



City of Minneapolis  
Financial Status Report as of 1st Quarter 2006  
Prepared by the  
City of Minneapolis Finance Department  
July 10, 2006

# City of Minneapolis

## Interim Financial Report Index for the 1st Quarter of 2006

<b>BUSINESS LINE REVIEW</b> .....	1-4
<b>GENERAL FUND</b> .....	5-9
<b>SPECIAL REVENUE &amp; GRANT FUNDS</b>	
Convention Center Special Revenue Fund.....	10-15
Federal, CDBG and other State and Local Grants.....	16-17
<b>INTERNAL SERVICE FUNDS</b>	
Engineering Materials & Testing Fund.....	18-19
Permanent Improvement Equipment Fund.....	20-21
Property Services Fund.....	22-23
Public Works Stores ....	24-25
Intergovernmental Service Fund .....	26-27
Self-Insurance Fund .....	28-30
<b>ENTERPRISE FUNDS</b>	
Sanitary & Stormwater Fund.....	31-34
Water Rental Fund.....	35-37
Municipal Parking Fund.....	38-42
Solid Waste Recycling Fund.....	43-44
<b>INVESTMENT REPORT</b>	45

## THE REPORT

The report consists of two sections. The first section of the report includes the Business line review. The second section includes detailed schedules and analysis of the results of individual funds through March 31, 2006.

### BUSINESS LINE REVIEW

The City's business activities are accounted for in funds and these funds are divided into two major groupings: Governmental funds and Proprietary funds.

#### Governmental Funds

Governmental Funds account for services and goods provided within the government and are primarily supported either directly or indirectly by taxes. These groupings include General fund, Special Revenue Funds, Capital Projects, Debt Services, and Agency funds. Governmental funds use the modified accrual basis of accounting to record transactions.

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund began 2006 with a fund balance of \$53.6 million and an operating budget of \$284 million. Through March of this year, the fund has spent less than 25% of its appropriations with the same percentage of the year elapsed. If the fund continues on this same trajectory, it will end the year within its spending authority. Several items of note are Franchise Fee revenues which have greatly exceeded expectations and Fines and Forfeits which are considerably below budget thus far.

The **Convention Center Fund** accounts for the operating activities of the Convention Center and for the City's sales tax and other related taxes. All of the tax revenue received by the Convention Center is used to support the Convention Center's capital and operating activities except the entertainment tax. The entertainment tax revenue is transferred to the City's General Fund and Arena Reserve Fund.

The Convention Center's 2006 operating budget plans for a loss of \$.6 million and first quarter results show the fund is tracking very close to plan with revenues and expenses at 25% and 26% of budget respectively.

**Grant Funds** are used to record grant related activities. Fund 0300 represents all of the federal grant activity. Fund 0400 captures the Housing and Urban Development grants for community development and housing related programs. This fund includes the Community Development Block Grant, Emergency Shelter Program, HOME Investment Partnership Program, and Housing Opportunities for People with Aids. Fund 0600 is used to record all of the non-federal sources of restricted revenue.

#### Proprietary Funds

Proprietary funds operate, more or less, like a business and are assumed to be self-supporting. Proprietary funds are normally grouped into two subsets: Internal Service funds, which sell goods and services internally to other government units; and, Enterprise funds which sell goods and services to third parties. The rates charged by these businesses are supposed to cover the full

cost of providing the good or service sold by the fund- including the cost of maintaining, replacing, and expanding the fund’s capital assets, Proprietary funds use full accrual accounting.

**Enterprise Funds** are City owned businesses that sell goods and services to third parties. Excluding the CPED enterprise activities and the River Terminal, the City operates five enterprise funds. A snapshot of these funds follows:

<b>Enterprise Funds</b>						
<b>(In Thousands)</b>						
<b>Fund</b>	<b>2006 Budget to Actual through 3-31-06 (Incl. Depreciation)</b>					
	<b>Revenue Budget</b>	<b>Revenue Actual</b>	<b>% of Actual To Budget</b>	<b>Expense Budget</b>	<b>Expense Actual</b>	<b>% of Actual To Budget</b>
Sewer Utility (Combined)	70,296	13,886	20%	60,150	13,056	22%
Solid Waste	28,967	6,844	24%	28,785	5,448	19%
Water Utility	69,273	11,667	17%	59,058	12,122	21%
Parking	76,683	19,101	25%	73,951	15,896	21%

With the exception of the Parking fund, the City’s enterprise activities are in good condition. All of these funds had positive net assets at the beginning of 2006 and their financial plans call for a continuation of positive financial activity. There is an area of concern within the “Utility” Funds as far as cash position is concerned. Water, Storm Water and Sanitary Sewer all have positive cash balances but their average cash balances have declined over the last several years and are well below the financial policy calling for cash reserves equaling three months of operating expenses.

**Sewer Utility Fund** accounts for sewage interceptor and treatment services and the storm management activities including the Combined Sewer Overflow program. The Sewer Fund was split into two funds in 2005: Stormwater and Sanitary. The Stormwater Fund through first quarter has received 20% of its annual revenues and has spent 21% of its annual expense budget. The Sanitary Sewer fund has received 19% of its revenue and spent 22% of its budgeted expenses so far. Both funds have positive cash and net assets but the cash balances will continue dwindling because of the permanent effect of stormwater credits, lower water consumption and the Government Service Fee which was imposed on these funds without rates or existing expense budgets being adjusted. The funds combined cash reserve is less than half the stated requirement.

**Solid Waste Fund** accounts for the City’s solid waste collection, disposal, and recycling operations. Currently the fund has received 24% of its annual revenues and spent 18% of its annual expense budget. The fund has positive net assets and cash reserves in excess of the stated requirement.

**Water Utility Fund** accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. The Water Fund had a \$.12 rate increase in 2006. It has received 17% of its annual revenues and spent 21% of its annual expense budget. Like the Sewer Funds it has a cash problem. The funds current cash reserve is at 21% of the stated

requirement The erosion of the funds' cash balance can be attributed to several factors: 1) the one-time refund to the JWC of \$3.6 million; 2) the Government Service Fee of \$1.6 million which was imposed on the fund without rates or spending being adjusted; 3) large annual debt service commitments; 4) a decline in water consumption over the last several years.

**Parking Fund** accounts for the operation and maintenance of parking ramps, lots, on street parking meters, a municipal impound lot, and traffic/parking control. Prior to 2001, revenue performance had been better than budgeted, but since September 2002, revenue has dropped. This is primarily due to economic conditions, high office vacancy rates, and increasing transfers to other funds. In June 2004, the City Council adopted a financial and operational workout plan for the Parking Services Fund that is expected to restore the funds' solvency by 2010. For 2006, the fund is meeting its revenue targets and has spent below its budget; these two factors have combined to create a positive financial impact of \$1 million through first quarter. Readers are cautioned to remember the parking business is quite volatile and should not assume this activity will continue through the end of the year.

**Internal Service Funds** remain one of the largest financial challenges for the City of Minneapolis. An overview of the Internal Service Funds follows:

<b>Internal Service Funds (In Thousands)</b>						
<b>2005 Budget to Actual through 6-30-06 (Incl. Depreciation)</b>						
<b>Fund</b>	<b>Revenue Budget</b>	<b>Revenue Actual</b>	<b>% of Actual to Budget</b>	<b>Expense Budget</b>	<b>Expense Actual</b>	<b>% of Actual to Budget</b>
<b>Engineering, Mat, and Testing</b>	3,650	76	2%	4,335	320	7%
<b>Equipment Fund</b>	47,191	9,300	20%	45,633	8,902	20%
<b>Property Services</b>	15,751	3,184	20%	17,236	3,647	21%
<b>Public Works Stores</b>	3,423	1,085	32%	3,470	974	28%
<b>Intergovernmental Fund</b>	35,996	9,852	27%	37,958	8,883	23%
<b>Self Insurance</b>	69,872	19,128	27%	65,782	18,029	27%

The **Intergovernmental Service Fund** is operating at a level called for in its financial workout plan. The City instituted an Activity Based Costing rate model in 2004. Customers are charged a rate based on services consumed. This rate model replaces the arbitrary "fund-transfer" method that existed previously. Through first quarter, the fund is on track with both its revenue and expense goals. Depreciation expense continues to pose a challenge for the fund because it is not recovered through the rate model.

The **Equipment Fund** also operates under a Council-adopted financial workout plan. The fund has positive cash and net assets and continues to make good progress toward solvency and a pay-as-you-go approach to replacing its capital assets. Revenues and expenses are lower than expected due to a decreased level of equipment usage in the Capital Projects area, but the funds operating margin remains positive (excluding depreciation). Because the fund has missed its revenue targets for the last two years, its cash position slipped behind the workout plan target for 2005. The Finance and Public Works departments will be monitoring the equipment usage and financial results in this fund closely.

The **Self-Insurance Fund** is at 27% of revenue and expense targets for the year. The larger than expected results for first quarter are because health & welfare revenues and expenses were budgeted lower than the assumed 20% increase from 2005. This will be corrected for the second quarter report.

The **Property Services Fund** has received 20% of annual revenues and has spent 21% of budgeted expenses through first quarter. It has positive net assets but its cash reserves are well below the stated requirement. This fund's financial performance is hindered by depreciation expense. Similar to BIS, it is not recovering for depreciation in its rental rates and this will continue to adversely affect the fund.

The **Engineering Materials and Testing Fund** is budgeted at a loss of \$.7 million for 2006. This fund has consistently lost money for the last eight years and if the trend continues will be in need of a financial workout plan. The fund has a very small amount of cash and positive net assets but one more year of losses could reverse that situation. Public Works management has decided to continue buying, rather than making, asphalt which will improve the financial results in this fund. In addition, management has increased its overhead rates to more fully recover fixed costs.

**Respectfully Submitted,**

Patrick P. Born  
Finance Officer

Charles J. Elliott  
Controller

## Appendix

### Detailed Fund Information

## General Fund

### Fund Description

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

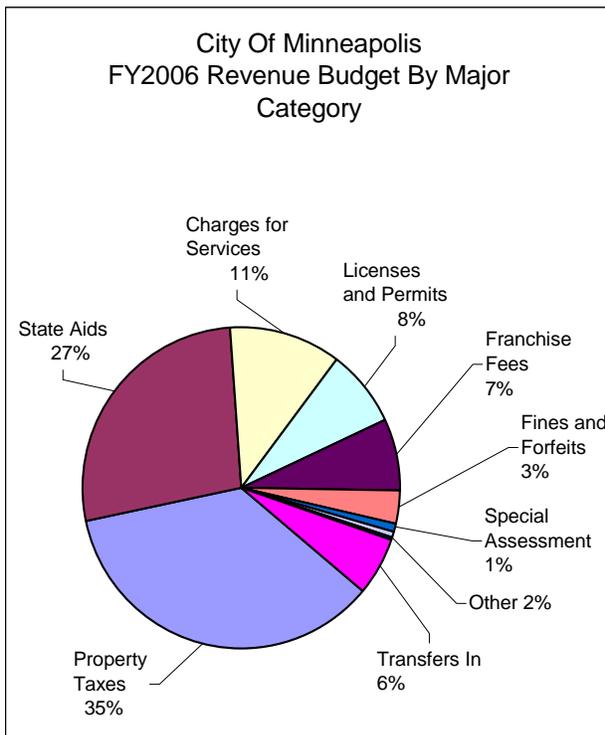
### Financial Performance

If first quarter trends in revenue and spending continue through the end of 2006, the General Fund would end fiscal year 2006 with a significant change in fund balance. The fund balance for the General Fund at fiscal year-end 2005 was \$53.6 million. The original budget for 2006 included a one-time reappropriation of \$1.8 million from the 2005 year-end fund balance. Based on the current revenue and expenditure trends, we are expecting the fund balance at year-end to be about \$60.5 million. The City's practice is to maintain a minimum fund balance of 10% of the revenue budget; the projected fund balance of \$60.5 million is well above the \$30.0 million requirement.

*While financial results for the first quarter are strongly positive, any projection of year-end results should be considered to be only an estimate. Spending patterns, especially for a 3-month period cannot be used to accurately forecast final results.*

<u>Projected 2006 Fund Balance</u>	
Fund Balance January 1, 2006	\$ 53.6 million
Re-appropriation of Fund Balance	(1.8) million
2006 Projected Increase in Fund Balance	<u>8.7 million</u>
Fund Balance Projected, December 31, 2006	<u>\$ 60.5 million</u>

### General Fund Revenues:



The five largest revenue sources account for 88% of total budgeted revenues: property taxes, state aids, charges for services, licenses and permits, and franchise fees.

Property taxes, the major source of General Fund revenue (35%), are expected to meet the budget of \$112.7 million at the end of the year. A tax abatement transfer of \$389,746 will be paid to the Community Planning and Economic Development agency for the Downtown Light Rail Transit Station from property tax revenue received in 2006.

State aids, the second major source of fund revenue (27%), are also expected to meet the current estimated revenue of \$86.4 million (received in July and December).

Charges for services, the first major source of fund revenue (11%), are expected to be about equal to the current budget of \$36.5 million.

License and permit fees (8% of fund revenue) are also expected to be about equal to the current budget (\$24.9 million).

Franchise fees, the fifth major source of revenue (7%), are expected to be about 49%, or \$8.7 million, over the current budget of \$22.3 million, primarily due to increased natural gas franchise fees.

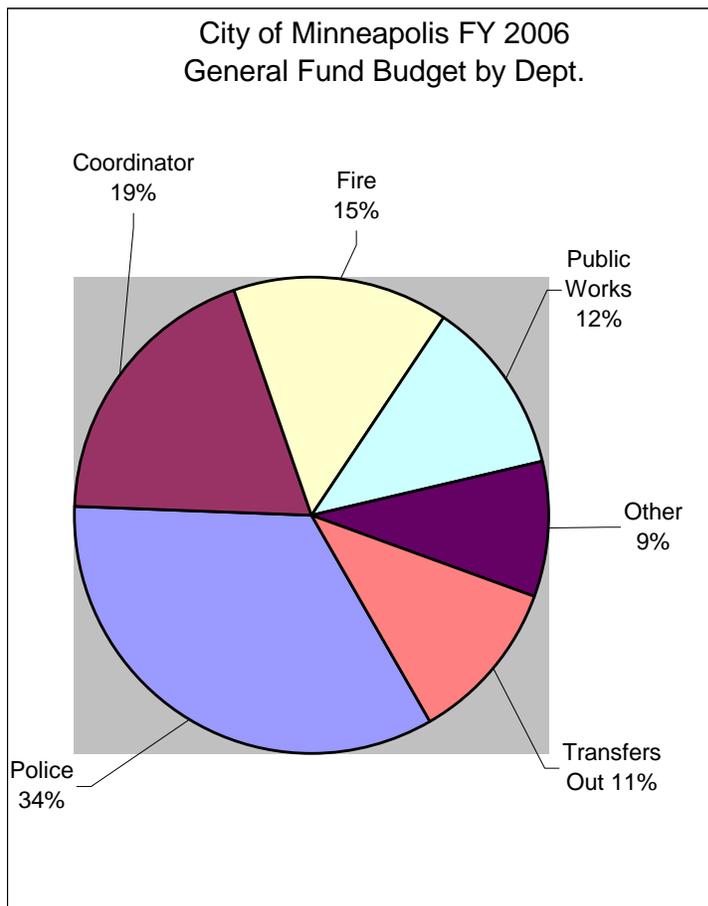
Fine and Forfeit revenues are expected to be less than the estimated revenue budget by about 19% (or about \$2.0 million), primarily due to decreased collections in fine revenues.

