



City of Minneapolis  
Financial Status Report as of 3rd Quarter 2008  
Prepared by the  
City of Minneapolis Finance Department  
November 3, 2008

# City of Minneapolis

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# 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 September 30, 2008.

## 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 2008 with a fund balance of \$55.5 million and an operating budget of \$307 million. Subsequent 2007 reappropriation decisions increased fund authorized spending by \$2.5 million. Through the third quarter, the fund has spent 71% of its appropriations but is projected to overspend its appropriations by \$.6 million. At this pace, the fund will fall below its 15% fund balance reserve requirement by \$3 million. Items of note are: Franchise Fee revenues tracking 9% over its \$27 million budget; Fine & Forfeit revenues tracking 25% below their \$11.3 million budget; all departments are projected to spend within budget except for Fire Department who is expected to overspend their budget by 1%.

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 third quarter results indicate revenues are on-track and expenses are projected to come in less than budgeted. Sales & entertainment tax revenue is expected to exceed budgeted amounts.

**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. With the exception of Water, the Enterprise Funds are experiencing financial results within expectations; all funds have positive cash balances and are relatively healthy. A snapshot of these funds follows:

<b>Enterprise Funds</b>						
<b>(In Thousands)</b>						
<b>Fund</b>	<b>2008 Budget to Actual through 9-30-08 (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>
Sanitary Sewer	43,820	30,967	71%	40,517	28,382	70%
Stormwater	34,015	24,984	73%	26,209	17,431	67%
Solid Waste	31,685	23,177	73%	32,894	20,389	62%
Water	70,825	48,227	68%	59,702	41,789	70%
Parking	69,830	54,292	78%	64,948	46,603	72%

**Sewer Utility Fund** accounts for sewage interceptor and treatment services and the storm management activities including the Combined Sewer Overflow program. Third quarter results for the Stormwater and Sanitary Sewer Fund show they are tracking at or below budget for revenues and expenses. Year-end projections show results very close to budget. Both funds have healthy cash balances slightly under the reserve requirement.

**Solid Waste Fund** accounts for the City's solid waste collection, disposal, and recycling operations. Third quarter results indicate the fund is close to meeting its revenue goals and is spending less than budgeted; it is projected to meet its financial goals for year-end. The fund has a healthy cash balance in excess of the reserve 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 \$.08 rate increase in 2008. Despite the rate increase, water consumption through September of this year is down resulting in lower than expected revenue. Operating expenses have increased 3.5% over the same period last year. The combination of decreased revenue and increased expenses results in a projection of net income being \$5.8 million lower than expected. This will cause the funds cash balance to also decrease, possibly to a negative position. The required cash balance in this fund is \$11.2 million.

**Parking Fund** accounts for the operation and maintenance of parking ramps, lots, on street parking meters, a municipal impound lot, and traffic/parking control. In June 2004, the City Council adopted a financial and operational financial plan for the Parking Services Fund that is expected to restore the funds' solvency by 2010. For 2008, the fund is tracking ahead of its revenue projections and is spending within budget. It is projected to end the year ahead of its financial plan goals. The fund has a cash balance greater than required. This is a result of the numerous ramp sales that have occurred in the last year. The excess cash is reserved for debt payments related to the remaining ramps.

**Internal Service Funds** remain one of the largest financial challenges for the City of Minneapolis; however, 2007 marked the first year that aggregate net assets and cash were positive. Year-end projections for 2008 indicate the funds will meet their financial plan goals collectively, mainly because the Self-Insurance fund is performing so well. An overview of the Internal Service Funds follows:

<b>Internal Service Funds (In Thousands)</b>						
<b>2008 Budget to Actual through 9-30-08 (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>	4,381	3,627	83%	4,398	3,554	81%
<b>Fleet Services</b>	47,055	32,536	69%	44,523	31,477	71%
<b>Property Services</b>	17,438	13,367	77%	17,980	14,138	79%
<b>Public Works Stores</b>	3,690	930	25%	3,687	931	25%
<b>Intergovernmental Fund</b>	47,028	34,586	74%	39,927	30,726	77%
<b>Self Insurance</b>	94,236	69,639	74%	88,225	61,384	70%

The **Intergovernmental Service Fund's** third quarter results show it is lagging slightly behind expectations with revenue projected to come in low with expenses tracking higher than expected primarily because of additional start-up wireless costs and payments to USiW not being offset by departmental usage. The combination of lower revenue and increased expense show a projected dip in net income of \$2 million. Depreciation expense continues to pose a challenge for the fund because it is not recovered through the rate model.

The **Fleet Services Fund** also operates under a Council-adopted financial plan. Second quarter results show that revenues and expenses are both well below budget albeit proportionately. Year-end projections indicate the fund will fall short of its financial plan goals by \$1 million.

The **Self-Insurance Fund** is tracking close to its budgeted revenue and expense through third quarter. It is projected to meet or exceed its financial goals. It is inherently difficult to project expenses in this fund because tort costs fluctuate from quarter to quarter.

The **Property Services Fund** is also tracking very close to budget with revenue and expense at 77% and 79% respectively. 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.

**Central Stores** has significantly adjusted its accounting method for the product it sells to internal customers, primarily Public Works. This accounts for the precipitous drop in revenues and expenses. Another issue has been identified this year coinciding with the City's implementation of COMPASS; transaction processing has fallen significantly behind resulting in understated customer expenses and inaccurate inventory values. Finance and Public Works are developing a short-term plan to address this issue before year-end.

The **Engineering Materials and Testing Fund** is meeting its revenue and expense budget through third quarter. Projections indicate the fund will meet year-end financial expectations.

