51,175 | 23,288 | (27,887) |
| Charges for services and sales | 950 | 978 | 928 | (50) |
| Special assessments | - | 1,787 | 55 | (1,732) |
| Investment earnings | 1 | 1 | 182 | 181 |
| Miscellaneous revenues | 4,349 | 5,893 | 3,576 | (2,317) |
| Total revenues | <u>14,216</u> | <u>60,199</u> | <u>28,130</u> | <u>(32,069)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 455 | 1,119 | 377 | 742 |
| Public safety | 1,968 | 7,734 | 2,104 | 5,630 |
| Public works | 20 | 20 | 265 | (245) |
| Health and welfare | 8,273 | 16,033 | 12,814 | 3,219 |
| Community planning and economic development | 3,500 | 35,596 | 11,975 | 23,621 |
| Total expenditures | <u>14,216</u> | <u>60,502</u> | <u>27,535</u> | <u>32,967</u> |
| Excess (deficiency) of revenues over (under) expenditures | - | (303) | 595 | 898 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers from other funds | <u>-</u> | <u>4</u> | <u>4</u> | <u>-</u> |
| Net change in fund balances | - | (299) | 599 | 898 |
| Fund balances - January 1 | <u>7,132</u> | <u>7,132</u> | <u>7,132</u> | <u>-</u> |
| Fund balances - December 31 | <u>\$ 7,132</u> | <u>\$ 6,833</u> | <u>\$ 7,731</u> | <u>\$ 898</u> |

POLICE
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended December 31, 2024

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amounts | | Actual | Variance |
|--------------------------------|-------------------------|-----------------|-----------------|-----------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes | \$ 245 | \$ 245 | \$ 146 | \$ (99) |
| Intergovernmental revenues | - | - | 114 | 114 |
| Charges for services and sales | 1,016 | 1,016 | 556 | (460) |
| Fines and forfeits | 400 | 400 | 244 | (156) |
| Total revenues | 1,661 | 1,661 | 1,060 | (601) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety | 1,661 | 1,661 | 1,471 | 190 |
| Net change in fund balances | - | - | (411) | (411) |
| Fund balances - January 1 | 3,904 | 3,904 | 3,904 | - |
| Fund balances - December 31 | <u>\$ 3,904</u> | <u>\$ 3,904</u> | <u>\$ 3,493</u> | <u>\$ (411)</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, 2024

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Budgeted Amounts | | Actual | Variance |
|---|-------------------------|---------------|---------------|-----------------|
| | Original | Final | | |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community planning and economic development | - | 200 | 15 | 185 |
| Net change in fund balances | - | (200) | (15) | 185 |
| Fund balances - January 1 | 382 | 382 | 382 | - |
| Fund balances - December 31 | <u>\$ 382</u> | <u>\$ 182</u> | <u>\$ 367</u> | <u>\$ 185</u> |

DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
December 31, 2024

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Community Development Agency | Development | General Debt Service | Total |
|---|------------------------------------|------------------|----------------------------|------------------|
| <u>ASSETS</u> | | | | |
| Cash and cash equivalents | \$ 98 | \$ 20,520 | \$ 18,878 | \$ 39,496 |
| Investments with trustees | 2,114 | - | - | 2,114 |
| Receivables: | | | | |
| Taxes | - | - | 615 | 615 |
| Accrued interest | - | 3 | 78 | 81 |
| Total assets | <u>\$ 2,212</u> | <u>\$ 20,523</u> | <u>\$ 19,571</u> | <u>\$ 42,306</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ 76 | \$ 76 |
| Advances from other funds | - | 3,445 | - | 3,445 |
| Total liabilities | <u>-</u> | <u>3,445</u> | <u>76</u> | <u>3,521</u> |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenue | - | - | 304 | 304 |
| Fund balances: | | | | |
| Restricted | <u>2,212</u> | <u>17,078</u> | <u>19,191</u> | <u>38,481</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 2,212</u> | <u>\$ 20,523</u> | <u>\$ 19,571</u> | <u>\$ 42,306</u> |

DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
For the Fiscal Year Ended December 31, 2024