Investment income has historically been budgeted conservatively; however, due to lower than expected interest rates in the current year and delayed posting, actual investment income is down by about 10% of the current budget. By the end of the year, however, investment income is expected to meet the current budget.

Other miscellaneous revenues are currently projected to meet or slightly exceed the current budget.

All other General Fund revenues and transfers are currently projected to meet or exceed the estimated revenue budget at the end of the year with no significant variances.

### **General Fund Expenditures:**



Four departments make up about 80% of the total General Fund expenditures: Police, Coordinator, Fire, and Public Works. Small percentage variances in any of these large departments can have a significant effect on the amount of General Fund expenditures.

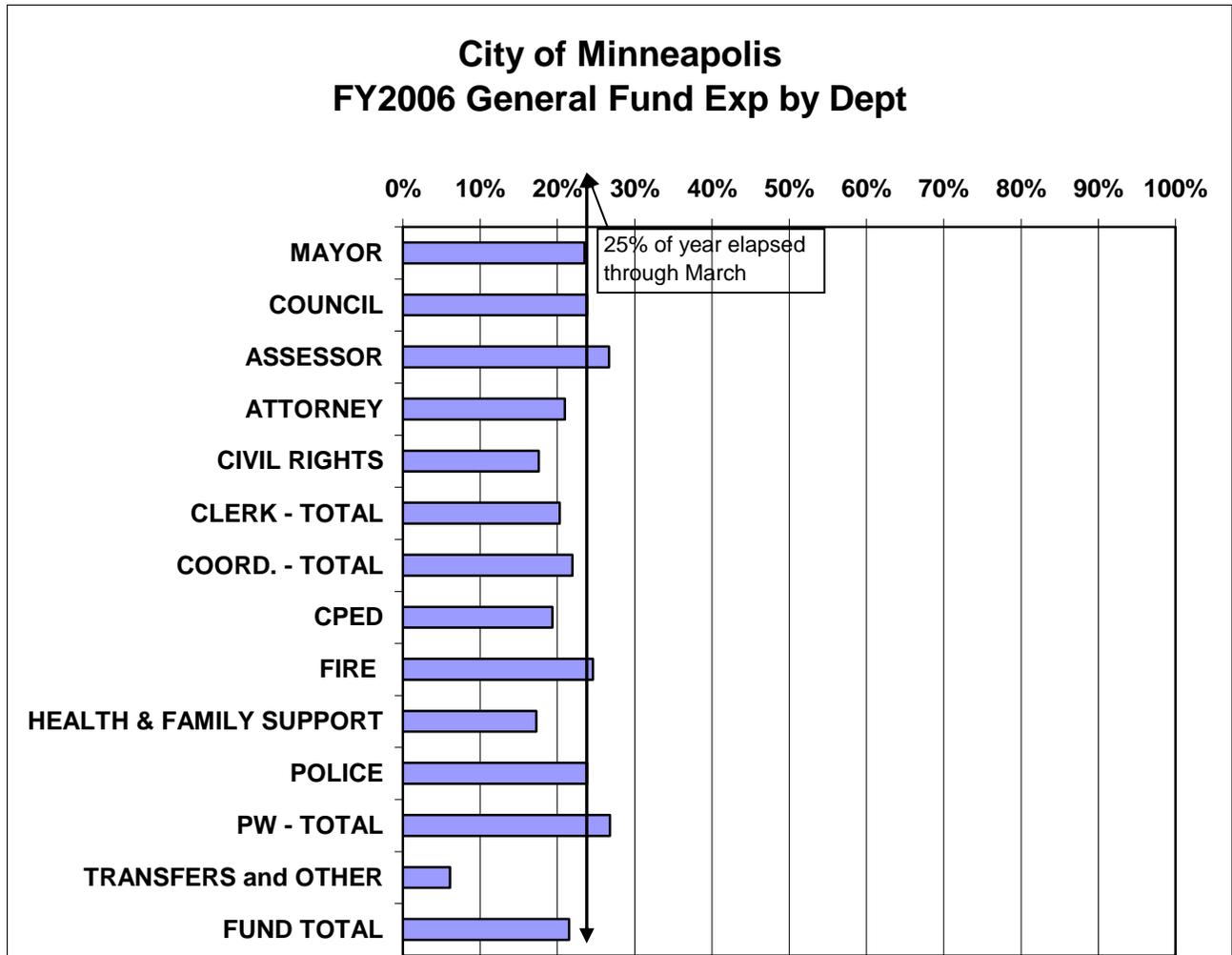
At the end of March, the Police Department's expenditures incurred to date are about \$23.2 million (22% of current budget); their projected expenditures could exceed their budget by about \$1.5 million at the end of the year primarily because of increased overtime expenditures for Downtown Safe Zone activities/presence.

The expenditures of the next major department, Coordinator, are currently running about 6% under budget as of the end of the first quarter; currently, their projected expenditures are expected to be within their budget at

the end of the year.

The expenditures for the next two major departments, Fire and Public Works are expected to be within their budget at the end of the year.

The expenditures for the remaining departments are running below the current budget through the end of the first quarter. Because departments tend to spend less than budgeted during the first three quarters, it is difficult to project how much of these savings will materialize at the end of the year. However, the overall current level of expenditures at the end of the first quarter indicate that total General Fund expenditures at the end of the year will be about equal to or less than the current appropriation barring any unexpected events (as shown on bar chart below).

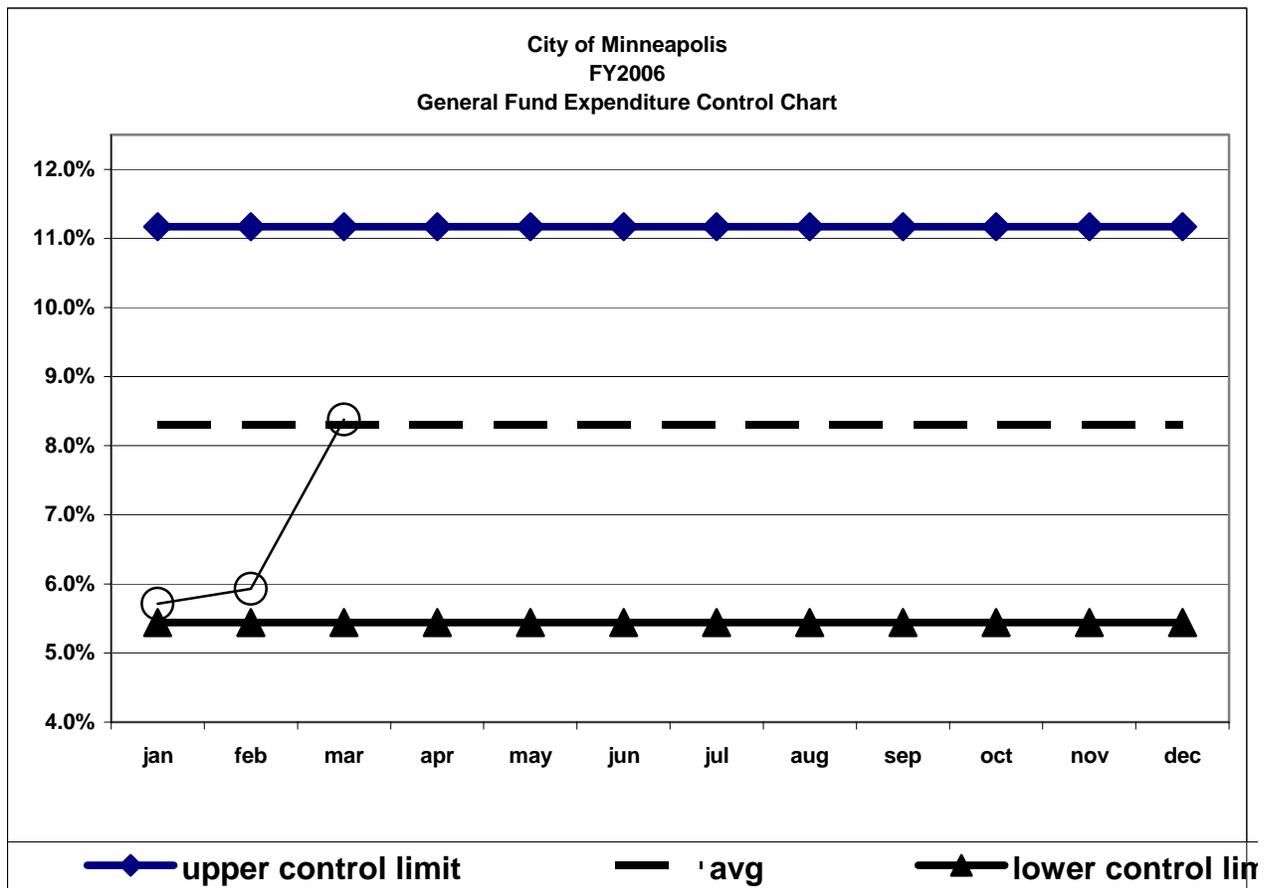


A detailed financial schedule of the General Fund is shown below:

City of Minneapolis					
General Fund					
March 31, 2006					
	Original Budget	Revised Budget	Actuals Thru Mar.	Projected YE Totals	Projected YE Actual as Percent of Revised Budget
<b>Revenues:</b>					
Property Taxes*	112,688,883	112,688,883	244	112,688,883	100%
State Aids**	86,419,620	86,419,620	2,546,856	86,419,620	100%
Charges for Services	36,455,999	36,455,999	6,318,258	36,455,999	100%
Licenses and Permits	24,864,409	24,864,409	5,019,844	24,864,409	100%
Franchise Fees	22,310,000	22,310,000	7,355,259	31,000,000	139%
Fines and Forfeits	10,384,877	10,384,877	1,572,878	8,384,877	81%
Special Assessments*	2,762,585	2,762,585	55,923	2,762,585	100%
Investment Income	1,860,029	1,860,029	279,155	1,860,029	100%
Other Shared Taxes	781,394	781,394	408,146	781,394	100%
Other Miscellaneous	755,092	755,092	237,626	755,092	100%
Contributions	297,500	297,500	15,690	297,500	100%
Charges for Sales	42,700	42,700	110,280	42,700	100%
<b>Total Revenues</b>	<b>299,623,088</b>	<b>299,623,088</b>	<b>23,920,157</b>	<b>306,313,088</b>	<b>102%</b>
Transfers In	18,849,750	18,849,750	4,699,938	18,849,750	100%
<b>Revenues and Other Sources</b>	<b>318,472,838</b>	<b>318,472,838</b>	<b>28,620,095</b>	<b>325,162,838</b>	<b>102%</b>
<b>Expenditures :</b>					
Police	107,525,757	107,525,757	25,604,199	109,025,757	101%
Coordinator - Total	61,616,974	61,878,252	13,570,649	61,878,252	100%
Fire	47,162,463	47,162,463	11,604,185	47,162,463	100%
Public Works - Total	37,289,877	37,889,877	10,153,275	37,889,877	100%
Attorney	5,954,338	5,954,338	1,248,664	5,954,338	100%
Health & Family Support	3,701,245	3,701,245	639,795	3,701,245	100%
CPED	3,579,473	3,579,473	692,487	3,579,473	100%
City Clerk - Total	3,152,650	3,216,650	653,476	3,216,650	100%
Assessor	3,176,666	3,176,666	847,370	3,176,666	100%
City Council	2,940,198	3,070,898	732,138	3,070,898	100%
Civil Rights	2,493,846	2,515,186	442,945	2,515,186	100%
Contingency	2,279,462	2,279,462	45,000	180,000	8%
Mayor	1,146,314	1,171,314	275,616	1,171,314	100%
Non-Department	936,400	836,400	182,092	836,400	100%
Unfunded Pension Liabilities	-	-	(270,072)	(1,080,000)	-
<b>Total Expenditures</b>	<b>282,955,663</b>	<b>283,957,981</b>	<b>66,421,821</b>	<b>282,278,519</b>	<b>99%</b>
Transfers Out	35,617,175	35,927,175	2,424,848	35,927,175	100%
<b>Expenditures and Other Uses</b>	<b>318,572,838</b>	<b>319,885,156</b>	<b>68,846,669</b>	<b>318,205,694</b>	<b>99%</b>
<b>Change in Fund Balance</b>	<b>(100,000)</b>	<b>(1,412,318)</b>	<b>(40,226,574)</b>	<b>6,957,144</b>	<b>13%</b>
<b>Fund Balance - January 1, 2006</b>				53,562,000	
<b>Fund Balance - December 31, 2005</b>				<b>60,519,144</b>	

\* Special assessment and property tax revenues are received at the end of May, November, and December.

\*\* State aid revenues are received in July and December.



The expenditure control chart is a tool for management to see whether expenditures are within “acceptable” limits - whether expenditures are “under control”.

Actual expenditures for FY2006 are indicated by solid line with circle markers.

Rules for interpreting the control chart:

1. Whenever a data point falls outside the upper or lower control limits, it indicates a possible lack of control that should be investigated immediately.
2. Whenever four out of five successive data points are on the same side of the mid-line and all are closer to the upper or lower control limit than they are to the mid-line, there is the possibility of lack of control.
3. Whenever eight or more data points lie on the same side of the mid-line, there is a possible control problem.

Through March, the control chart suggests General Fund year-end expenditures will be within current FY2006 budget. Expenditures remained within (or below) the upper and lower control limits during the first quarter. Personnel savings through the first quarter are essentially permanent and will offset potential overspending in non-personnel areas through the end of the year.

Source: adapted from U.S. Navy, Handbook for Basic Process Improvement, May 1996.

## Convention Center Special Revenue Fund

### Convention Center Fund

The Convention Center Fund accounts for the operating activities of the Convention Center and for the City's sales and other related taxes.

### Revenue

#### Tax Revenue

The Convention Center Special Revenue Fund activity is funded from local tax receipts and Convention Center operating revenue. Tax receipts are made up of a .5% citywide sales tax; a 3% food and liquor tax applied to core downtown establishments; a 3% citywide entertainment tax; and a 3% citywide lodging tax for motels and hotels with 50 units or more. Presently, one-third of all lodging tax proceeds received by the City are paid directly to the Greater Minneapolis Convention and Visitors Association. With the exception of entertainment tax, all of the tax revenue received by the Convention Center is used to support the Convention Center's capital and operating activities. For the first quarter of 2006, tax proceeds came in higher than first quarter 2005 levels by 33% overall. Lodging had the most significant increase at 58% followed by entertainment, food, and liquor. Consumer first quarter spending habits can be attributed to the increase. Two thousand and six first quarter tax revenue has achieved 23% of the 2006 budget.