**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

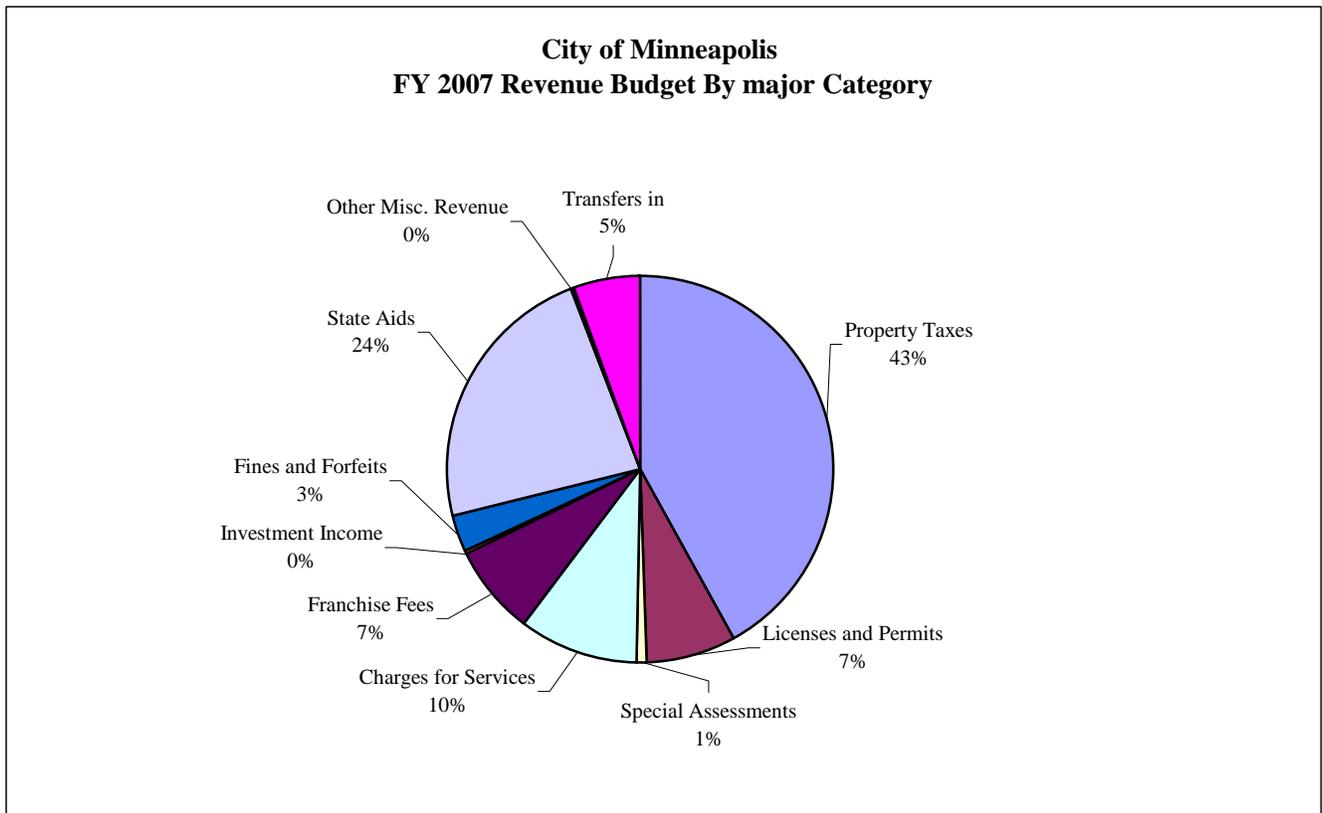
The fund balance for the General Fund at fiscal year-end 2007 was \$55.5 million. Based on the current revenue and expenditure results, we are expecting the fund balance at year-end to be \$ 53.4 million.

The City's practice is to maintain a minimum fund balance of 15% of the following year's revenue budget. Fifteen percent of the 2009 Mayor's recommended revenue budget is \$ 56.1 million.

#### Preliminary 2008 Fund Balance

Fund Balance January 1, 2008	\$ 55.5 million
Re-appropriation of Fund Balance	(2.5) million
2008 Projected Increase in Fund Balance	<u>.4 million</u>
Fund Balance Projected, December 31, 2008	<u>\$ 53.4 million</u>

#### General Fund Revenues:



The five largest revenue sources account for 92% 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 are received in July and December, and are expected to be within estimated amounts.

State aids, the second major source of fund revenue (24%), are received in July, October, and December, and are anticipated to be within estimated amounts

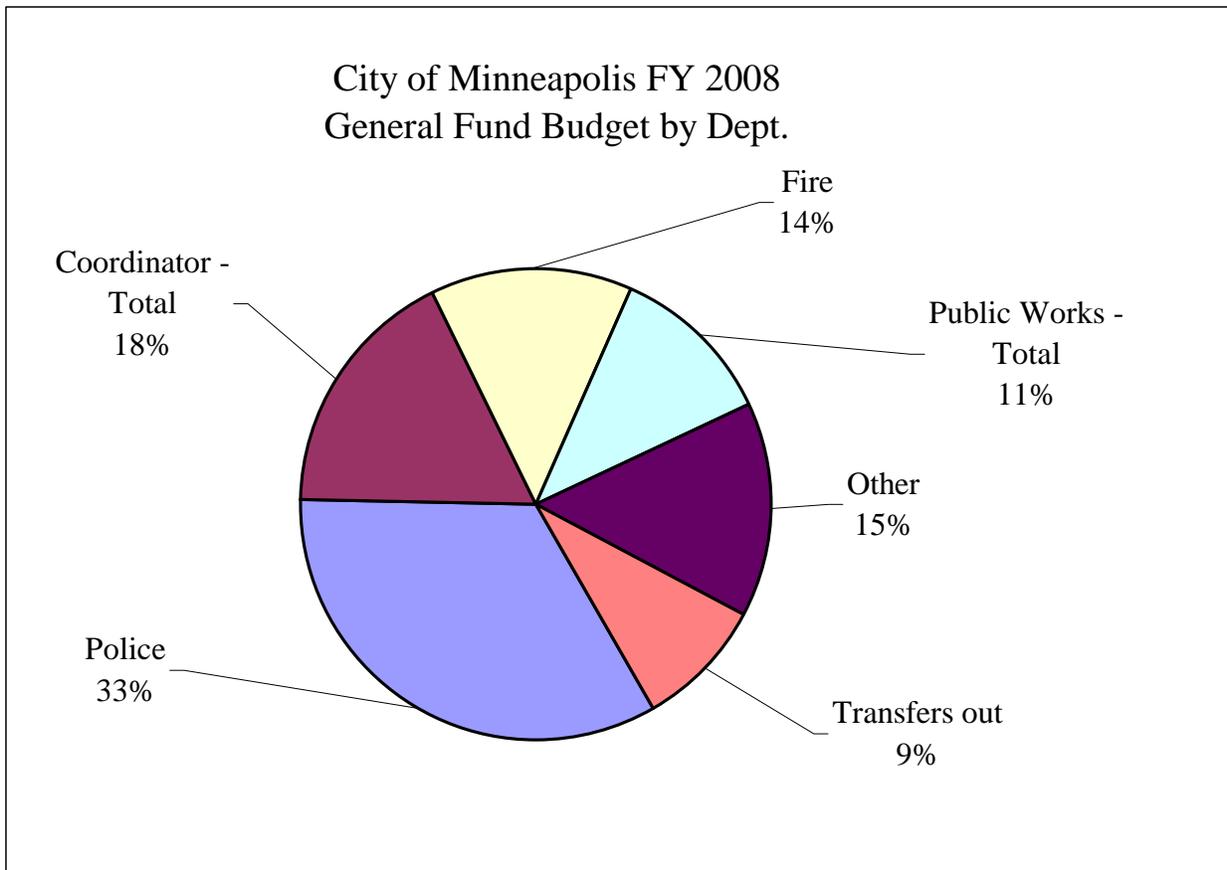
Charges for services, the first major source of fund revenue (10%), are expected to be about \$500,000 over the current estimate of \$36.1 million.