CITY OF MINNEAPOLIS, MINNESOTA

(In Thousands)

| | Community Development Agency | Development | General Debt Service | Total |
|--|------------------------------------|------------------|----------------------------|------------------|
| REVENUES: | | | | |
| Taxes | \$ - | \$ - | \$ 51,728 | \$ 51,728 |
| Intergovernmental revenues | - | - | 45 | 45 |
| Investment earnings | 159 | 624 | 959 | 1,742 |
| Miscellaneous revenues | - | 3,713 | 1,140 | 4,853 |
| Total revenues | <u>159</u> | <u>4,337</u> | <u>53,872</u> | <u>58,368</u> |
| EXPENDITURES: | | | | |
| Debt Service: | | | | |
| Principal retirement | 5,470 | 4,965 | 45,860 | 56,295 |
| Interest and fiscal charges | <u>368</u> | <u>4,723</u> | <u>11,730</u> | <u>16,821</u> |
| Total expenditures | <u>5,838</u> | <u>9,688</u> | <u>57,590</u> | <u>73,116</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(5,679)</u> | <u>(5,351)</u> | <u>(3,718)</u> | <u>(14,748)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers from other funds | 5,661 | 13,097 | 3,082 | 21,840 |
| Transfers to other funds | <u>(1,315)</u> | <u>-</u> | <u>-</u> | <u>(1,315)</u> |
| Total other financing sources (uses) | <u>4,346</u> | <u>13,097</u> | <u>3,082</u> | <u>20,525</u> |
| Net change in fund balances | (1,333) | 7,746 | (636) | 5,777 |
| Fund balances - January 1 | <u>3,545</u> | <u>9,332</u> | <u>19,827</u> | <u>32,704</u> |
| Fund balances - December 31 | <u>\$ 2,212</u> | <u>\$ 17,078</u> | <u>\$ 19,191</u> | <u>\$ 38,481</u> |

APPENDIX E

THE DEPOSITORY TRUST COMPANY

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bonds certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX F

GENERAL INFORMATION REGARDING MINNESOTA PROPERTY TAX SYSTEM

SUMMARY OF TAX LEVIES, PAYMENT PROVISIONS, AND MINNESOTA REAL PROPERTY VALUATION

Following is a summary of certain statutory provisions relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed, and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

Property Valuations (Chapter 273, Minnesota Statutes)

Estimated Market Value. The City Assessor is responsible for the assessment of all taxable property located within the City. State law requires, with certain exceptions, that each parcel of real property subject to taxation must be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be fairly worth, and which is referred to as the “Estimated Market Value.”

Economic Market Value. Neither tax capacity nor Estimated Market Value may accurately represent what a property’s actual market value would be in the marketplace. By dividing the estimated market value used for tax purposes by the State Equalization Aid Review Committee’s “Sale Ratio” for any particular year, an Economic Market Value can be calculated which approximates actual market value. The Sales Ratio represents the relationship between the market value used for tax purposes and actual selling prices obtained in real estate transactions within a governmental unit in any particular year.

Market Value Homestead Exclusion. Commencing with taxes payable in 2012, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Estimated Market Value up to \$413,800 in order to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a, and causes a decrease in the applicable municipality’s aggregate Taxable Market Value, even if the Estimated Market Value on the same properties did not decline.

Net Tax Capacity. The Net Tax Capacity is the amount of value upon which net taxes are levied, extended and collected, which is a percentage of Taxable Market Value. The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages vary depending on the type of property as shown on the last page of this APPENDIX F. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State’s property tax relief system and are subject to annual revisions by the State Legislature.

Taxable Market Value. The Taxable Market Value is the Estimated Market Value, less any reductions, limitations, exemptions, and deferrals of tax available to a property. The amount of value upon which property taxes are levied, extended, and collected is calculated as a percentage of Taxable Market Value.

Property Tax Payments and Delinquencies (Minnesota Statutes, Chapters 275, 276, 277, 279-282 and 549)

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on nonhomestead property is assessed at a rate of 4% until May 31 and increased to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes.

In the case of the second installment of real property taxes due October 15, a penalty of 2% on homestead property and 4% on nonhomestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for nonhomestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

Property Tax Credits (Minnesota Statutes, Chapter 273)

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are property tax levy reduction aids; the homestead credit refund and the renter's property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter's property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

Metropolitan Fiscal Disparities Act (Minnesota Statutes, Chapter 473F)

The Metropolitan Fiscal Disparities Act was adopted by the State Legislature in 1971 and was implemented in 1974 following a ruling by the State Supreme Court that the Metropolitan Fixed Disparities Act was constitutional. Generally, the objective of the Metropolitan Fiscal Disparities Act is to prevent competition among the various municipalities in the seven-county metropolitan area in which the City is located for industrial and commercial development to improve their respective tax bases. The following discussion summarizes the operation of the Metropolitan Fiscal Disparities Act.