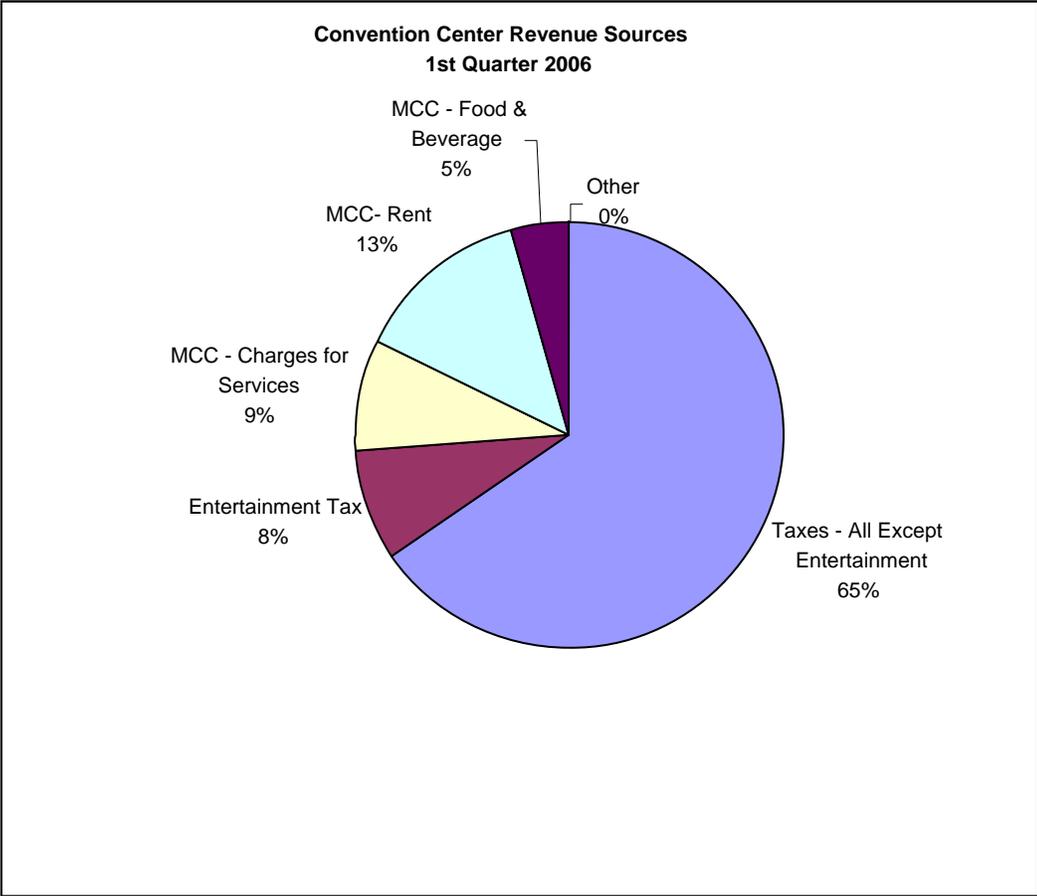
<b>Tax</b>	<b>March 2006</b>	<b>March 2005</b>	<b>Variance</b>	<b>% Change</b>
Sales	8,385,813	6,388,387	1,997,426	24%
Entertainment	1,460,715	730,097	730,618	50%
Food	1,643,689	840,625	803,064	49%
Liquor	605,370	348,931	256,439	42%
Lodging	780,453	328,212	452,241	58%
<b>Total</b>	<b>\$12,876,041</b>	<b>\$8,636,252</b>	<b>4,239,788</b>	<b>33%</b>

#### Interest Revenue

Two thousand and five interest revenue came in much higher than expected as a result of better than expected variable bond rates. Interest revenue was budgeted at \$215,000 and finished the year at \$927,757. Interest revenue isn't expected to be at the 2005 levels, but we still expect very good 2006 returns.

#### Operating Revenue

Operational revenue is derived directly from the Convention Center. Cash deposits for space rental are required in advance of the actual event. Equipment rental and the Tallmadge Building (a Class C multi-story office building managed by the Convention Center due to its proximity) space rental, account for the other sources of rental income. Charges for services to exhibitors or shows include audio visual service to clients, labor charges, cleaning services, coat check fees, parking proceeds, security services, fire marshalling services, medical related services, utilities, and commissions on wireless internet services. In 2005, the Convention Center hosted some large revenue producing events, such as the Microsoft World Partners Conference. While operating revenue for 2006 remains strong, 2006 operating revenue is expected to be slightly lower than 2005 as a result of not hosting events of that size and caliber. First quarter 2006 rents and commissions and catering commissions had the strongest start and have reached nearly 33% of the 2006 budget. Convention Center operating revenues for the first quarter of 2006 achieved nearly 32% of the 2006 budget overall.

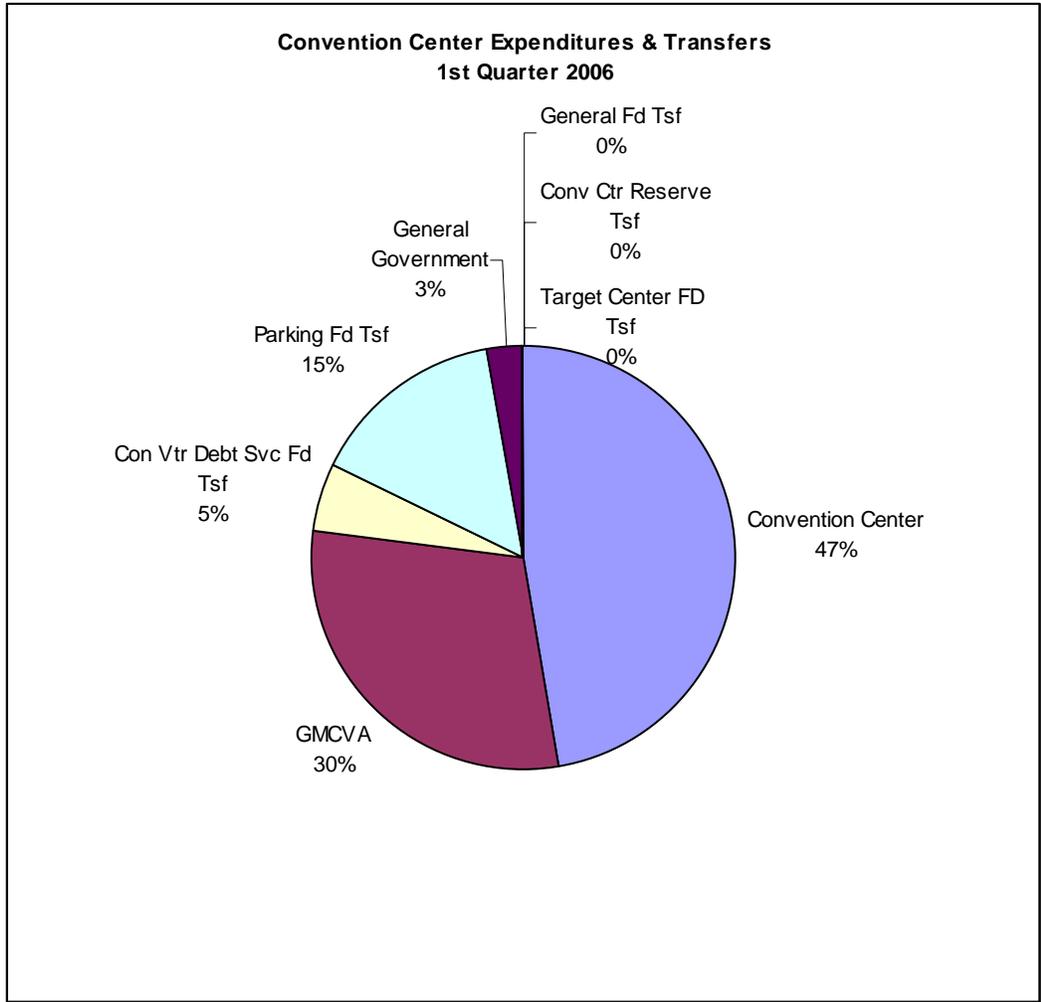


Taxes include sales and use, restaurant, liquor, and lodging taxes. Entertainment tax revenue is transferred to the City's General Fund and the Arena Reserve Fund.

**Operating Expenditures**

Two thousand and six operating expenditures were budgeted slightly higher than they were in 2005, primarily as a result of higher personnel related costs, capital, and contractual services. First quarter 2006 operating expenditures are at 26% of the 2006 budget. There were numerous capital improvements in 2005. Among those improvements were: Meeting room sound and lighting system upgrades, office remodeling, meeting room wall fabric, floor boxes, a voicemail upgrade, and an inside security monitoring system. In 2006, a Visitor Center will be completed and partner the Convention Center and GMCVA to combine the Convention Center's concierge, restaurant booth, TC TIX, and welcoming functions in one permanent Convention Center location. The Visitor Center project began in 2005. Furthermore, additional improvements and additions will be made in 2006 with meeting room lighting controls, wall fabric, Terrazzo floor, an energy efficiency monitoring system, rental equipment upgrades, stage refinishing, facility equipment replacement, floor boxes, and escalator repair and maintenance.

The Convention Center faces significant and on-going challenges in 2006 and beyond. Some of the challenges include: Supply and demand/competitiveness, funding, security concerns, keeping up with technology, customer service expectations, revenue development, cost containment, the economic environment, labor workforce recruiting and retention, work environment/climate, branding/identity/image, and event infrastructure.



**Transfers**

The Convention Center Fund annually transfers a share of its tax revenue to several other funds. In 2006, transfers will be made to the General Fund, Convention Center Facilities Reserve Fund, the Arena Reserve Fund, the Parking Fund, and to service debt. The Convention Center is anticipating the debt service transfer to increase by nearly \$2 million over 2005 levels.

**Fund Balance**

Due to the increases in the sales tax revenue and other operating income, the ending fund balance for 2005 was \$35.9 million or nearly \$6 million higher than 2004. As a result of the 2006 beginning balance and revenue and expenses near the 2005 levels, the fund balance is expected to decline slightly but stay near the 2005 fiscal year end level.

CONVENTION CENTER SPECIAL REVENUE FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the fiscal quarter ending March 31, 2006

CITY OF MINNEAPOLIS, MINNESOTA

	2006			2005 Actual
	Budget	Actual	Year End Projection	
<b>REVENUES:</b>				
Taxes:				
Sales and use tax	27,701,000	8,385,814	28,000,000	27,404,343
Entertainment tax	9,109,000	1,460,715	9,100,000	9,193,151
Food tax	9,248,000	1,643,689	9,250,000	9,474,456
Liquor tax	3,606,000	605,370	3,600,000	3,486,477
Lodging tax	5,147,000	780,453	5,000,000	5,505,791
Total taxes	54,811,000	12,876,041	54,950,000	55,064,219
Charges for services and sales	5,660,000	1,531,444	5,660,000	6,219,718
Interest	422,371	-	422,371	927,757
Investment Income	-	150,448	-	(109,107)
Miscellaneous revenues:				
Rents and commissions	7,090,000	2,323,026	7,000,000	6,560,555
Tallmadge	325,000	53,090	305,000	306,676
Catering Commissions	2,550,000	789,821	2,652,000	3,106,215
Other	20,000	3,237	15,000	14,932
Total miscellaneous revenues	9,985,000	3,169,173	9,972,000	9,988,378
Total revenues	70,878,371	17,727,107	71,004,371	72,090,964
<b>CURRENT EXPENDITURES:</b>				
<b>General government:</b>				
Coordinator-Finance	-	-	-	-
Police Department	-	-	-	-
General Fund Overhead	1,211,300	302,825	1,211,300	1,177,360
Coordinator-Human resources:	64,391	18,323	64,391	61,069
<b>Total general government</b>	1,275,691	321,148	1,275,691	1,238,429
<b>Economic development:</b>				
Convention and visitors association:	7,080,000	3,540,000	7,080,000	7,238,614
Convention center:	27,590,808	5,593,412	27,500,000	24,441,003
Bad Debt Expense	-	-	-	-
<b>Total economic development</b>	34,670,808	9,133,412	34,580,000	31,679,616
Total expenditures	35,946,499	9,454,560	35,855,691	32,918,045
Excess of revenues over (under) expenditures	34,931,872	8,272,547	35,148,680	39,172,918
<b>OTHER FINANCING SOURCES (USES):</b>				
General Fund Transfer	(7,481,750)	-	(7,481,750)	(7,248,775)
Arena Reserve Fund Transfer	(1,200,000)	-	(1,200,000)	(1,432,975)
Convention Center Reserve Fund Transfer	1,881,000	-	1,881,000	1,150,000
Convention Ctr Debt Service Transfer	(19,142,000)	(599,600)	(19,142,000)	(17,440,938)
Other Debt Service Transfer	13,913	-	13,913	(14,945)
Info Tech Internal Svs Fund Transfer	-	-	-	-
Self-Insurance Internal Svsc Fund Transfer	-	-	-	-
Municipal Parking Enterprise Fund Transfer	(9,565,097)	(1,796,047)	(9,565,097)	(8,243,573)
<b>Total other financing sources (uses)</b>	(35,493,934)	(2,395,647)	(35,493,934)	(33,231,206)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(562,062)	5,876,899	(345,254)	5,941,713
Fund balance - January 1	35,866,192	35,866,192	35,866,192	29,924,479
<b>Ending Fund balance</b>	35,304,130	41,743,091	36,211,446	35,866,192
<b>Ending Cash balance</b>	NA	2,983,678	NA	15,886,535

<b>ARENA RESERVE SPECIAL REVENUE FUND</b>				
<b>STATEMENT OF REVENUES, EXPENDITURES, AND</b>				
<b>CHANGES IN FUND BALANCE - BUDGET AND ACTUAL</b>				
<b>For the fiscal quarter ending March 31, 2006</b>				
	<b>2006</b>			
			<b>Year End</b>	<b>2005</b>
	<b>Budget</b>	<b>Actual</b>	<b>Projection</b>	<b>Actual</b>
<b>REVENUES:</b>				
Interest	\$ -	-	-	93,555
Investment Income	\$ -	-	-	3,894
Total revenues	-	-	-	97,449
<b>OTHER FINANCING SOURCES (USES):</b>				
General Fund Transfer	-	-	-	91,500
Transfer to Debt Service	-	-	-	(5,030,516)
Muni Parking Enterprise Fund	1,150,000	-	1,150,000	-
Convention Ctr Opers Transfer	(3,031,000)	-	(3,031,000)	1,432,975
<b>Total other financing sources (uses)</b>	<b>(1,881,000)</b>	<b>-</b>	<b>(1,881,000)</b>	<b>(3,506,041)</b>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(1,881,000)	-	(1,881,000)	(3,408,592)
Fund balance - January 1	(771,037)	(771,037)	(771,037)	2,637,556
<b>Ending Fund balance</b>	<b>\$ (2,652,037)</b>	<b>(771,037)</b>	<b>(2,652,037)</b>	<b>(771,037)</b>

**CONVENTION FACILITIES RESERVE SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the fiscal quarter ending March 31, 2006**

	2006			2005 Actual
	Budget	Actual	Year End Projection	
<b>REVENUES:</b>				
Interest	-		-	-
Total revenues	-	-	-	-
Excess of revenues over (under) expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers to capital projects funds	-	-	-	-
Transfers within special revenue funds	\$ (1,880,000)	-	(1,880,000)	(1,381,000)
Total other financing sources (uses)	(1,880,000)	-	(1,880,000)	(1,381,000)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(1,880,000)	-	(1,880,000)	(1,381,000)
Fund balance - January 1	6,881,450	6,881,450	6,881,450	8,262,450
<b>Ending Fund balance</b>	<b>\$ 5,001,450</b>	<b>6,881,450</b>	<b>\$ 5,001,450</b>	<b>6,881,450</b>

**SPECIAL REVENUE FUNDS**  
**Federal, CDBG, and Other State and Local Grants**  
**Quarter Ending March 31, 2006**

The City receives a number of state and federal grants that are recorded in the Federal (0300), Community Development Block Grant (CDBG) (0400), and Grants Other (0600) funds. These grants have varying grant periods and are used for a range of purposes.