Franchise fees, the fourth major source of revenue (9%), are expected to be about 9%, or \$ 2.4 million, over the current estimate of \$ 27.1 million, primarily due to increased revenue from natural gas franchise fees.

License and permit fees (7% of fund revenue) are expected to be about equal to the current estimate.

Fine and Forfeit revenues are expected to be less than the estimated revenue budget by about 25% (or about \$2.9 million), primarily due to a continued decrease in collections in police department fine revenues. The decrease in revenues is particularly evident in the area of citations issued by traffic enforcement officers.

Transfers in to the General Fund will be \$1.4 million under the budgeted amount. This transfer was to come from the Library Capital Project fund, but there was no remaining fund balance to transfer.



**General Fund Expenditures:**

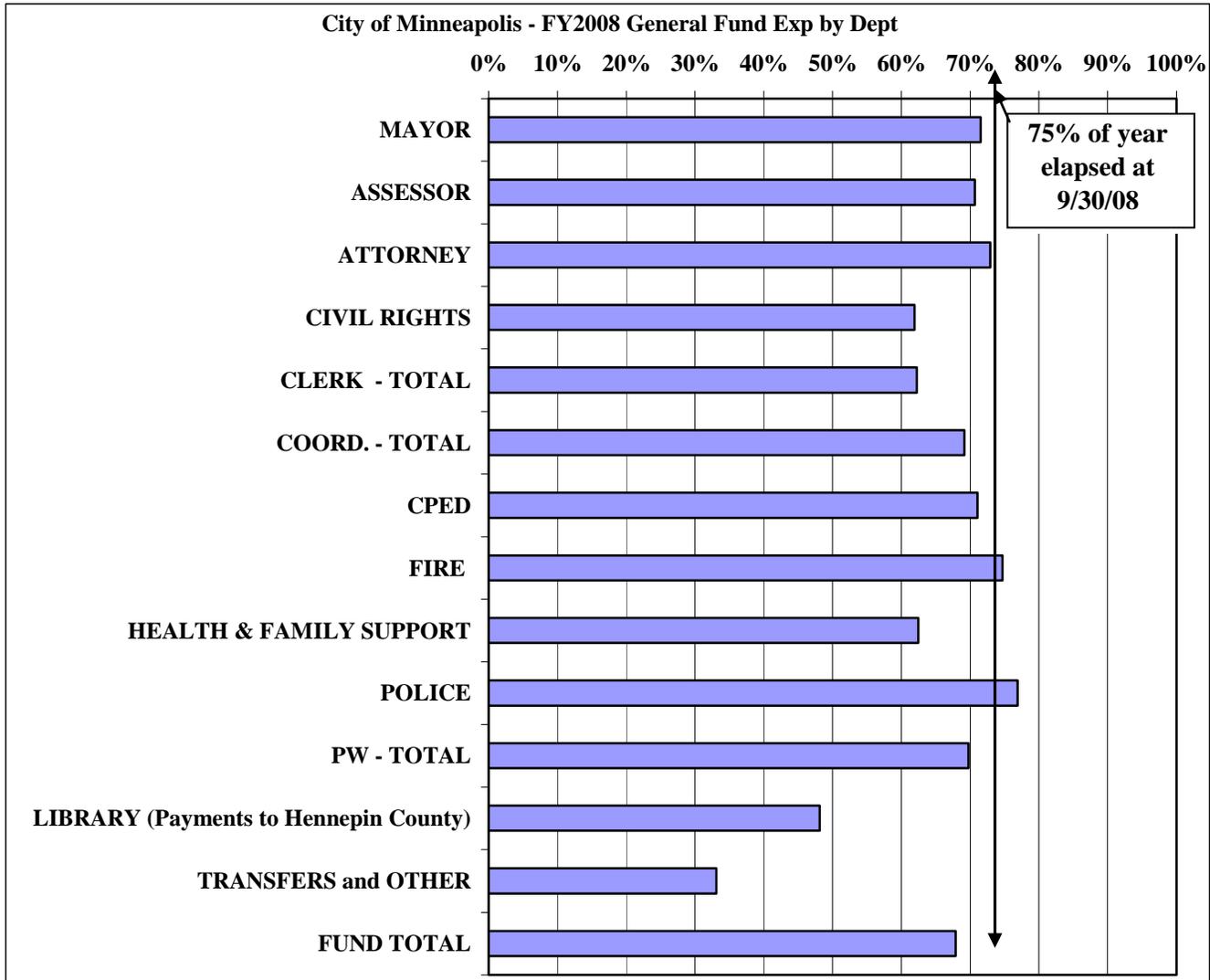
Four departments make up 76% of the total General Fund expenditures: Police, Coordinator, Fire, and Public Works. Small percentage variances in any of these large departments can have a significant effect on the amount of General Fund expenditures.