Contribution to Metropolitan Pool. Pursuant to the provisions of the Metropolitan Fiscal Disparities Act, each municipality in the seven-county area is to “pool” (i.e., contribute to an areawide tax base) 40 percent of the amount by which the net tax capacity of commercial-industrial property subject to taxation therein exceeds the 1971 net tax capacity of commercial-industrial property subject to taxation therein. The total areawide tax base (the “Metropolitan Pool”) is determined by aggregating the contribution of each municipality within the seven-county area.

Distribution of Metropolitan Pool. The Metropolitan Pool is then reallocated among all municipalities in the seven-county area basically in direct proportion to population and in inverse proportion to fiscal capacity, where fiscal capacity is measured by the market value of real property within the municipality divided by its population. Municipalities with large populations and low fiscal capacity are thus favored in the reallocation over those municipalities with small populations and large fiscal capacity.

Net Tax Capacities, Tax Levies and Tax Rates. Each municipality’s official net tax capacity for purposes of levying taxes is determined by adding (1) all residential net tax capacity and all commercial-industrial net tax capacity therein, exclusive of the contribution to the Metropolitan Pool (collectively, the “local net tax capacity”), and (2) the municipality’s share of the Metropolitan Pool. The tax levy of the municipality is similarly divided by the Hennepin County (County) Auditor into two components: (a) that portion which will be raised on the local net tax capacity; and (b) that portion which will be raised on the Metropolitan Pool. The tax levy of the municipality is basically divided in the same proportion as the municipality’s share of the Metropolitan Pool bears to the local net tax capacity. The municipality’s local tax rate is determined by dividing the local levy by the local net tax capacity.

The other portion of the municipality’s tax levy (i.e., the levy which will be raised on the Metropolitan Pool) is added with the comparative levies for every other municipality in the seven-county area to arrive at the total dollar levy on the Metropolitan Pool. The areawide tax rate is then determined by dividing the total levy on the Metropolitan Pool by the total net tax capacity of the Metropolitan Pool.

The tax rates determined above are applied to all taxable property in the municipality. All residential property and the “local” portion of commercial-industrial property are subject to the local rate. The portion of the commercial-industrial property in the municipality contributed to the Metropolitan Pool is subject to the areawide tax rate. When the areawide tax levies have been collected, they are channeled through each county to the State Treasurer and distributed to the municipalities.

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CLASS TAX RATES FOR MAJOR PROPERTY CLASSIFICATIONS

| <u>Property Type</u> | Local Tax Payable 2025 |
|--|---------------------------------------|
| Residential Homestead (1a) | |
| First \$500,000 | 1.00% |
| Over \$500,000 | 1.25% |
| Residential Non-homestead | |
| Single Unit (4bb(1)) | |
| First \$500,000 | 1.00% |
| Over \$500,000 | 1.25% |
| 1-3 unit and undeveloped land (4b(1)) | 1.25% |
| Market Rate Apartments | |
| Regular (4a) | 1.25% |
| Low-Income (4d) | |
| First \$100,000 | 0.75% |
| Over \$100,000 | 0.25% |
| Commercial/Industrial/Public Utility (3a) | |
| First \$150,000 | 1.50% |
| Over \$150,000 | 2.00% ^(a) |
| Electric Generation Machinery | 2.00% |
| Commercial Seasonal Residential | |
| Homestead Resorts (1c) | |
| First \$600,000 | 0.50% |
| \$600,001 - \$2,300,000 | 1.00% |
| Over \$2,300,000 | 1.25% ^(a) |
| Seasonal Resorts (4c(1)) | |
| First \$500,000 | 1.00% ^(a) |
| Over \$500,000 | 1.25% ^(a) |
| Non-Commercial Seasonal Recreational (4c(12)) | |
| First \$76,000 | 1.00% ^{(a)(b)} |
| \$76,001 - \$500,000 | 1.00% ^{(a)(b)} |
| Over \$500,000 | 1.25% ^{(a)(b)} |

(a) State tax is applicable to this classification.

(b) Exempt from referendum market value based taxes.