Since the City records its financial information on a modified accrual basis the timing of cash receipts can result in grant funds reflecting a deficit cash balance. The deficit in fund 0400 is a result of the timing of cash flows. This cash will be fully reimbursed when the grant revenue is received.

**Federal Grants Fund (0300)**

The City accounts of its federal grant activity in fund 0300. As of March 31, 2006, total expenditures were \$3,143,183. As of the 2005 first quarter the total expenditures were \$2,743,908. There was an approximate 14% increase which is primarily attributable to an increase in Homeland Security grants.

**CDBG Fund (0400)**

The Community Development Block Grant (CDBG) is the City's largest single grant and is accounted for in fund 0400 with three other Housing and Urban Development (HUD) Programs. These programs are the Emergency Shelter Grant Program (ESG), HOME Investment Partnerships Program and Housing Opportunities for Persons with AIDS (HOPWA). Most of these programs are operated jointly with CPED where the City is the grant recipient and CPED is reimbursed for its expenditures through transfers from the City. Beginning in 2004, CPED began to transition the CDBG and ESG activity out of fund FBG0 and FGO0 into fund 0400 eliminating the need for these transfers and increasing expenditures in fund 0400. As of March 31, 2006 and 2005, expenditures were \$3,267,999 and \$1,542,655, respectively. The City increased its spending in early 2006 to be in compliance with HUD timeliness requirements.

In 1990, the Council committed \$7,791,856 million of CDBG funds for the redevelopment of Block E. The commitment was not balanced with reductions in other CDBG funded projects. Consequently, the city has over-committed its total Federal Allocation. Because the CDBG year differs from the City's fiscal year end, it appears that the City has remained within its total cumulative allocation. This can continue only as long as there is a steady flow of CDBG funds. Should the CDBG program cease, the over commitment of funds would become apparent and other funds would need to be made available to cover the shortfall. The intent is to reprogram unspent balances from prior projects to offset the Block E deficit. Since November 2001, the City Council has approved the reprogramming of \$1,624,299 of unspent balances from projects bringing the remaining deficit down to \$6,167,557.

**Grants Other Fund (0600)**

The fund is used to account for non-federal grants and other restricted revenue sources. There were total expenditures of \$1,320,460 and \$1,014,241, as of March 31, 2006 and 2005, respectively.

**Special Revenue Funds**  
**Grant Funds**  
**Quarter Ending March 31, 2006**

	<b>Federal Grants 0300</b>	<b>CDBG Grants 0400</b>	<b>Grants Other 0600</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$2,004,985	(\$1,123,088)	\$4,635,709	\$5,517,606
Accounts - net	31,258	1,041,383	172,230	1,244,871
Intergovernmental Receivables	2,341			2,341
Loans receivable-net	2,870,040		5,772,675	8,642,715
Deposits with Fiscal Agents				0
Prepaid Expense			659	659
Due From Other Funds		50,000	59,905	109,905
<b>Total Assets</b>	<u>\$4,908,624</u>	<u>(\$31,705)</u>	<u>\$10,641,178</u>	<u>\$15,518,097</u>
<b>Liabilities</b>				
Salaries payable	\$97,014	\$158,132	\$94,051	\$349,197
Accounts payable	178,728	83,724	14,047	276,499
Use Taxes Payable	303			303
Due to Other Funds	22,526	84,706		107,232
Inter Governmental Payables				0
Deferred revenue & Contracts	2,870,040		5,937,432	8,807,472
<b>Total Liabilities</b>	<u>3,168,611</u>	<u>326,562</u>	<u>6,045,530</u>	<u>9,540,703</u>
<b>Fund Balance</b>	<u>\$1,740,013</u> <sup>1</sup>	<u>(\$358,267)</u> <sup>1</sup>	<u>\$4,595,648</u>	<u>\$5,977,394</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$4,908,624</u>	<u>(\$31,705)</u>	<u>\$10,641,178</u>	<u>\$15,518,097</u>
<b>Revenue</b>				
Taxes			\$112,940	\$112,940
Grants and Shared Revenues	\$ 4,839,214	\$2,909,732	3,544,634	11,293,580
Private Contributions			505,923	505,923
Charges for Services			91,611	91,611
Interest	39,738		404,643	444,381
Loan Recapture	4,248		576,004	580,252
Loan Origination Fees				0
Lands & Buildings				0
Equipment			2,560	2,560
Miscellaneous Revenue			106,776	106,776
Transfer from General Fund				0
Transfer within Special Revenue Fund				0
<b>Total Revenue</b>	<u>\$4,883,200</u>	<u>\$2,909,732</u>	<u>\$5,345,091</u>	<u>\$13,138,023</u>
<b>Expenditures</b>	<u>\$3,143,183</u>	<u>\$3,267,999</u>	<u>\$1,320,460</u>	<u>\$7,731,642</u>
<b>Revenues Over (Under) Expenditures</b>	<u>\$1,740,017</u>	<u>(\$358,267)</u> <sup>1</sup>	<u>\$4,024,631</u>	<u>\$5,406,381</u>

<sup>1</sup> This report is on a modified accrual basis. Under full accrual, these amounts would be presented as grants receivable and the fund balance would be zero.

**City of Minneapolis  
Engineering, Materials, and Testing  
For the First Quarter ending March 31, 2006**

Fund 6000	2006 Budget	2006 1 <sup>st</sup> Quarter	Remaining Budget	% of Actual To Budget
<b>Revenue including Transfers</b>	3,650,000	75,756	3,574,244	2%
<b>Expenditures</b>	4,335,493	306,314	4,029,179	7%
<b>Revenue over(under) Expenses</b>	(685,493)	(230,558)		

**Program Description:**

This Fund accounts for the City purchases of Hot-Mix Asphalt and Ready-Mix Concrete to ensure quality control for their placement and assure compliance with State and Federal standards and specifications. The Engineering Laboratory is a component of this Fund, and they provide Inspection and Testing services along with maintaining a laboratory for testing construction materials, performing geotechnical evaluations, and coordinating related environmental field services.

Public Works is currently reviewing various options for supplying Asphalt, which included the 2005 purchase of an asphalt storage silo distribution facility for Street Maintenance that became operational last September. The Fund incurred a \$230,558 loss for the three months ending March 31, 2006.

**Revenue:**

The revenue sources for this Fund include the procurement of Hot-Mix Asphalt and Ready-Mix Concrete materials along with Inspection and Testing Services. Paving Construction is the primary customer and their work is seasonal starting in April and concluding in late November. First Quarter revenues were only \$75,756 as we await the 2006 construction season.

**Expenses:**

Total expenditures are \$306,314 or a mere 7% of the \$4,335,493 Budget. The spending levels fluctuate due to the customer's seasonal requirements for products and services. Procurement of Hot-Mix Asphalt and Ready-Mix Concrete materials amounted to \$3,050,266.16 or 69% of the total 2005 expenditures.

**Transfers:**

No Non-Operating budget for 2006 transfers.

**Net Assets:**

This Fund has maintained a favorable position in regards to Net Assets for many years. The equity was stable throughout the City Council's Adopted Thirty Year Paving Program. Once this program concluded in the mid 1990's, there were significant fluctuations for their products and services. The Fund incurred an extraordinary loss for the 2003 "write-down" of Fixed Assets as a result of the City Council's decision to suspend operations of the Asphalt Plant indefinitely effective December 31, 2003. The Net Asset balance declined \$231,684 in 2005, which compares to an \$180,000 decline in 2004.

City of Minneapolis, Minnesota  
Engineering, Materials and Testing Fund  
Statement of Revenues and Expenses  
For First Quarter/Years Ending 2006, 2005, and 2004

	Budget Year 2006	Projection Year Ending 2006	For Period Ending 31-Mar-06	For Year Ending 2005	For Period Ending 31-Mar-05	For Year Ending 2004	For Period Ending 31-Mar-04
<b>Operating Revenues:</b>							
Asphalt / Cement	2,850,000	2,850,000	24,668	3,312,419	18,222	2,796,929	699,232
Inspection revenue	800,000	800,000	51,088	868,124	93,283	1,024,134	256,034
<hr/>							
Total Operating Revenues	3,650,000	3,650,000	75,756	4,180,543	111,505	3,821,063	955,266
<b>Operating Expenses:</b>							
Personnel	1,045,161	790,386	197,597	799,845	200,724	846,000	211,500
Contractual	488,601	304,150	76,038	384,768	41,931	299,000	17,293
Materials/Other	2,727,419	111,566	27,891	3,110,509	19,957	2,793,000	23,719
Rent	55,160	55,160	13,790	40,472	10,118	98,000	24,500
Depreciation	19,152	19,152	4,788	14,919	4,541	14,000	3,500
<hr/>							
Total Operating Expenses	4,335,493	1,280,415	320,104	4,350,513	272,730	4,036,000	277,012
<hr/>							
<b>Operating Margin</b>	(685,493)	2,369,585	(244,348)	(169,970)	(161,225)	(214,937)	678,254
<hr/>							
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers in (out)				(61,182)	-	(10,000)	(2,500)
Gains (Losses)				(534)	-	58,931	14,733
Total Non-Operating Revenues (Expenses)	-	-	-	(61,716)	(4,541)	34,931	8,733
<hr/>							
<b>Net Income</b>	(685,493)	2,369,585	(244,348)	(231,686)	(165,766)	(180,006)	686,986
<hr/>							
<b>Significant Balance Sheet Items</b>							
Cash			116,088	652,042	428,086	633,000	
Accounts Receivable			1,133	1,133	2,690	1,000	
Interfund receivable				-			
Reserve for renewal			639,673	639,673	639,672	639,672	639,672
Deferred income				-	-	-	-
<hr/>							
<b>Significant Cash Flow Items</b>							
Capital Outlay				(43,633)	-		
Inter fund loans and payments				-	-		
Accounts Payable			(152)	(307,244)			

**City of Minneapolis  
Equipment Services Division  
For the First Quarter ending March 31, 2006**

Fund 6100	2006 Budget	2006 1 <sup>st</sup> Quarter	Remaining Budget	% of Actual To Budget
<b>Revenue</b>	47,192,110	9,300,405	37,891,705	20%
<b>Expenditures</b>	45,633,224	8,901,518	36,731,706	20%
<b>Revenue Over (Under) Expenses</b>	1,558,886	398,887		

**Program Description:**

Fund 6100, Equipment Services, handles the acquisition, maintenance and disposal of over 1300 pieces of equipment; primarily the City's fleet of vehicles, including police cars, fire trucks and snow plows.

**Revenue:**

The revenues for this fund are charged to city departments (customers) for rental of equipment, maintenance of equipment and the sale of fuel. The rates that are charged are set to match the corresponding expenses. In 2006 the Revenues are matching the expenses.

**Expenses:**

The expenses for this fund are nearly half personnel cost. That is because this fund not only pays for the mechanics who maintain the equipment, but also the drivers who drive the trucks that are used for construction and snow plowing. Expenses are following revenues as they are tracking close to last year.

**Transfers:**

This fund is receiving a transfer in of \$4.18 million in 2006 in accordance with the accepted workout plan.

**Net Assets:**

Current Net Assets for this fund are \$15 Million. This should increase over the next decade as the fund continues to replace old equipment and pays off the \$45 million of bonds that are currently outstanding.

**Workout Plan:**

This fund has a workout plan that has been in place since 2001. In 2006, the equipment division is expected to match the workout plan in increasing the net assets.

City of Minneapolis  
Equipment Fund  
Statement of Revenue and Expenses  
For First Quarter / Years Ending 2006, 2005, and 2004

	Current Budget Year 2006	Projected Year Ending 2006	For Period Ending 3/31/2006	For Year Ending 2005	For Period Ending 3/31/2005	For Year Ending 2004	For Period Ending 3/31/2004
<b>Operating Revenues:</b>							
Charges for Services and Sales	14,944,262	12,737,936	3,184,484	13,050,734	2,885,559	11,598,134	2,113,823
Rents Public Works and Other	28,067,348	20,282,056	5,070,514	22,575,697	4,881,919	23,011,983	4,721,884
<b>Total Operating Revenue</b>	<b>43,011,610</b>	<b>33,019,992</b>	<b>8,254,998</b>	<b>35,626,431</b>	<b>7,767,478</b>	<b>34,610,117</b>	<b>6,835,707</b>
<b>Operating Expenditures:</b>							
Personal Services	18,594,023	15,679,215	3,919,804	15,677,189	3,852,107	15,220,114	3,822,898
Contractual Services	9,299,999	5,768,337	1,442,084	7,561,635	1,125,396	7,607,142	788,484
Materials, supplies, services and other	6,215,576	2,634,894	658,723	3,422,441	656,194	3,906,643	691,085
Rent	964,030	964,030	241,008	580,520	145,130	668,301	117,215
Cost of Stores Issuance	3,596,205	3,596,205	899,051	3,625,261	754,353	2,746,219	633,965
Depreciation	4,882,772	4,882,772	1,220,693	4,877,186	1,161,261	4,760,047	1,105,031
<b>Total Operating Expenses</b>	<b>43,552,605</b>	<b>33,525,453</b>	<b>8,381,363</b>	<b>35,744,232</b>	<b>7,694,441</b>	<b>34,908,466</b>	<b>7,158,678</b>
<b>Operating Margin</b>	<b>(540,995)</b>	<b>(505,460)</b>	<b>(126,365)</b>	<b>(117,801)</b>	<b>73,037</b>	<b>(298,349)</b>	<b>(322,971)</b>
<b>Non-Operating Revenues/(Expenses):</b>							
Interest Revenue	500	1,628	407	1,375	393	-	194
Interest on Bonds	(1,949,950)	(1,949,950)	(487,488)	(1,942,962)	(483,138)	(1,853,104)	(449,444)
Gains/Losses on disposal of fixed assets	-	-	-	402,812	4,185	110,025	-
Damages/Losses recovered	-	-	-	-	-	141,231	-
Other Rev	-	-	-	-	-	11,146	-
<b>Total Non-Operating Revenues(Expenses)</b>	<b>(1,949,450)</b>	<b>(1,948,322)</b>	<b>(487,080)</b>	<b>(1,538,775)</b>	<b>(478,560)</b>	<b>(1,590,702)</b>	<b>(449,250)</b>
<b>Operating Transfers in (out)</b>							
Transfers from other fund	4,180,000	4,180,000	1,045,000	4,180,000	1,045,000	2,542,709	545,000
Transfers to other fund	(130,669)	(130,669)	(32,667)	(375,564)	(65,734)	(71,232)	(15,500)
Transfers from component units	-	-	-	-	-	-	-
<b>Total operating transfers</b>	<b>4,049,331</b>	<b>4,049,331</b>	<b>1,012,333</b>	<b>3,804,436</b>	<b>979,266</b>	<b>2,471,477</b>	<b>529,500</b>
<b>Change in Net Assets</b>	<b>1,558,886</b>	<b>1,595,549</b>	<b>398,887</b>	<b>2,147,860</b>	<b>573,743</b>	<b>582,426</b>	<b>(242,721)</b>
<b>Significant Balance Sheet Items</b>							
Fleet Purchases	-	-	984,799	3,991,512	746,026	9,173,036	200,000
Operating Cash	-	-	1,492,189	1,250,860	(64,398)	1,752,082	(1,640,660)
Net Building Value	-	-	26,274,128	26,422,039	26,874,215	27,022,182	27,317,837
Net Fleet Value	-	-	25,123,998	27,125,003	25,473,745	26,486,386	20,874,620
Bonds Payable	-	-	44,967,054	44,967,054	43,805,398	42,490,000	42,490,000
<b>Significant Cash Flow Items</b>							
Bond Proceeds	-	-	-	5,540,000	5,540,000	5,450,000	5,450,000
Debt Service Work out Bonds	-	-	(6,377,700)	(2,472,300)	(2,472,300)	(1,687,237)	(1,571,275)
Debt Service (Bond Facilities & Equip)	-	-	(1,312,250)	(3,875,250)	(3,875,250)	(3,346,500)	(3,346,500)
<b>Total Cash Flow Items</b>	<b>-</b>	<b>-</b>	<b>(7,689,950)</b>	<b>(807,550)</b>	<b>(807,550)</b>	<b>416,263</b>	<b>532,225</b>

**City of Minneapolis**  
**Property Services Division**  
**For the First Quarter ending March 31, 2005**

<b>Fund 6200</b>	<b>2006 Budget</b>	<b>2006 1st Quarter</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
<b>Revenue including Transfers</b>	15,750,600	3,183,962	12,566,638	20.2%
<b>Expenditures</b>	17,235,547	3,647,113	13,588,434	21.1%
<b>Revenue over(under) Expenses</b>	(1,484,947)	(463,151)		

**Program Description:**

This fund handles the maintenance and upkeep of City owned buildings with the exception of City Hall and Water and Park Board buildings. This includes Police precincts, Fire stations, Public Works buildings and Parking structures. This fund also includes the Radio Shop which maintains the City's emergency communications network.