At the end of September, the Police Department's expenditures incurred to date are about \$94 million (77% of current budget); their projected expenditures could exceed their budget by \$5.1 million. This is primarily due to overtime related to the Republican National Convention and because attrition has not occurred at the anticipated rate. The RNC reimbursement request submitted is over \$6 million and with the reimbursement for the RNC related expenditures, the Police department is projected to be within the budget.

The Fire Department is expecting to exceed their budget by about \$600,000. This is due to back pay for unsettled labor agreements, FALSA, increase in contractual services expenses, and because attrition has not occurred at the anticipated rate.

The projected expenditures of the City Coordinator, and the Public Works Department are expected to be within their budget at the end of the year.

Expenditures for the remaining departments are running below the current budget through the end of the third quarter.



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

**City of Minneapolis  
General Fund  
September 30, 2008**

	Original Budget	Revised Budget	Actual	Variance	
				Original/Actual	Projected YE Actual as Percent of Revised Budget
				Projected YE Totals	
<b>Revenues:</b>					
Property Taxes	152,233,726	152,233,726	76,343,223	152,233,726	100%
State Aids	82,789,646	82,789,646	39,374,671	82,789,646	100%
Charges for Services	36,124,165	36,128,990	27,779,373	36,653,990	101%
Franchise Fees	27,110,000	27,110,000	23,713,917	29,500,000	109%
Licenses and Permits	26,448,598	26,894,298	19,627,124	26,894,298	100%
Fines and Forfeits	11,358,197	11,358,197	6,041,200	8,500,000	75%
Special Assessments	1,752,926	3,252,926	2,571,210	3,252,926	100%
Investment Income	1,202,673	1,202,673	2,069,104	2,070,000	172%
Other Shared Taxes	655,794	655,794	13,043	655,794	100%
Other Miscellaneous	1,035,217	1,095,217	552,103	1,095,217	100%
Contributions	400,000	400,000	83,851	400,000	100%
<b>Total Revenues</b>	<b>341,110,942</b>	<b>343,121,467</b>	<b>198,168,819</b>	<b>344,045,597</b>	<b>101%</b>
Transfers In	19,635,738	19,635,738	14,511,304	18,235,738	93%
<b>Revenues and Other Sources</b>	<b>360,746,680</b>	<b>362,757,205</b>	<b>212,680,123</b>	<b>362,281,335</b>	<b>100%</b>
<b>Expenditures :</b>					
Police	121,247,539	122,532,539	94,216,644	122,532,539	100%
Coordinator - Total	63,297,505	64,937,358	44,923,572	64,937,358	100%
Fire	50,348,533	50,516,533	37,745,454	51,116,533	101%
Public Works - Total	40,180,049	40,950,391	28,566,715	40,950,391	100%
Attorney	7,094,924	7,094,924	5,174,126	7,094,924	100%
Health & Family Support	4,081,000	4,082,000	2,548,669	4,082,000	100%
CPED	3,474,100	3,482,100	2,474,778	3,482,100	100%
City Council & City Clerk	6,822,000	7,025,659	4,371,925	7,025,659	100%
Assessor	3,766,000	3,777,000	2,670,836	3,777,000	100%
Civil Rights	2,492,000	2,934,950	1,816,431	2,934,950	100%
Contingency	2,733,341	1,187,341	15,550	1,187,341	100%
Mayor	1,374,000	1,403,500	1,003,765	1,403,500	100%
Culture and Recreation -Library	22,100,000	22,100,000	10,638,670	22,100,000	100%
<b>Total Expenditures</b>	<b>329,010,991</b>	<b>332,024,295</b>	<b>236,167,134</b>	<b>332,624,295</b>	<b>101%</b>
Transfers Out	31,735,689	31,735,689	10,889,558	31,735,689	100%
<b>Expenditures and Other Uses</b>	<b>360,746,680</b>	<b>363,759,984</b>	<b>247,056,692</b>	<b>364,359,984</b>	<b>101%</b>
<b>Change in Fund Balance</b>	<b>-</b>	<b>(1,002,779)</b>	<b>(34,376,570)</b>	<b>(2,078,649)</b>	
<b>Fund Balance - January 1, 2008</b>				<b>\$ 55,467,000</b>	
<b>Fund Balance - December 31, 2008</b>				<b>\$ 53,388,351</b>	

## **Convention Center Special Revenue Fund Report**

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 Meet Minneapolis.