**Revenue:**

This fund collects revenue from the City departments that use its goods and services (building space, ramp maintenance, janitorial and Radio services). The rate structure is set up so that the fund will charge the correct amount for its goods and services to match its expenses.

**Expenses:**

About half of the expenses for this fund are personnel costs. The rest of the costs are primarily contractual costs.

**Transfers:**

Property Services is responsible for paying \$350,000 per year in debt service. In 2006 the debt service consists of \$655,000 in principal payment, and the \$383,563 in interest. There is a transfer into this fund for the gap between the \$350,000 and the total debt payment for the year. In 2006, the transfer in to cover this gap is \$688,563.

**Net Assets:**

In 2002 the City began capitalizing all of its assets, including buildings that are accounted for in this fund. The rate model for this fund does not recover the depreciation costs related to these assets. Currently this fund has a Net Asset position of about \$29 Million, however this will decrease because of the depreciation of the assets.

City of Minneapolis, Minnesota  
Property Services Fund  
Statement of Revenues and Expenses  
For First Quarter / Years Ending 2006, 2005, and 2004

	Current Budget Year 2006	For Period Ending 3/31/2006	For Period Ending 3/31/2005	For Period Ending 3/31/2004
<b>Operating Revenues:</b>				
Charges for Services And Sales	7,650,500	1,283,522	1,609,593	907,740
Rents Public Works and Other	7,256,500	1,689,539	1,530,400	1,484,168
<b>Total Operating Revenue</b>	<b>14,907,000</b>	<b>2,973,061</b>	<b>3,139,993</b>	<b>2,391,908</b>
<b>Operating Expenses:</b>				
Personal Services	7,517,063	1,735,223	1,531,273	1,396,378
Contractual Services	4,584,627	1,158,665	842,821	582,371
Materials, Supplies, Services and Other	3,292,354	292,849	405,666	249,389
Rent	194,038	48,510	44,297	48,275
Depreciation	1,232,813	308,203	245,774	177,842
<b>Total Operating Expenses</b>	<b>16,820,895</b>	<b>3,543,450</b>	<b>3,069,831</b>	<b>2,454,255</b>
<b>Operating margin</b>	<b>(1,913,895)</b>	<b>(570,389)</b>	<b>70,162</b>	<b>(62,347)</b>
<b>Non-Operating Revenues/(Expenses):</b>				
Interest Revenue		1	0	124
Interest on Bonds	(383,563)	(95,891)	(102,291)	(107,903)
Gains/Losses on disposal of fixed assets				
Damages/Losses recovered				
Other rev				
<b>Total Non-Operating Revenues(Expenses)</b>	<b>(383,563)</b>	<b>(95,890)</b>	<b>(102,291)</b>	<b>(107,779)</b>
<b>Income(loss) before operating trfrs</b>	<b>(2,297,458)</b>	<b>(666,279)</b>	<b>(32,129)</b>	<b>(170,126)</b>
<b>Operating transfers in(out)</b>				
Transfers from other fund	843,600	210,900	202,903	210,403
Transfers to other fund	(31,089)	(7,772)	(21,494)	(8,250)
Transfers from capital projects				
<b>Total operating transfers</b>	<b>812,511</b>	<b>203,128</b>	<b>181,409</b>	<b>202,153</b>
<b>Change in Net Assets</b>	<b>(1,484,947)</b>	<b>(463,152)</b>	<b>149,280</b>	<b>32,027</b>
<b>Significant Balance Sheet Items</b>				
Operating Cash		298,078	(744,038)	(950,317)
Bonds Payable		(9,569,783)	(10,228,422)	(10,710,000)

**City of Minneapolis  
Public Works Stores  
For the First Quarter ending March 31, 2006**

<b>Fund 6300</b>	<b>2006 Budget</b>	<b>2006 1st Quarter</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
<b>Revenue including Transfers</b>	3,422,500	1,085,142	2,337,358	32%
<b>Expenditures</b>	3,469,692	974,252	2,495,440	28%
<b>Revenue over(under) Expenses</b>	(47,192)	110,890		

**Program Description:**

This Fund, which was established in 1965, accounts for the centralized procurement, receiving, warehousing and distribution of stocked inventory items and the purchase of special goods and services. The mission is having both Central Stores and Traffic Stores provide these items in a cost effective manner.

**Revenue:**

As of March 31, revenues totaled \$1,085,142 or 32% of the \$3,422,500 annual budget for 2006. Traffic Stores account for 72% of this total. Their 2006 revenue budget is 54% of the \$3,422,500 total. We attribute this to increased assembly of traffic signal controllers for future transportation projects. Central Stores revenues total \$297,329 or 19% of their \$1,562,500 annual budget for 2006.

**Expenses:**

All expenditure categories are under budget except for the Cost of Stores Issuance, which has exceeded budget due to the increased business at Traffic Stores.

**Transfers:**

There are no 2006 Non-Operating Transfers.

**Net Assets:**

The Public Works Stores Fund has been successful and profitable in recent years. The Fund continues to maintain positive equity, and had a \$10,543 negative cash balance March 31, 2006, whereas, it was a negative \$160,539 March 31, 2005. The Inventory value was \$3.2 Million on March 31, 2006, which represents a \$100,000 increase from the valuation December 31, 2005.

City of Minneapolis, Minnesota  
Public Works Stores  
Statement of Revenues and Expenses  
For the First Quarter/Years Ending 2006, 2005, and 2004

	Budget Year 2006	Projection Year Ending 2006	For Period Ending 3/31/2006	For Year Ending 2005	For Period Ending 3/31/2005	For Year Ending 2004	For Period Ending 3/31/2004
<b>Operating Revenues:</b>							
Central Stores	1,562,500	1,189,315	297,329	1,717,815	256,055	1,712,835	428,209
Traffic Stores	1,860,000	3,151,251	787,813	3,188,324	655,873	2,207,208	551,802
Total Operating Revenues	3,422,500	4,340,566	1,085,142	4,906,139	911,928	3,920,043	980,011
<b>Operating Expenses:</b>							
Personnel	593,342	551,469	137,867	577,077	138,712	627,578	150,116
Contractual	267,200	223,860	55,965	216,583	7,179	34,177	8,544
Materials/Other	248,834	54,042	13,510	98,870	20,032	199,707	49,927
Rent	68,376	68,376	17,094	65,112	16,278	61,615	15,404
Cost of Stores Issuance	2,291,940	2,999,260	749,815	3,520,139	645,825	2,848,429	712,107
Depreciation	-	-	-	316	156	678	-
Total Operating Expenses	3,469,692	3,897,007	974,252	4,478,097	828,026	3,772,184	936,098
<b>Operating Margin</b>	(47,192)	443,559	110,890	428,042	83,902	147,859	43,913
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers in (out)						(14,000)	
Net Interest Income (Exp)						54	
Other Non Operating Income (Exp)							
Total Non-Operating Revenues (Expenses)	-	-	-	-	-	(13,946)	-
Change in Net Assets	(47,192)	443,559	110,890	428,042	83,902	133,913	43,913
<b>Significant Balance Sheet Items</b>							
Operating Cash			(10,543)	91,610	(160,539)	17	
Accounts Receivable			15,683	16,928	561	7,076	
Inventories			3,206,949	3,104,057	3,498,880	3,659,585	
<b>Significant Cash Flow Items</b>							
Inter fund loans and payments			-		(27,116)		
Accounts Payable			(4,181)	(111,631)			
Salaries Payable			(24,424)	(37,630)			
Transfers			-			(14,000)	

**City of Minneapolis  
Intergovernmental Service Fund  
For the First Quarter ending March 31, 2006**

<b>Fund 6400</b>	<b>2006 Budget</b>	<b>2006 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Revenue including Transfers	35,995,920	9,852,158	26,143,762	27%
Expenditures	35,792,359	8,882,656	26,909,703	25%
Revenue Over (Under) Expenses	203,561	969,502		

**Program Description:** Accounts for operations of Business Information Services (BIS) and the City Clerk's printing and central mailing services. BIS comprises telecommunications services, network services, application support, internet and intranet services, and deployment of software and hardware.

**Revenue:**

Revenue for the first quarter is \$9.9 million, or 27% of the annual 2006 budget. This amount includes an accrual of the General Fund Transfer of 2.6 million and recognition of unearned revenue of \$0.3 million. Revenue sources include mailing and copying services, telecom charges, PMD projects, BIS charges based on the rate model and debt service transfers based on the deficit reduction plan for the fund.

**Expenses:**

Expenses are tracking at 25 % of the annual budget at this first quarter close. The annual budget includes an \$8.3 million bond principal payment causing the annual budget Revenues to be \$204 thousand greater than the expenditures. The quarterly expenses include accrued interest but nothing for the principal. When excluding this amount from budget we are tracking at 32% of our annual expenditures.

**Financial:**

BIS is tracking to positively add to its Net Assets position in 2006 due to the rate model, the General Fund support through the workout plan and the continued increased level of activity in the Project Management area. The cash in the fund is projected to decrease due to prepayment of several projects at the end of 2005 by BIS customers and the large debt service of over \$10 million that will be paid this year. The Deficit Reduction Plan shows BIS nearly breaking even in 2006, current projections indicate a more favorable outcome when considering the fund's Net Asset position but closer outcome to the plan when cash is considered.

City of Minneapolis, Minnesota  
Intergovernmental Services Fund  
Statement of Revenues and Expenses  
For First Quarter/Years Ending 2006, 2005 and 2004

	Budget Year 2006	Projected Year 2006	For Period Ending 3/31/2006	For Period Ending 3/31/2005	For Period Ending 3/31/2004
<b>Operating Revenues:</b>					
Charges for Service:					
BIS - PMD	7,252,500	9,811,894	2,452,973	1,648,466	367,523
BIS-Telecom	1,987,775	2,763,595	690,899	668,671	365,092
BIS - Operating-other	15,491,477	15,816,435	3,954,109	3,676,157	87,174
CC-Mailing Services	67,120	155,658	38,914	24,783	105,001
CC-Copy Services	731,447	395,450	98,863	113,642	157,017
<b>Total Operating Revenues</b>	<b>25,530,319</b>	<b>28,943,031</b>	<b>7,235,758</b>	<b>6,131,719</b>	<b>1,081,807</b>
<b>Operating Expenses:</b>					
BIS - PMD	1,614,512	8,943,764	2,235,941	1,632,609	700,379
BIS - Telecom	1,840,486	1,818,632	454,658	461,596	471,027
BIS - Operating-other	17,285,859	17,977,411	4,494,353	3,527,661	3,739,947
CC-Mailing Services	67,180	321,931	80,483	67,681	224,286
CC-Copy Services	732,333	631,767	157,942	98,089	178,177
Human resources	195,437	80,565	20,141	40,500	50,246
<b>Total Operating Expenses</b>	<b>21,735,807</b>	<b>29,774,071</b>	<b>7,443,518</b>	<b>5,828,136</b>	<b>5,364,062</b>
<b>Operating Margin</b>	<b>3,794,512</b>	<b>(831,039)</b>	<b>(207,760)</b>	<b>303,583</b>	<b>(4,282,255)</b>
<b>Non-Operating Revenues/(Expenses)</b>					
Net Transfers in (out)	10,465,601	10,465,601	2,616,400	1,956,074	5,186,334
Gains (Losses)	0	0	0	0	0
Depreciation	(3,740,311)	(3,740,311)	(935,078)	(1,579,798)	(1,721,213)
Principal on Bonds	(8,300,000)				
Interest on Bonded Debt	(2,016,241)	(2,016,241)	(504,060)	(517,863)	(541,488)
Other Non Operating Income (Exp)	0	0	0	0	0
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(3,590,951)</b>	<b>4,709,049</b>	<b>1,177,262</b>	<b>(141,586)</b>	<b>2,923,633</b>
Principal on Bonds (Net Asset Adj)	8,300,000				
<b>Change in Net Assets</b>	<b>8,503,561</b>	<b>3,878,010</b>	<b>969,502</b>	<b>161,997</b>	<b>(1,358,622)</b>
<b>Significant Balance Sheet Items</b>					
Cash			(2,814,565)		
Accounts Receivable			6,975		
Prepaid Expenses			134,122		
Work-in-progress			15,197,314		
Interfund Loans			(12,372,059)		
Bonds Payable			(39,969,843)		
Deferred Income			(5,694,843)		
<b>Total Balance Sheet Items</b>			<b>(45,512,901)</b>		
<b>Significant Cash Flow Items</b>					
Principal on Bonds	(8,300,000)	(8,300,000)			(4,600,000)
<b>Total Cash Flow Items</b>	<b>(8,300,000)</b>	<b>(8,300,000)</b>			

**City of Minneapolis  
Self-Insurance Fund  
For the First Quarter ending March 31, 2006**

<b>Fund 6900</b>	<b>2006 Budget</b>	<b>2006 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Revenue including Transfers	69,872,216	19,128,207	50,744,009	27%
Expenditures	65,512,112	17,961,837	47,550,275	27%
Revenue Over Net Income (Loss)	4,360,104	1,166,370		

**Program Description:** This fund contains employee benefit accounting, workers compensation, tort liability, and administrative functions to support these activities.

**Revenue:** Revenues vary by activity. Employee benefits collect revenue from payroll withholding or employee contribution enabling revenues to match expenditures. Workers Compensation, with related administrative services in Risk Management and Human Resources for the return-to-work program, recognizes revenues from direct billing of users. Tort Liability including administrative services of the City Attorney’s Civil division earns revenue by billing departments participating in Self-Insurance.

At the first quarter close, the revenues recognized are at 27% of the budget. This additional revenue is due to the variance in health care plan participation by the employees as the budget is set before the enrollment is done.

**Expenses:** Principal expenditures for Health and Welfare are to account for employee fringe benefits, Workers Compensation and Tort Liability. Worker’s Compensation and Tort Liability are required to be reported based on future payout of existing claims. The fund is required to set aside resources annually to cover the future cost of compensated absences based on benefit accruing.

Expenses also are at 27% of the budget at the end of this first quarter and all areas operating in this Fund are projecting less than their budget except for “Health and Welfare” and “Liability and Settlements”. Health and Welfare expenses are high and the variance is due to the various plan participation – these expenses are recovered through payroll deductions and do not affect the Fund performance. Liability and Settlements have paid settlements this year that if the trend continues our projection will be higher than budget and if this is the case we will adjust our claims liability to reflect the proper expense.

At the end of the first quarter, the City Council through Resolution 2006R-177 allowed for re-appropriation of the 2005 remaining budgets. For the Self Insurance fund it called for a buy down of the variable rate debt of \$3,082,000. This will decrease the current \$5,395,000 of bond liability down to \$2,313,000. It will also decrease the interest expense by \$77,000 for the year if this transaction can be completed by the end of the second quarter.

**Transfers:** A small part of this fund's revenues are generated by interfund transfers primarily from General Fund to assist with payment of bond principal and interest.

City of Minneapolis, Minnesota  
Self Insurance Fund  
Statement of Revenues and Expenses  
For First Quarter/Years Ending 2006, 2005 and 2004

	Budget Year 2006	Projection Year 2006	For Period Ending 31-Mar-06	For Period Ending 31-Mar-05	For Period Ending 31-Mar-04
<b>Operating Revenues:</b>					
Health & Welfare (employee benefits)	45,883,795	53,595,695	13,398,924	12,316,612	11,094,636
Workers Compensation	8,173,601	7,626,438	1,906,609	1,936,122	2,193,601
Liability - Subrogation	8,600,484	8,659,398	2,164,850	2,064,379	1,972,476
Attorney Office Services	23,000	1,008	252	-	66,225
Human Resources Services	959,820	857,723	214,431	173,735	-
Finance-Employment Services	342,068	432,851	108,213	19,413	3,146
<b>Total Operating Revenues</b>	<b>63,982,768</b>	<b>71,173,113</b>	<b>17,793,278</b>	<b>16,510,261</b>	<b>15,330,084</b>
<b>Operating Expenses:</b>					
Health & Welfare (employee benefits)	45,760,781	53,648,281	13,412,070	11,028,504	13,375,415
Workers Compensation	8,403,729	5,641,118	1,410,279	1,465,066	1,317,351
Liability & Settlements	2,854,657	5,484,141	1,371,035	1,016,588	1,482,317
City Attorney's Office/Civil Division-Litigation	5,315,693	4,706,557	1,176,639	1,117,008	980,647
Risk Management - WC/Risk	2,012,557	1,660,938	415,234	298,633	701,439
Human Resource - Employee Benefits	1,164,695	706,313	176,578	125,742	101,919
Financial Services	-	-	-	-	1,896
<b>Total Operating Expenses</b>	<b>65,512,112</b>	<b>71,847,348</b>	<b>17,961,837</b>	<b>15,051,541</b>	<b>17,960,984</b>
<b>Operating Margin</b>	<b>(1,529,344)</b>	<b>(674,235)</b>	<b>(168,559)</b>	<b>1,458,720</b>	<b>(2,630,900)</b>
<b>Non-Operating Revenues/(Expenses)</b>					
Net Transfers in (out)	5,619,698	5,619,698	1,404,925	939,784	942,829
Interest on Bonded Debt	(269,750)	(192,871)	(67,438)	(78,563)	(15,849)
Interest on Interfund Loan	-	-	-	-	-
Gains (Losses)	-	-	-	-	-
Depreciation	-	-	-	-	-
Other Non Operating Income (Exp)	-	(10,231)	(2,558)	-	(2,922)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>5,349,948</b>	<b>5,416,596</b>	<b>1,334,929</b>	<b>861,221</b>	<b>924,058</b>
<b>Net Change in Assets</b>	<b>3,820,604</b>	<b>4,742,361</b>	<b>1,166,370</b>	<b>2,319,941</b>	<b>(1,706,842)</b>
<b>Significant Balance Sheet Items</b>					
Cash Balance over (under)			1,913,437	628,405	(5,159,965)
Accounts Receivable			23,602	98,967	674,280
Due from other funds/Int Gov Rec			522,271	84,554	-
Bonds-Long Term			(4,460,000)	(5,395,000)	(6,285,000)
Due to other funds			(11,337)	(2,478,353)	(10,170)
Comp Absences/Unpaid Claims			(28,659,788)	(28,398,941)	(28,347,206)
Net Assets			(35,087,748)	(37,956,208)	(40,184,878)
<b>Significant Cash Flow Items</b>					
Principal on Debt			(935,000)	(890,000)	(860,000)

**City Of Minneapolis  
Sanitary Sewer Fund  
For the First Quarter Ending March 31, 2006**

<b>Fund 7100</b>	<b>2006 Budget</b>	<b>31-March-06 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	37,823,703	7,337,236	30,486,467	19%
Operating Expenditures	36,596,512	8,026,009	26,229,448	22%
Operating Margin	1,227,191	(688,773)		
Net Income	27,663	(988,655)		

**Program Description:**

The Sewer fund was split in 2005 into two funds, Storm Water and Sanitary Sewer. This fund accounts for 85% of the contractual payments to the Metropolitan Council Environmental Services (MCES) for sewage interceptor and treatment services. It also accounts for the sanitary sewer maintenance and design.

**Revenue:**

Sanitary sewer revenue at the end of the first quarter is at 19% of the budget. Revenues are slightly lower due to work for other jobs that are minimal during winter season. Inspection Services revenues are for SAC charges that are linked to the construction market. The SAC revenues are historically known and are expected to increase during the summer season. This fund is expected to be within budget at year end.

**Expenses:**

The Sanitary Sewer fund operating expenditures at the end of the first quarter are 22% of the current budget. Sewer Maintenance and Engineering Design cost center expenditures are both under budget at the end of the first quarter. Sewer Maintenance cost center is experiencing a low activity year. Also, some of the efficiencies this area has gained are due to management initiatives undertaken by Public Works.

**Transfers:**

None

**Debt Service:**

This fund does not have any debt service. The capital items are paid from the Sanitary Sewer revenues.

City of Minneapolis, Minnesota  
Sanitary Sewer Fund  
Statement of Revenues and Expenses  
For First Quarter/Year Ending 2006, 2005

	Budget Year 2006	Projected Year 2006	For Period Ending 31-Mar-06	Year Ending 2005	For Period Ending 31-Mar-05
<b>Operating Revenues:</b>					
Sewage Disposal	35,959,562	32,740,968	7,073,440	34,030,332	7,660,058
Other Services Provided	364,141	327,727	8,766	186,884	60
Inspection Services	1,500,000	2,500,000	255,030	2,685,275	-
Interest				11,071	
<b>Total Operating Revenues</b>	<b>37,823,703</b>	<b>35,568,695</b>	<b>7,337,236</b>	<b>36,913,562</b>	<b>7,660,118</b>
<b>Operating Expenses:</b>					
Sewer Design	396,099	255,661	11,440	248,215	26,978
Sewer Maintenance	5,911,188	5,294,982	1,333,049	5,140,759	980,087
Met Council Env. Svcs.	30,289,225	30,289,225	6,681,520	30,785,678	8,966,867
Retirement Incentive					
<b>Total Operating Expenses</b>	<b>36,596,512</b>	<b>35,839,868</b>	<b>8,026,009</b>	<b>36,174,652</b>	<b>9,973,933</b>
<b>Operating Margin</b>	<b>1,227,191</b>	<b>(271,173)</b>	<b>(688,773)</b>	<b>738,910</b>	<b>(2,313,815)</b>
<b>Non-Operating Revenues/(Expenses)</b>					
Net Transfers (out)	-			(203,236)	-
Gains (Losses)					
Depreciation	(1,199,528)	(1,199,528)	(299,882)	(1,228,780)	(303,698)
Net Interest Income (Exp)	-				-
Other Non Operating Income (Exp)					
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(1,199,528)</b>	<b>(1,199,528)</b>	<b>(299,882)</b>	<b>(1,432,016)</b>	<b>(303,698)</b>
<b>Net Income</b>	<b>27,663</b>	<b>(1,470,701)</b>	<b>(988,655)</b>	<b>(693,106)</b>	<b>(2,617,512)</b>
<b>Significant Balance Sheet Items</b>					
Operating Cash	-		4,645,448	4,858,839	2,886,989
Construction Cash	-		-		
Accounts Receivable	-		2,370,787	2,827,233	(1,173,273)
Bonds Payable	-		-		
<b>Significant Cash Flow Items</b>					
Capital Outlay	682,000		19,927		2,138
Bond Principle payments					
Sale of Bonds					

**City Of Minneapolis  
Stormwater Fund  
For the First Quarter Ending March 31, 2006**

<b>Fund 7300</b>	<b>2006 Budget</b>	<b>31-Mar-06 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	32,356,823	6,548,482	25,808,341	20%
Operating Expenditures	18,595,017	3,826,807	14,768,210	21%
Operating Margin	13,761,806	2,721,675		
Net Income	10,118,126	1,819,963		

**Program Description:**

The Sewer fund was split in 2005 into two funds, Storm Water and Sanitary Sewer. This fund accounts for 15% of the Met Council Environmental Services for storm water interceptor and treatment services. The fund also, accounts for storm water activities including Combined Sewer Overflow (CSO) program, which separates the remaining storm sewer lines that are connected to sanitary sewer lines. This fund accounts for the \$6.1 million city wide street cleaning.

**Revenue:**

Stormwater revenue is at 20% of the budget.

Engineering Services revenue is expected to be less than budgeted due to a smaller capital improvement program budget, and the elimination of the flood mitigation program.

The CSO Phase II program is in its last years and expenses should be decreasing as inspections process is completed.

Street Cleaning has received the majority of the Municipal State Aid revenue. The remaining balance of approximately 10% will be received in the 4<sup>th</sup> quarter.

**Expenses:**

Stormwater fund expenses are currently at 21% of budget. This is partially due to Sewer Maintenance cost center experiencing a low activity year. Also, some of efficiencies this area has gained, is due to management initiatives undertaken by the department of Public Works. Street Cleaning cost is at 22% of the budget. This area is historically known to spend the majority of it's budget in the 4<sup>th</sup> quarter, as the major street cleaning takes place in the fall when fall sweep begins. Engineering Services expenditures are within budget.

**Transfers:**

MERF unfunded liability transfer of \$147,696 will take place in the 4<sup>th</sup> quarter.

**Debt Service:**

The debt service payments are primarily for bonds sold to finance the (CSO) and Flood Mitigation programs.

City of Minneapolis, Minnesota  
Storm Water Fund  
Statement of Revenues and Expenses  
For First Quarter/Years Ending 2006 and 2005

	Budget Year 2006	Projected Year 2006	For Period Ending 31-Mar-06	For Year Ending 2005	For Period Ending 31-Mar-05
<b>Operating Revenues:</b>					
State Grants	644,160	644,160	578,215	569,414	309,167
County Grants	320,295	320,295	160,147	160,147	-
Sewage Disposal	30,508,000	27,620,430	5,803,826	26,081,247	6,267,380
Other Services Provided	884,368	961,543	6,294	1,038,718	228,855
Total Operating Revenues	32,356,823	29,546,428	6,548,482	27,849,681	6,805,402
<b>Operating Expenses:</b>					
Sewer Design	2,455,311	2,265,023	561,167	2,424,051	823,512
Stormwater Management CSO	2,285,616	1,325,657	255,184	1,210,158	306,243
Street Cleaning	6,147,822	6,251,234	1,376,628	6,354,645	441,841
Sewer Maintenance	2,854,059	2,529,645	275,955	2,205,230	464,279
Met Council Env. Svcs.	4,852,209	4,852,209	1,357,873	4,740,411	67,182
Retirement Incentive					
Total Operating Expenses	18,595,017	17,223,767	3,826,807	16,934,496	2,103,057
<b>Operating Margin</b>	13,761,806	12,322,661	2,721,675	10,915,185	4,702,345
<b>Non-Operating Revenues/(Expenses)</b>					
Net Transfers in (out)	(147,696)	(147,696)	-	(261,845)	-
Gains (Losses)					
Depreciation	(3,610,984)	(3,610,984)	(902,746)	(3,665,814)	(905,423)
Special Assessments	115,000	115,000	1,034	263,484	22,544
Net Interest Income (Exp)	-	-	-	(2,352,144)	6,010
Other Non Operating Income (Exp)					
Total Non-Operating Revenues (Expenses)	(3,643,680)	(3,643,680)	(901,712)	(6,016,319)	(876,869)
<b>Net Income</b>	10,118,126	8,678,981	1,819,963	4,898,866	3,825,476
<b>Significant Balance Sheet Items</b>					
Operating Cash			1,988,329	4,858,839	1,866,775
Construction Cash	-	-	1,912,212	7,383,600	
Accounts Receivable	-	-	2,969,079	2,827,233	5,067,199
Bonds Payable	20,067,483		20,067,483	41,060,909	
<b>Significant Cash Flow Items</b>					
Capital Outlay	23,028,263		1,822,292	12,960,277	3,857,548
Bond Principle and Interest payments	10,741,327		-	10,329,000	2,174,437

**City of Minneapolis  
Water Fund  
For the First Quarter Ending March 31, 2006**

<b>Fund 7400</b>	<b>2006 Budget</b>	<b>31-Mar-06 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>	<b>31-Mar-05 Actual</b>
Operating Revenue	67,273,053	11,617,564	55,655,489	17%	11,182,101
Operating Expenditures	45,657,730	9,411,311	36,246,419	21%	9,087,785
Operating Margin	21,615,323	2,206,253			2,094,316
Net Income (Loss)	10,216,253	(456,133)			178,426

**Program Description:**

This Fund accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. The City sells water directly to seven cities including Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal, and Edina. Currently, the City is constructing two, multi-year capital projects including the Supervisor Control and Data Acquisition (SCADA) and the Ultrafiltration Membrane Plant. The SCADA program monitors and partially automates the water treatment process and is expected to be completed in 2006 at a projected total cost of \$17.0 million. The Ultrafiltration Membrane Plant will be accomplished in two phases. Phase one is a newly constructed 70 MGD Columbia Heights Membrane Filtration Plant that was completed at a cost of \$63.3 million. The new plant is currently operating in a testing and confirmation phase and began distributing water into the Minneapolis system in the fall of 2005. The plant is expected to begin full time operation as testing is completed in spring 2006. The second phase, a 95-MGD Fridley Membrane Filtration Plant, is in the equipment procurement phase with additional performance testing scheduled through spring 2006. The projected cost of the Fridley Plant is \$88 million. The new 34 MG Hilltop Reservoir, at a cost of \$20.0 million, was completed in 2005.

Beginning in 2006, the Water Fund received appropriations to begin two new multi-year capital projects. The projects include the Minneapolis Water Works Facilities Security Improvement and Pump Station #4 Rehabilitation. In addition, each year, capital funding of \$4.5 million provides for water distribution improvements including cleaning and lining nine to ten miles of pipeline with replacement of valves and hydrants.