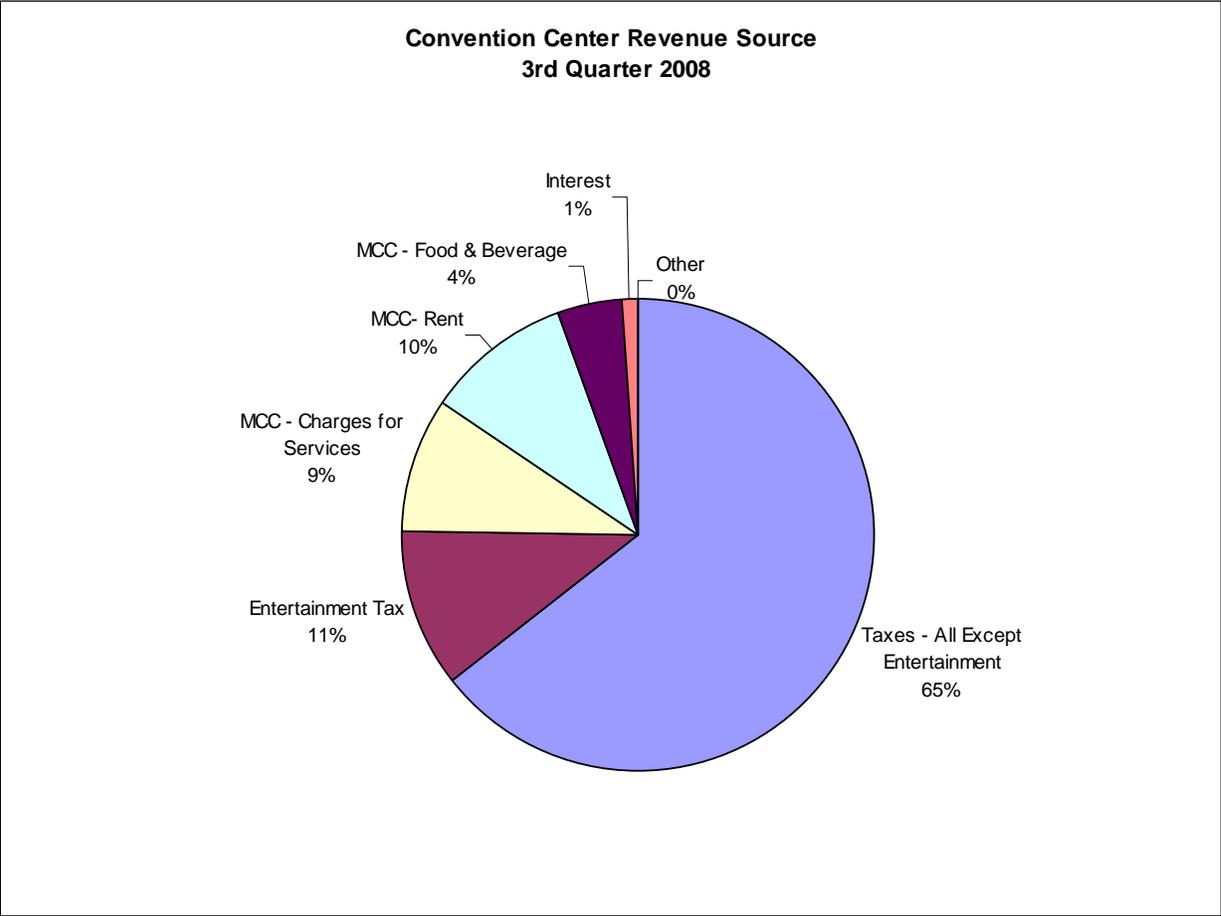
With the exception of entertainment tax, all of the other tax revenue received by the Convention Center is used to support the Convention Center's capital and operating activities. The entertainment tax, established in 1969, is a revenue source for the General Fund to offset additional police and fire department costs associated with citywide entertainment activities. A portion of the tax is redirected to the (Target Center) Arena Reserve Fund to fully credit the fund for entertainment tax proceeds generated from Target Center activities, as required by the (Target Center) Arena finance plan. The entertainment tax is not deposited directly into the General Fund because it is pledged revenue on the outstanding Convention Center bonds in the event other revenue sources pledged to meet the Convention Center debt service are insufficient.

For the quarter ending September 2008, tax proceeds came in above 2007 levels for the same period by 1%. Tax revenue is receipted into the month it is received from the State of Minnesota, and is variable from month to month. Tax revenue is consumer driven and based on consumer spending habits.

<b>Tax</b>	<b>September 2007</b>	<b>September 2008</b>	<b>Variance</b>	<b>% Change</b>
Sales	22,625,343	22,514,044	-111,299	-0.5%
Entertainment	6,389,257	6,128,156	-261,101	-4.1%
Food	6,271,472	6,699,472	428,000	6.8%
Liquor	2,319,817	2,451,641	131,824	5.7%
Lodging	3,725,249	3,997,817	272,568	7.3%
<b>Total</b>	<b>\$41,331,138</b>	<b>\$41,791,130</b>	<b>\$459,992</b>	<b>1.1%</b>

#### **Operating Revenue**

Through the 3rd quarter of 2008, operating revenue has achieved 83% of the 2008 budget. Overall, the Convention Center expects to finish the year approximately \$260,000 under budget even with a strong September due to the RNC, and the successful opening of the Dunn Bros Coffee Shop. The Convention Center did not pick up the sponsorship revenue that was anticipated. In addition, the sharp economic downturn and higher fuel costs have had an impact on attendance, buying habits, and event cancellations that will negatively impact the Convention Center's 2008 Revenue. The Dunn Bros Coffee Shop opened and is exceeding expectations averaging \$45,000 to \$50,000 in monthly revenue. Through a contractual agreement, the Convention Center realizes 20% of the Dunn Bros Coffee Shop revenue.

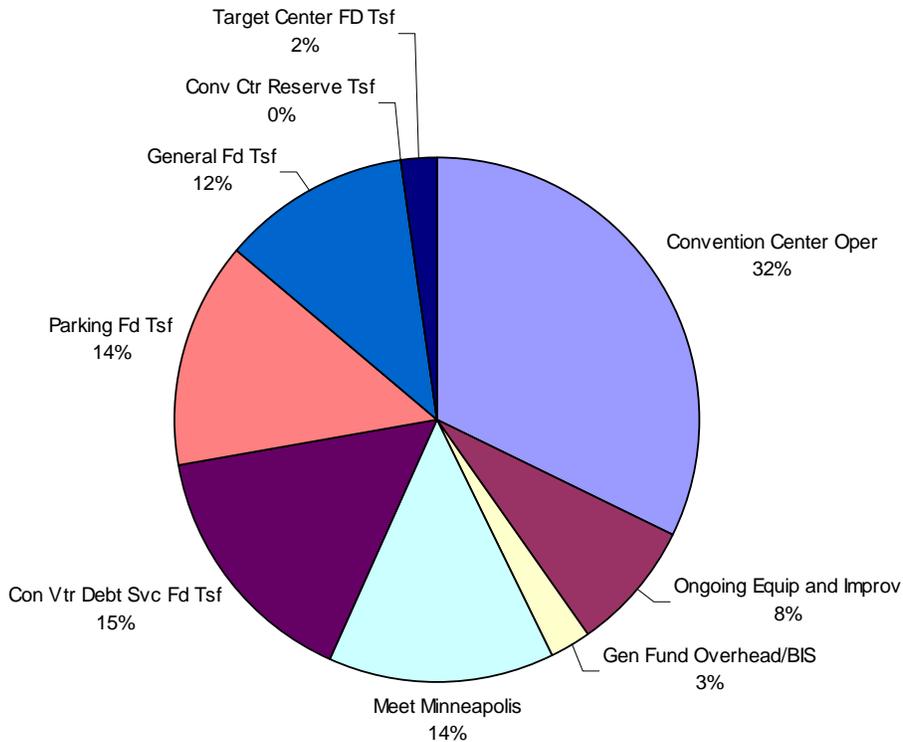


**Operating Expenditures**

Through the third quarter of 2008, Convention Center operating expenses not including ongoing equipment and improvement, BIS, and General Fund Overhead were \$17 million or 66% of budget. During 2008, the Convention Center has numerous capital improvements and additions budgeted. Some of the significant capital items are lobby signage, public space furniture, a radio system and handsets, ballroom carpeting, marquees, monitors and counters, and an auditorium transfer panel.