**Revenue:**

For the year 2006, there was a 4.8% increase in the water rate raising the cost of 100 cubic feet from \$2.50 to \$2.62 per unit. The 2006 operating revenue of \$11,617,564 represents a 3.9% increase over the same period in 2005. The revenue earned for fiscal years 2004 and 2005 includes a refund of \$3.6 million to the Joint Water Commission for the period January 1, 2004 through November 30, 2005 resulting from new contract negotiations. Beginning fiscal year 2005, the Water Fund does not receive revenue of approximately \$4.0 million from the Sewer and Solid Waste Funds to reimburse the Water Fund for utility billing costs attributed to all three funds. These utility billing expenditures are now paid from the General Fund and billed to the respective user fund.

The first quarter 2006 operating margin is \$111,937, or 5.3% greater than the same period of 2005. The net income for the first quarter 2006 is \$634,559 less than the net income for the same period of 2005. This decrease in net income is due to an increase in depreciation expense from \$1,034,009 for the first quarter of 2005 to \$1,669,253 for the same period in 2006. This increase of 61.4% in depreciation expense results from the addition of \$84.6 million in completed capital projects to the fixed asset accounts in 2005. The primary addition is the capitalization of the new Columbia Heights Membrane Filtration Plant at \$63.3 million.

**Expenditures:**

For fiscal year 2006, operating expenditures are \$323,526, or 3.6%, greater than for the same period in 2005. This increase is primarily due to an increase of 25.4% in the government service fee included in the Contribution to Other Funds and slight increases in the operational cost of the treatment and distribution of water into the Minneapolis water works system.

Prior to 2005, expenditures for finance, human resources, and utility billing were budgeted within the finance and human resource cost centers of the Water Fund. Beginning January 2005, these expenditures are included in general fund overhead and paid from the Contribution to Other Funds cost center of the Water Fund operating budget. The 2005 budget for the operating fund increased to allow for payment of these expenditures from the operating fund. Other expenditures paid from the Contribution to Other Funds include the government service fee and the self insurance liability premium. The government service fee, which is predominantly based on the fund's asset value, increased from \$1.65 million in 2005 to \$2.07 million in 2006 due primarily to the capitalization of the new membrane filtration plant.

**Transfers:**

The MERF (Minneapolis Employee Retirement Fund) pension debt service payment is budgeted at \$236,011.

**Debt Services:**

The debt service payments are primarily for bonds sold to finance the Water Works capital improvement program. Current capital projects include SCADA, the membrane ultrafiltration programs, the Minneapolis Water Works facilities security improvement, and the rehabilitation of Pump Station #4.

**Other Financial Items:**

The Ultrafiltration Membrane Plant is financed through loans from the Drinking Water State Revolving Fund managed by the Minnesota Public Facilities Authority. Beginning December 2002, the City has borrowed a total of \$64.9 million at interest rates of 2.82%, 2.80% and 2.53%. The ending cash balance for the first quarter of 2006 is \$2.69 million compared to \$4.39 million for the same period in 2005.

City of Minneapolis, Minnesota  
Water Fund  
Statement of Revenues and Expenses  
For First Quarter/Years Ending 2006, 2005, 2004

	Budget Current Year 2006	Projected Ending 2006	For Period Ending 31-Mar-06	For Year Ending 2005	For Period Ending 31-Mar-05	For Year Ending 2004	For Period Ending 31-Mar-04
<b>Operating Revenues:</b>							
Licenses & Permits	1,000	1,000	170	1,009	176	782	136
Charges For Services	65,471,953	61,499,777	11,412,460	59,897,682	11,137,036	56,213,178	10,410,901
Charges For Sales	1,780,000	1,563,989	176,998	829,696	44,063	1,617,164	280,150
Rents	1,000	-	-	-	-	-	-
Interest	-	539	122	990	(320)	2,950	2,290
Other Misc Revenues (1)	19,100	19,100	27,813	1,251	1,147	298	158
<b>Total Operating Revenues</b>	<b>67,273,053</b>	<b>63,084,405</b>	<b>11,617,564</b>	<b>60,730,628</b>	<b>11,182,101</b>	<b>57,834,372</b>	<b>10,693,634</b>
<b>Operating Expenses:</b>							
Security	1,269,862	605,506	151,377	911,559	291,474	1,138,129	270,764
Water Design	1,128,498	661,323	150,069	657,732	164,582	794,184	161,710
Contribution To Other Funds (2)	6,159,320	6,159,320	1,539,830	6,300,932	1,405,386	2,059,453	504,107
Administration & Permits	1,128,080	1,190,369	263,706	1,202,302	256,653	813,989	186,890
Treatment	14,448,217	13,593,403	2,951,849	13,134,777	2,858,602	11,956,169	2,590,543
Treatment Maintenance	6,733,750	7,540,922	1,631,564	7,477,241	1,653,225	6,391,285	1,352,534
Distribution	8,190,789	8,525,003	1,866,749	7,762,956	1,719,749	7,708,540	1,668,237
Major Repairs & Replacement	6,599,214	5,559,794	856,168	4,929,336	738,114	7,024,416	1,111,589
Human Resources	-	-	-	-	-	227,970	56,993
Finance	-	-	-	-	-	547,024	136,756
Utility Billing	-	-	-	-	-	4,621,098	1,163,803
Cost of Store Issuance	-	-	-	-	-	-	-
Retirement Incentive	-	-	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>45,657,730</b>	<b>43,835,641</b>	<b>9,411,311</b>	<b>42,376,835</b>	<b>9,087,785</b>	<b>43,282,257</b>	<b>9,203,925</b>
<b>Operating Margin</b>	<b>21,615,323</b>	<b>19,248,764</b>	<b>2,206,253</b>	<b>18,353,793</b>	<b>2,094,316</b>	<b>14,552,115</b>	<b>1,489,709</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers in (out)	(274,517)	(274,517)	(68,629)	(689,005)	(145,901)	(3,619,262)	(638,000)
Depreciation	(6,677,010)	(6,677,010)	(1,669,253)	(6,450,504)	(1,034,009)	(4,493,503)	(1,123,376)
Special Assessments	-	418,430	18,845	825,321	52,815	746,515	19,471
Net Interest Income (Exp)	(4,447,543)	(4,447,543)	(803,754)	(4,077,976)	(602,602)	(3,221,196)	(157,193)
Other Non-Operating Income	2,000,000	398,409	29,724	336,960	22,495	373,727	30,815
Other Non Operating (Expense)	(2,000,000)	(624,847)	(169,319)	(791,522)	(208,687)	(772,602)	(215,016)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(11,399,070)</b>	<b>(11,207,078)</b>	<b>(2,662,386)</b>	<b>(10,846,725)</b>	<b>(1,915,890)</b>	<b>(10,986,321)</b>	<b>(2,083,299)</b>
<b>Net Income</b>	<b>10,216,253</b>	<b>8,041,686</b>	<b>(456,133)</b>	<b>7,507,068</b>	<b>178,426</b>	<b>3,565,793</b>	<b>(593,590)</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash			2,960,692	1,555,548	4,391,789	1,980,486	7,785,952
Construction Cash			391,010	452,337	2,128,145	3,693,566	4,921,388
Accounts Receivable			3,695,573	8,382,482	4,523,426	5,217,290	2,662,812
Bonds & Notes Payable			92,537,977	84,407,486	90,986,953	89,793,175	60,056,846
<b>Significant Cash Flow Items</b>							
Capital Outlay	39,165,069	39,165,069	2,460,073	18,549,576	2,731,575	51,350,875	9,460,659
Bond & Note Principle payments	8,315,552	8,315,552	-	10,829,467	-	11,430,461	-
<b>Total Cash Flow Items</b>	<b>47,480,621</b>	<b>47,480,621</b>	<b>2,460,073</b>	<b>29,379,043</b>	<b>2,731,575</b>	<b>62,781,336</b>	<b>9,460,659</b>

(1) Operating revenues for 2004 and 2005 have been adjusted for the Joint Water Commission refund

(2) Includes previous expenditures for Human Resources, Finance, and Utility Billing

**City of Minneapolis  
Municipal Parking Fund**

<b>Fund 7500*</b>	<b>2006 Original Budget</b>	<b>2006 1<sup>st</sup> Quarter Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>	<b>2005 1<sup>st</sup> Quarter Actual</b>
Revenue	51,282,974	12,857,653	38,425,321	25%	12,099,706
Expenditures	31,871,450	5,509,050	26,362,400	17%	5,780,959
Operating Margin	19,411,524	7,348,603			6,318,748
Net Income (Loss)	1,817,302	3,027,446			2,258,202

\* Figures in the table do not include State-owned TAD parking facilities.  
Net Income (Loss) includes all non-operating expenditures & revenues.

**Program Description:**

This fund accounts for operation and maintenance of parking ramps, lots, on-street parking meters, and the municipal impound lot. Major parking-related capital construction and development activities occur in this fund. Riverfront parking ramp and Mill Quarter ramp were two capital projects which were completed in 2005. With additions of Mill Quarter and Riverfront parking ramps, total number of facilities in the parking system has now increased to thirty.

**Revenues:**

Operating revenues for 2005 increased by \$1.1million, or 3%, to just over \$47.1 million compared to \$46 million in 2004. These were due to an increase in on-street, off-street, and impound lot revenues. On-street parking registered increase of \$600,000 while off-street parking and impound lot showed increases of \$300,000 and \$200,000 respectively. First quarter revenues for 2006 are at \$12.9 million compared to \$12.1 million for 2005. Off-street parking account for \$500,000 the increase meanwhile on-street parking and impound lot each account for \$150,000. Increase in revenues can be attributed to initiatives listed in the workout plan.

**Expenditures:**

Operating expenditures for 2005 increased by \$200,000 to \$32.1 million compared to \$31.9 million through 2004. This increase is due to new contracts with impound-lot tow

companies, raising the cost per tow. Impound lot has increased its rate to cover the increased costs.

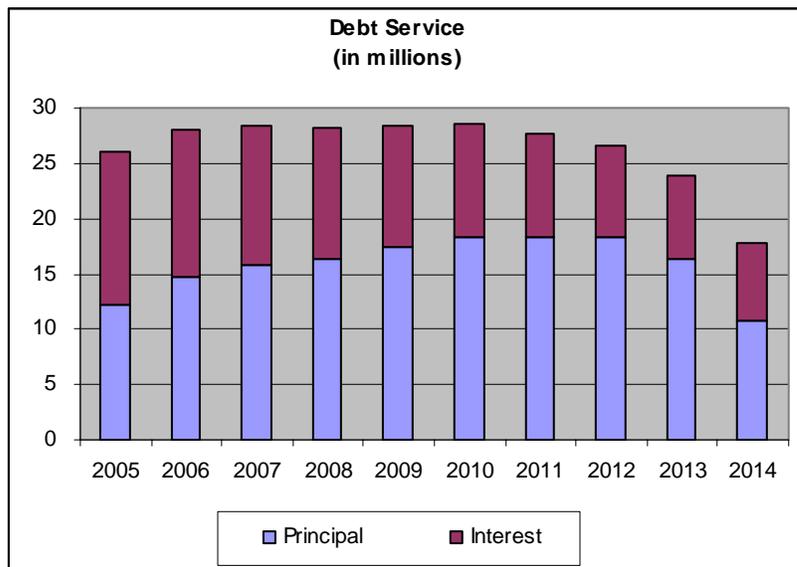
First quarter expenditures for 2006 were at \$5.5 million compared to \$5.8 million in 2005. The decrease in expenditure over prior year is mainly due to the removal of Traffic Control division from Parking Fund to Police Department. This decrease in the operating expenditures is off-set by increase in General Fund transfers.

**Transfers to and from other funds:**

The 2006 revenue transfers into the Parking Fund, through first quarter, include \$2.4 million from sales tax revenue for Convention Center parking facility debt and \$1.7 million from CPED for Tax Increment and Abatement. Transfers out to other funds through the quarter total \$3.2 million with \$2 million to General Fund and \$0.5 million to Target Center Arena. The transfer also includes additional \$700,000 for Traffic Control division which is now part of Police Department. As a result, General Fund transfer for 2006 is estimated to increase by \$2.8 million to \$10.6 million. Target Center Arena transfer is estimated at \$1.9 million and it is projected to reach \$5.8 million by 2014, based on the updated payment schedule.

**Debt Service:**

The debt service payments through the 1<sup>st</sup> quarter totaled \$9.6 million, with \$6.1 million in principal and \$3.5 million in interest. These expense payments cover the costs of bonds that were sold to fund capital projects for construction of municipal parking ramps and lots. As new facilities are added to the system, debt services will continue to grow. According to the schedule, debt service payments will reach \$28.5 million by 2010.



The total amount of outstanding bonds in the Parking Fund increased by \$20.7 million in 2005 with the sale of additional bonds for Riverfront in the amount of \$16.4 million and Mill Quarter ramp for \$4.3 million.

### **Parking Fund Workout Plan:**

The City Council adopted a financial workout plan in 2004 and approved parking initiatives to cut costs and increase revenues. A more comprehensive update will be included in the 2<sup>nd</sup> Quarter Report. Based on actual figures through the 1st quarter of 2006, the current update to the Workout Plan and specific performance includes:

#### **Revenues:**

- **Off-Street Parking and Enhanced Parking Ramp Marketing Activities:** An initiative to develop a logo and branding of the Municipal Parking system is underway and new signage is being installed in several facilities. In addition, the development of web-based solutions for customer payment is being implemented and is in the process of final acceptance testing and will be available to general public shortly. The revenue estimate for 2006 is \$36.7 million and the projection for the year end, based on the first three months of the current and past years, shows a shortfall of \$2.2 million.
- **On-Street Parking and Parking Meter Management Plan:** Additional meter installations and rate adjustments, as part of new meter management plan, have generated a \$145,000 increase in revenue over first quarter of 2005. With \$1.7 million in actual revenue generated to date, it is projected to surpass the estimate of \$7 million by \$400,000.
- **Impound Lot and Collection of Unpaid Tow and Storage Fees:** This initiative is not meeting its revenue estimates of an extra \$1.2 million. Other areas of the operation are being evaluated. The management software is being upgraded to allow for some additional automated processing of bill of sale and auction information. So far, \$2 million in total revenue has been generated through first quarter compared to \$1.9 million in the first quarter of 2005. However, with year-end projection of \$7.4 million, this will fall short of the estimate by \$100,000.

#### **Expenditures:**

The status of the various expense reduction initiatives have remained the same as reported in previous quarters:

- **Enhanced Wayfinding Program:** estimated expenditure of \$205,000; currently three new installations in progress;
- **Repair & Replacement Program:** estimated expenditure of \$204,000 in debt service; the program will be implemented in the current year and will include revenue control equipment and systems upgrade.
- **Greater Oversight through Increased Staffing Level:** estimated expenditure of \$254,000; there has been increase of two additional Parking Systems Analysts. Parking Services is currently in the process of realignment of activities which will help to improve the oversight of three business lines.

The following table presents a summary of the various business line actuals and variances for 2006.

<b>Revenue* And Expense Categories</b>	<b>2006 Original Budget</b>	<b>2006 1st Quarter Actual</b>	<b>Projection 2006 Based on Actual</b>	<b>Variance Budget Vs Projection</b>
Off-Street Parking	36,691,747	9,075,900	34,536,701	(2,155,046)
On-Street Parking	7,015,227	1,748,275	7,393,846	378,619
Impound Lot	7,576,000	2,033,478	7,476,477	(99,523)
<b>Total Revenue</b>	<b>51,282,974</b>	<b>12,857,653</b>	<b>49,407,024</b>	<b>(1,875,950)</b>
Off-Street Parking	25,108,749	3,969,269	22,945,830	(2,162,919)
On-Street Parking	1,549,322	235,569	821,673	(727,649)
Impound Lot	5,213,379	1,304,212	5,268,061	54,682
<b>Total Expenditures</b>	<b>31,871,450</b>	<b>5,509,050</b>	<b>29,035,564</b>	<b>(2,835,886)</b>
<b>Operating Margin</b>	<b>19,411,524</b>	<b>7,348,603</b>	<b>20,371,460</b>	<b>959,936</b>

\*Figures in the table do not include State-owned TAD parking facilities.