The Terrazzo floor restoration and repair was the most significant improvement budgeted in 2008. Work is underway and is expected to be nearly completed in 2008. It is anticipated there will be some small floor related repair and maintenance items to complete in 2009, but those are expected to be minimal.

**Convention Center Expenditures & Transfers  
3rd Quarter 2008**



**Transfers**

The Convention Center Fund annually transfers a share of its tax revenue to several other funds. In 2008, transfers are budgeted for the General Fund, the Convention Center Facilities Reserve Fund, the Arena Reserve Fund, the Parking Fund, City Capital, and debt service. Budgeted 2008 transfers include \$1.5 million to the Target Center, \$8.2 million to the General Fund, \$150,000 to the Convention Center Facility Reserve Fund, \$18.7 million to debt service, \$750,000 to City Capital, and nearly \$9.9 million to parking.

**Meet Minneapolis**

In 2004, Meet Minneapolis entered into a \$2.5 million loan agreement with the City for its joint venture Internet Destination Sales System (iDSS). Meet Minneapolis requested that the Council advance an additional \$2.5 million for the project in 2005. In August 2005, the loans were rolled together and a promissory note was issued for \$5 million. The City entered into a 3rd loan agreement for \$5 million for additional iDSS start up capital in April 2006. The three loans were consolidated for a total of \$10 million. The loan draws were capped in May 2007. The consolidated loan will have a 10 year amortization of principle (2008-2017) repaid in full in 2017 at a 5% interest rate. The note repayment for the loan is pledged against assets, future appropriations from the City funding, and profit from the iDSS. The total of the loan is nearly \$9.1 million. Quarterly interest payments began on 03/31/08, and annual principal payments will begin on 12/31/08.

Interest and principal payments will coincide with Meet Minneapolis's quarterly Sales and Marketing payments from the City. Meet Minneapolis's quarterly Sales and Marketing payment from the City of Minneapolis is being reduced by the amount of the interest and principal payments due for that particular period. The iDSS loan is accounted for on the balance sheet as a Loan Receivable and is not reflected as an expenditure line item on the Statement of Revenues, Expenditures, and Changes in Fund Balance Budget to Actual Report.

**Fund Balance**

Based on the current revenue and expenditure trends, the 2008 fund balance is expected to be about \$40.1 million, which is approximately a \$5.8 million decrease from the 2008 beginning fund balance. Although this is a decrease, it is significantly less than what was planned for this year. The increase can be attributed to better than expected tax revenue, better than expected investment income, and lower than expected expenditures; primarily in ongoing equipment and improvement.

CONVENTION CENTER SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the fiscal quarter ending September 30, 2008

CITY OF MINNEAPOLIS, MINNESOTA

	2008		Percent of Total	Year End Projection	2007 Actual
	Budget	Actual			
<b>REVENUE</b>					
Operating Revenue:					
Charges for Services and Sales	6,215,000	5,035,277	81%	6,125,000	5,250,866
Rents and Commissions	6,689,250	5,548,068	83%	6,519,000	6,508,640
Catering Commissions	2,700,000	2,402,950	89%	2,700,000	2,554,579
<b>Total Operating Revenue</b>	<b>15,604,250</b>	<b>12,986,295</b>	<b>83%</b>	<b>15,344,000</b>	<b>14,314,084</b>
Tax Revenue:					
Sales and Use Tax	29,103,000	22,514,044	77%	29,600,000	29,535,001
Entertainment Tax	9,664,000	6,128,156	63%	9,700,000	9,880,036
Food Tax	9,811,000	6,699,472	68%	9,900,000	10,319,180
Liquor Tax	3,826,000	2,451,641	64%	3,826,000	3,757,352
Lodging Tax	5,460,000	3,997,817	73%	5,600,000	6,573,633
<b>Total Tax Revenue</b>	<b>57,864,000</b>	<b>41,791,130</b>	<b>72%</b>	<b>58,626,000</b>	<b>60,065,202</b>
Other Non Operating Revenue:					
Interest	730,000	634,305	87%	1,230,000	1,449,045
Investment Income	20,000	-	0%	20,000	95,298
Meet Minneapolis Private Donations	147,000	147,000	100%	147,000	391,900
Meet Minneapolis (iDSS) Loan Interest	454,000	340,508	75%	454,000	
Other	14,000	8,166	58%	14,000	26,985
<b>Total Other Non Operating Revenue</b>	<b>1,365,000</b>	<b>1,129,979</b>	<b>83%</b>	<b>1,865,000</b>	<b>1,963,228</b>
<b>Total Non Operating Revenue</b>	<b>59,229,000</b>	<b>42,921,109</b>	<b>72%</b>	<b>60,491,000</b>	<b>62,028,431</b>
<b>Total Revenue</b>	<b>74,833,250</b>	<b>55,907,404</b>	<b>75%</b>	<b>75,835,000</b>	<b>76,342,515</b>
<b>EXPENDITURES</b>					
Convention Center Operations	25,679,080	17,041,493	66%	25,666,453	22,735,727
Ongoing Equipment and Improvement	8,872,000	4,163,581	47%	7,150,000	1,008,475
General Fund Overhead/BIS Operating	1,888,547	1,416,410	75%	1,888,547	2,002,759
Human Resources	-	-		-	65,611
Meet Minneapolis	7,683,619	7,343,110	96%	7,684,000	7,872,919
<b>Total Expenditures</b>	<b>44,123,246</b>	<b>29,964,594</b>	<b>68%</b>	<b>42,389,000</b>	<b>33,685,491</b>
Excess of Revenues Over (Under) Expenditures	30,710,004	25,942,810	84%	33,446,000	42,657,024
<b>OTHER FINANCING SOURCES (USES)</b>					
General Fund Transfer	(8,163,738)	(6,122,804)	75%	(8,200,000)	(8,762,231)
Arena Reserve Fund Transfer	(1,500,000)	(1,125,000)	75%	(1,500,000)	(1,117,805)
Convention Center Reserve Fund Transfer	(150,000)	(112,000)	75%	(150,000)	(650,000)
Convention Ctr Debt Service Transfer	(18,796,000)	(8,124,267)	43%	(18,796,000)	(17,538,641)
Other Debt Service Transfer	(68,000)	-	0%	(68,000)	(36,000)
Municipal Parking Enterprise Fund Transfer	(9,832,000)	(7,374,000)	75%	(9,832,000)	(9,856,000)
Transfer to City Capital	(750,000)	(750,000)	100%	(750,000)	
<b>Total Other Financing Sources (Uses)</b>	<b>(39,259,738)</b>	<b>(23,608,071)</b>	<b>60%</b>	<b>(39,296,000)</b>	<b>(37,960,677)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(8,549,734)	2,334,739		(5,850,000)	4,696,348
Fund Balance - January 1	45,917,683	45,917,683		45,917,683	41,221,335
<b>Ending Fund Balance</b>	<b>37,367,949</b>	<b>48,252,421</b>		<b>40,067,683</b>	<b>45,917,683</b>
<b>Ending Cash Balance</b>		<b>49,105,056</b>		<b>NA</b>	<b>27,225,807</b>

**SPECIAL REVENUE FUNDS**  
**Federal, CDBG, and Other State and Local Grants**  
**Quarter Ending September 30, 2008**

The City receives a number of state and federal grants that are recorded in the Federal (01300), Community Development Block Grant (CDBG) (01400), and Grants Other (01600) 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 01400 is a result of the timing of cash flows. This cash will be fully reimbursed when the grant revenue is received.

**Federal Grants Fund (01300)**

The City accounts for its federal grant activity in fund 01300. As of September 30, expenditures were \$10,585,178 as compared to the same period last year expenditures of \$13,798,683. The majority of the decline is due to a \$1,981,624 in expenditures in Emergency Communications. Empowerment Zone program loans receivable totaled \$3,171,852 on September 30, 2008 and this amount was offset by a corresponding amount of deferred revenue. The loans and related deferred revenue are adjusted annually as part of the year end reporting.

**CDBG Fund (01400)**

The Community Development Block Grant (CDBG) is the City's largest single grant and is accounted for in fund 01400 along 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). In 2008 the HOME activities were moved to fund 01500 and the transfer between the two funds has been eliminated resulting in a decline in the total expenditures in fund 01400 and an offsetting increase in fund 01500 of \$2,974,356. The expenditures on September 30, 2008 were \$11,026,558 and \$14,511,457 on September 30, 2007.

In 1990, the Council committed \$7,791,856 of CDBG funds for the redevelopment of Block E. As this commitment was not offset with reductions in other CDBG funded projects, the City over-committed its CDBG Allocation. The City has been able to remain within its cumulative allocation because it continues to receive additional CDBG funding each year. However, should the CDBG funding ever cease, the over commitment of funds will become apparent and other sources will be required to cover the funding shortfall. The City's intent is to reprogram unspent CDBG projects balances from to offset the Block E deficit. Since November 2001, the City Council approved the reprogramming of \$1,624,299. In 2008 in accordance with the reprogramming policy an additional approximate \$950,000 was reprogrammed resulting in a new deficit balance of \$5,171,444.

**Grants Other Fund (01600)**

The fund is used to account for non-federal grants and other restricted revenue sources. There were year to date expenditures of \$8,999,251 and \$9,802,717 on September 30, 2008 and 2007, respectively. Expenditures have declined for CPED and the Department of Health and Family Support and these have been offset somewhat by increases in Regulatory Services. Deferred revenue is primarily comprised of the \$2,800,000 Comcast Cable Settlement and deferred State Recapture Loans.

**Special Revenue Funds**  
**Grant Funds**  
**Quarter Ending September 30, 2008**

	<b>Federal Grants 01300</b>	<b>CDBG Grants 01400</b>	<b>Grants Other 01600</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$1,060,193	(\$466,255)	\$2,554,417	\$3,148,355
Accounts - net	228,966	15,025	556,439	800,430
Intergovernmental Receivables	2,525,417	5,637,929	531,126	8,694,472
Loans receivable-net	3,171,852			3,171,852
Deposits with Fiscal Agents			\$489,577	489,577
Prepaid Expense			(261)	(261)
Due From Other Funds		71,086	3,900,930	3,972,016
<b>Total Assets</b>	<u>\$6,986,428</u>	<u>\$5,257,785</u>	<u>\$8,032,228</u>	<u>\$20,276,441</u>
<b>Liabilities</b>				
Salaries payable	\$106,935	\$54,818	(\$18,764)	\$142,989
Accounts payable	297,908	471,242	344,498	1,113,648
Use Taxes Payable	11,928		1,066	12,994
Due to Other Funds	2,354	5,385,556	56,266	5,444,176
Inter Governmental Payables			21,451	21,451
Deferred revenue & Contracts	6,945,470	236	5,908,092	12,853,798
<b>Total Liabilities</b>	<u>7,364,596</u>	<u>5,911,852</u>	<u>6,312,609</u>	<u>19,589,057</u>
				6,312,609
<b>Fund Balance</b>	<u>(\$378,168)</u>	<u>(\$654,067)</u>	<u>\$1,719,619</u>	<u>\$687,384</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$6,986,428</u>	<u>\$5,257,785</u>	<u>\$8,032,228</u>	<u>\$26,589,050</u>
<b>Revenue</b>				
Taxes-Charitable Gambling			\$12,077	\$12,077
Grants and Shared Revenues	9,926,883	\$9,875,922	7,332,565	27,135,370
Private Contributions			423,867	423,867
Charges for Services	92,055	65,408	2,139,477	2,296,940
Registration Fees			60,811	
Interest	24,848	17,628	1,024	43,500
Development Fees				
Rent & Commissions		1,550		
Loan Recapture	161,277	401,917	(5,110)	558,084
Lands & Buildings				0
Equipment				0
Miscellaneous Revenue	1,950	10,066	20,012	32,028
Transfer within Special Revenue Fund				0
<b>Total Revenue</b>	<u>\$10,207,013</u>	<u>\$10,372,491</u>	<u>9,984,723</u>	<u>\$30,501,866</u>
<b>Expenditures</b>	<u>\$10,585,178</u>	<u>\$11,026,558</u>	<u>\$8,999,251</u>	<u>\$30,610,987</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(\$378,165)</u>	<u>(\$654,067)</u>	<u>\$985,472</u>	<u>(\$109,121)</u>