**Summary:**

Based on the first three month, revenue projections fall short of the estimates by \$1.9 million. However, the projection also shows a savings of \$2.8 million on expenditures thereby resulting in a net surplus of \$1 million.

City of Minneapolis, Minnesota  
Municipal Parking Fund  
Statement of Revenues and Expenditures  
For First Quarter/Years Ending 2006, 2005, and 2004

	Current Budget Year 2006	Projected Year Ending 2006	For Period Ending 31-Mar-06	For Year Ending 2005	For Period Ending 31-Mar-05	For Year Ending 2004	For Period Ending 31-Mar-04
<b>Operating Revenues:</b>							
Off-Street Parking: City Owned	36,691,747	34,506,701	9,074,766	33,542,380	8,607,937	33,238,393	8,952,514
Off-Street Parking: State Owned	8,755,759	8,446,804	2,090,177	8,039,838	1,705,357	9,134,795	2,583,232
Towing	7,576,000	7,476,477	2,033,478	6,912,995	1,887,247	6,736,945	1,825,489
On-Street Meters	7,015,227	7,393,846	1,748,275	6,702,950	1,602,833	6,080,563	1,421,492
Total Operating Revenues	60,038,733	57,823,827	14,946,696	55,198,164	13,803,374	55,190,696	14,782,727
<b>Operating Expenses:</b>							
Off-Street Parking: City Owned-Direct Expenses	19,049,079	19,436,952	3,249,875	20,232,560	3,143,062	20,545,448	3,678,765
Off-Street Parking: State Owned-Direct Expenses	7,996,362	8,446,804	1,892,156	7,365,075	1,081,474	15,178,954	1,158,455
Towing	5,213,379	5,268,061	1,304,212	5,573,381	1,367,584	5,142,139	1,309,458
On-Street Meters	1,236,976	821,673	193,098	3,462,187	816,244	3,386,379	820,408
Other Operating Expenses	6,526,816	3,478,879	759,508	2,847,773	454,068	2,811,070	620,427
Total Operating Expenses	40,022,612	37,452,369	7,398,849	39,480,976	6,862,433	47,063,991	7,587,514
<b>Operating Margin</b>	<b>20,016,121</b>	<b>20,371,459</b>	<b>7,547,847</b>	<b>15,717,187</b>	<b>6,940,941</b>	<b>8,126,705</b>	<b>7,195,213</b>
<b>Non-Operating Revenues/(Expenses)</b>							
General Fund Transfer Out	(7,800,000)	(7,800,000)	(1,950,000)	(8,800,000)	(2,200,000)	(3,400,000)	-
General Fund Transfer - Traffic Control	(2,818,000)	(2,818,000)	(704,500)	-	-	-	-
Arena Reserve Transfer Out	(1,921,000)	(1,921,000)	(480,250)	(1,768,000)	(442,000)	(1,620,000)	-
Debt Service Transfer Out	(38,550)	(38,550)	(9,638)	(390,704)	(86,375)	(430,424)	-
Internal Service Fund Transfer Out	-	-	-	(95,355)	-	(77,000)	(19,250)
Sanitation Transfer Out	(146,000)	(146,000)	(36,500)	(146,000)	(36,500)	(146,000)	-
Parkboard & Other Transfer Out	-	-	-	-	-	-	-
Total Transfers Out	(12,723,550)	(12,723,550)	(3,180,888)	(11,200,058)	(2,764,875)	(5,673,424)	(19,250)
Convention Center related facility Transfer	9,565,097	9,565,097	2,391,274	8,243,573	2,060,893	8,364,656	1,855,338
TI and MCDA Transfers In	6,915,456	6,915,456	1,728,864	5,230,159	1,728,864	5,628,358	3,880,350
Arbitrage Fund and Other Transfers In	-	-	-	2,467,107	-	1,781,184	-
Total Transfers In	16,480,553	16,480,553	4,120,138	15,940,839	3,789,757	15,774,198	5,735,688
Depreciation	(7,015,279)	(7,015,279)	(1,753,820)	(6,551,682)	(1,596,837)	(6,709,378)	(1,617,027)
Special Assessments	132,500	132,500	33,125	107,773	33,125	164,928	-
Interest	(14,158,846)	(14,158,846)	(3,539,712)	(12,058,392)	(3,521,717)	(13,225,970)	(2,038,983)
Other Non Operating Expenses	(30,000)	(30,000)	(2,357)	(32,980)	0	(98,197)	(662,154)
Other Non-Operating Income	30,000	30,000	1,134	136,897	1,690	106,896	16,402
Total Non-Operating Revenues (Expenses)	(17,284,622)	(17,284,622)	(4,322,379)	(13,657,603)	(4,058,856)	(9,660,947)	1,414,676
<b>Net Income+/( -)</b>	<b>2,731,499</b>	<b>3,086,837</b>	<b>3,225,468</b>	<b>2,059,584</b>	<b>2,882,084</b>	<b>(1,534,242)</b>	<b>8,609,889</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash			(16,196,692)	(13,509,757)	(6,283,213)	545,312	3,966,654
Construction Cash			5,550,043	6,963,710	25,095,764	4,590,503	16,141,451
Bonds Payable			280,848,742	280,848,742	294,592,842	273,942,842	285,336,942
Total Balance Sheet Items		-	270,202,093	274,302,696	313,405,393	279,078,657	305,445,046
<b>Significant Cash Flow Items</b>							
Principal on debt			6,095,000	12,834,100	5,060,000	11,394,100	3,740,000
Capital Outlay			290,716	18,773,811	3,929,815	14,011,306	662,154
Total Cash Flow Items			6,385,716	31,607,911	8,989,815	25,405,406	4,402,154

**City Of Minneapolis  
Solid Waste and Recycling Fund  
For the First Quarter Ending March 31, 2006**

<b>Fund 7700</b>	<b>2006 Budget</b>	<b>31-Mar-06 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>	<b>31-Mar-05 Actual</b>
Operating Revenue	28,461,200	6,729,370	21,731,830	24%	6,865,485
Operating Expenditures	27,785,760	5,022,607	22,763,153	18%	4,727,638
Operating Margin	675,440	1,706,763			2,137,847
Net Income/(Loss)	182,831	1,321,156			1,904,568

**Program Description:**

This Fund accounts for the City's solid waste collection, disposal and recycling operations. This includes weekly trash and yard waste pickup, biweekly recycling and problem material (appliance) pickup and the operation of a solid waste transfer station for over 108,000 households. The Public Works Department also provides "clean city" activities such as neighborhood clean sweeps, litter and graffiti removal and litter control in business districts. City crews provide approximately one-half of the solid waste collection services and the other half of the services are provided through a contract with a consortium of companies specializing in waste collection.

**Revenue:**

The Solid Waste & Recycling Fund had total revenues of \$6,729,370 at end of the first quarter. That is slightly below budget and that is due to a low recyclable sales season. The revenue from recyclable sales is \$276,144. Grant revenue from Hennepin County will be received in the fourth quarter. The county grant is budgeted to total \$544,000. The last rate increase of .75 cent occurred in 2003.

**Expenses:**

The Solid Waste and Recycling fund expenses are currently \$5,022,607, that is a 6% increase from the first quarter in 2005, and that is due to an increase in cost for services provided by outside parties and contractors. Also, an increase in costs of some contractual services, such as liability insurance, property services rent, and other miscellaneous charges. Even with these increases, the fund is still expected to be within budget.

**Transfers:**

Transfers into the Solid Waste and Recycling fund include \$146,000 from the Parking fund for litter containers and \$50,000 from the General fund for graffiti removal. Transfers of \$700,000 to the General fund for alley plowing, and \$35,000 for MERF Unfunded Liability are transferred out of the fund.

**Debt Service:**

This fund has no debt service.

**Other Financial Items:**

The fund's cash balance for the first quarter ended at \$14.9 million. The accounts receivable balance is \$3 million.

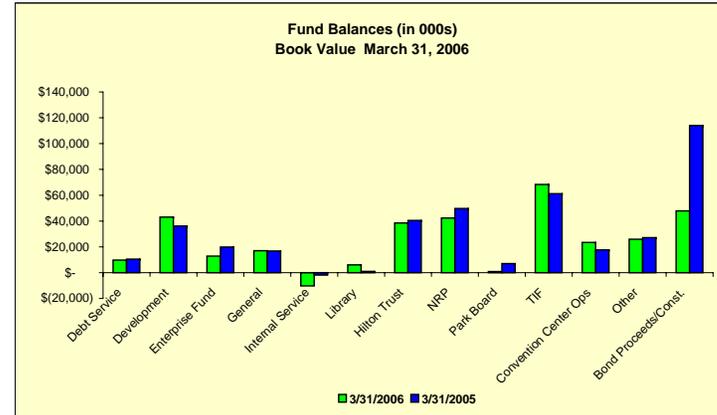
City of Minneapolis, Minnesota  
Solid Waste and Recycling Fund  
Statement of Revenues and Expenses  
For First Quarter/Years Ending 2006, 2005, and 2004

	Budget Year 2006	Projection Year 2006	For Period Ending 03-31-06	For Year Ending 2005	For Period Ending 03-31-05	For Year Ending 2004	For Period Ending 03-31-04
<b>Operating Revenues:</b>							
County Grants	544,000	820,442	-	812,722	(3,000)	828,162	0
Solid Waste Fees	26,297,800	26,307,554	6,453,226	26,817,625	6,445,089	25,797,483	6,261,068
Recyclable Sales	1,590,400	1,731,621	276,144	1,857,841	400,889	1,605,400	266,171
Charges for Other Services	29,000	9,837	-	15,947	22,507	3,727	51,623
<b>Total Operating Revenues</b>	<b>28,461,200</b>	<b>28,869,454</b>	<b>6,729,370</b>	<b>29,504,135</b>	<b>6,865,485</b>	<b>28,234,772</b>	<b>6,578,862</b>
<b>Operating Expenses:</b>							
Collection	6,866,116	6,797,455	1,346,724	5,923,018	1,211,865	6,343,818	1,204,199
Recycling	3,285,898	3,253,039	698,265	3,018,837	646,331	5,878,846	575,447
Disposal	6,011,081	5,950,970	743,362	5,625,608	739,305	2,872,743	537,855
Yard Waste	1,842,014	1,823,594	166,200	1,293,060	163,631	1,330,074	136,161
Large Item/Problem Material	1,104,514	1,093,469	227,793	1,107,764	215,731	1,117,425	207,697
Transfer Stations	262,504	259,879	56,713	227,042	66,870	219,844	54,058
Administration	3,951,005	3,911,495	1,001,342	2,535,621	1,009,551	3,780,299	993,292
Customer Service	456,044	451,484	129,971	2,796,270	131,969	448,310	109,963
Clean City	1,253,131	1,240,600	216,772	1,006,259	162,560	771,670	139,945
Equipment	2,753,453	2,725,918	435,466	2,877,461	379,823	2,720,157	350,867
Human resources				-	-	227,970	56,993
Finance				-	-	196,101	49,025
Liability Premium				-	-		
<b>Total Operating Expenses</b>	<b>27,785,760</b>	<b>27,507,902</b>	<b>5,022,607</b>	<b>26,410,939</b>	<b>4,727,638</b>	<b>25,907,257</b>	<b>4,415,502</b>
<b>Operating Margin</b>	<b>675,440</b>	<b>1,361,551</b>	<b>1,706,763</b>	<b>3,093,196</b>	<b>2,137,847</b>	<b>2,327,515</b>	<b>2,163,360</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers In	506,000	506,000	39,045	196,000	3,000	196,000	(20,250)
Net Transfers Out		(735,221)	(175,000)	(757,934)		(883,671)	
Gains (Losses)				-	(1,544)	(4,159)	
Depreciation	(998,609)	(998,609)	(249,652)	-	(236,905)	(997,721)	(250,252)
Special Assessments	-	62,231	-	75,528	2,170	48,933	-
Net Interest Income (Exp)	-	-	-				
Other Non Operating Income (Exp)							
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(492,609)</b>	<b>(1,165,599)</b>	<b>(385,607)</b>	<b>(486,406)</b>	<b>(233,279)</b>	<b>(1,640,618)</b>	<b>(270,502)</b>
<b>Net Income</b>	<b>182,831</b>	<b>195,952</b>	<b>1,321,156</b>	<b>2,606,790</b>	<b>1,904,568</b>	<b>686,897</b>	<b>1,892,859</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash			14,935,863	14,956,440	14,068,007	12,784,722	11,760,809
Accounts Receivable			3,011,071	2,471,657	2,591,207	2,280,251	2,510,206
<b>Significant Cash Flow Items</b>							
Capital Outlay				-	-	-	

## FUNDS PERFORMANCE

(\$000s)	Book Value March 31, 2006	Percent of Portfolio	Book Value March 31, 2005	Percent of Portfolio
Debt Service	\$ 9,688	3.0%	\$ 10,440	2.6%
Development	\$ 43,077	13.2%	\$ 36,100	9.0%
Enterprise Fund	\$ 12,874	4.0%	\$ 19,865	5.0%
General	\$ 16,994	5.2%	\$ 16,774	4.2%
Internal Service	\$ (10,199)	-3.1%	\$ (1,883)	-0.5%
Library	\$ 6,050	1.9%	\$ 999	0.3%
Hilton Trust	\$ 38,519	11.8%	\$ 40,406	10.1%
NRP	\$ 42,293	13.0%	\$ 49,687	12.4%
Park Board	\$ 854	0.3%	\$ 7,063	1.8%
TIF	\$ 68,384	21.0%	\$ 61,231	15.3%
Convention Center Ops	\$ 23,456	7.2%	\$ 17,579	4.4%
Other	\$ 25,850	7.9%	\$ 27,092	6.8%
<b>Sub Total City Operating Portfolio</b>	<b>\$ 277,841</b>	<b>85.3%</b>	<b>\$ 285,354</b>	<b>87.6%</b>
Bond Proceeds/Const.	\$ 47,906	14.7%	\$ 114,010	28.5%
<b>TOTAL City Operating Portfolio</b>	<b>\$325,747</b>	<b>100.0%</b>	<b>\$399,363</b>	<b>122.6%</b>

Change in Market Value	\$ (5,057)	\$ (9,111)
<b>Total Market Value w/o Bond Proceeds/Const</b>	<b>\$320,690</b>	<b>\$390,252</b>



(\$000s)	Change in Book Value - March 2005 to March 2006
Debt Service	\$ (752)
Development	\$ 6,977
Enterprise Fund	\$ (6,991)
General	\$ 220
Internal Service	\$ (8,316)
Library	\$ 5,051
Hilton Trust	\$ (1,887)
NRP	\$ (7,394)
Park Board	\$ (6,209)
TIF	\$ 7,153
Convention Center Ops	\$ 5,877
Other	\$ (1,242)
<b>Sub Total City Operating Portfolio</b>	<b>\$ (7,513)</b>

Bond Proceeds/Const	\$ (66,103)
<b>Total Change Less Bond/Const</b>	<b>\$ (73,616)</b>