**CDBG Administrative Analysis**  
**Beginning June 1, 2008**  
**September 30, 2008**

Department	Agy	Project	Revised Budget	Year 34	Year 33	Year 32	Year 31	Year 30	Remaining Grant Budget
<b>Administrative Grants:</b>									
Non-Departmental	123	MPH Citizen Participation	\$ 68,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,000
Non-Departmental	123	YCB Administration	65,000	-	-	-	-	-	65,000
Civil Rights	300	Civil Rights Dept Fair Housing	196,000	-	-	-	-	-	196,000
Grants & Special Projects	800	Homeless Initiative	-	-	-	66,435	-	-	(66,435)
Grants & Special Projects	800	Grants & Special Projects	235,000	-	101,071	-	-	-	133,929
Grants & Special Projects	800	Housing Discrimination Law Project-Legal Aid	54,600	-	23,698	-	-	-	30,902
Finance	820	Finance Administration	196,000	-	49,218	144,818	-	-	1,964
Health & Family Support	860	Grant Administration	67,972	29,871	25,710	-	-	-	12,391
Health & Family Support	860	Legal Aid Society	33,500	2,783	29,166	-	-	-	1,551
Health & Family Support	860	Neighborhood Services	71,800	8,833	60,638	-	-	-	2,329
Health & Family Support	860	Way to Grow Administration	25,800	6,450	12,186	-	-	-	7,164
Health & Family Support	860	YCB Youth Violence Prevention	120,000	22,720	-	-	-	-	97,280
CPED	890	Citizen Participation	233,000	-	184,550	11,307	-	-	37,143
CPED	890	Program Admin	62,000	-	-	-	-	-	62,000
CPED	890	Planning - Administration	878,000	233,102	463,910	-	-	-	180,988
Subtotal Administrative Grants			\$ 2,306,672	\$ 303,759	\$ 950,147	\$ 222,560	\$ -	\$ -	\$ 830,207

Source : GP01 Compass Report 12/31/07 - 9/30/08 run date 10/15/08

**CDBG Program Year 34  
Beginning June 1, 2008  
September 30, 2008**

Department	Agy	Project	Budget	Program Income	Revised Budget	2008		Remaining Grant Budget
						2008 Expenditures	Grant to Date Expenditures	
<b>Capital Grants:</b>								
Non-Departmental	123	General Housing Rehabilitation-MPHA	\$ 218,000	\$ -	\$ 218,000	\$ -	\$ -	\$ 218,000
City Attorney	140	Problem Properties Attorneys	37,000	-	37,000	-	-	37,000
Police	400	Problem Properties Police	52,000	-	52,000	-	-	52,000
Regulatory Services	835	Lead Reduction	125,000	-	125,000	7,322	7,322	117,678
Regulatory Services	835	Problem Properties Board Bldg	350,000	-	350,000	-	-	350,000
Health & Family Support	860	Childcare Facilities Loan/Grant	224,000	-	224,000	-	-	224,000
CPED	890	Adult Training, Placement and Retention	1,380,000	-	1,380,000	114,782	114,782	1,265,218
CPED	890	High density corridor housing	729,000	-	729,000	-	-	729,000
CPED	890	NonProfit MF Rental Development Assistance	165,000	-	165,000	-	-	165,000
CPED	890	Homeownership Program (GMMHC)	319,000	-	319,000	-	-	319,000
CPED	890	Industry Cluster Program (Living Wage Jobs)	65,100	-	65,100	2,400	2,400	62,700
CPED	890	Multi-Family/Affordable Housing	4,270,000	-	4,270,000	-	-	4,270,000
CPED	890	NEDF/CEDF	518,000	-	518,000	-	-	518,000
CPED	890	Vacant & Boarded Housing	569,000	-	569,000	-	-	569,000
		Subtotal Capital Grants	9,021,100	-	9,021,100	124,504	124,504	8,896,596
<b>Public Service Grants:</b>								
Civil Rights	300	Multi Cultural & Native American Indian	\$ 119,000	\$ -	\$ 119,000	\$ -	\$ -	\$ 119,000
Public Works	607	Graffiti Removal on Public Property	86,200	-	86,200	-	-	86,200
Health & Family Support	860	Advocacy (Housing)	82,300	-	82,300	61,671	61,671	20,629
Health & Family Support	860	Asian Media Access	26,800	-	26,800	-	-	26,800
Health & Family Support	860	Living at Home Block Nurse Program	64,100	-	64,100	1,449	1,449	62,651
Health & Family Support	860	Child Dental Services	10,500	-	10,500	-	-	10,500
Health & Family Support	860	Curfew/Truancy Center	98,000	-	98,000	13,858	13,858	84,142
Health & Family Support	860	Domestic Abuse Project	34,500	-	34,500	-	-	34,500
Health & Family Support	860	Resource Inc, Employment Action Center	44,000	-	44,000	5,578	5,578	38,422
Health & Family Support	860	Fremont Community Health Services	44,000	-	44,000	-	-	44,000
Health & Family Support	860	Greater Minneapolis Council of Churches	44,000	-	44,000	300	300	43,700
Health & Family Support	860	Lao Assistance Center of MN	48,800	-	48,800	-	-	48,800
Health & Family Support	860	MIGIZI Communications	42,100	-	42,100	-	-	42,100
Health & Family Support	860	MPS Teenage Parenting & Pregnancy Program	65,100	-	65,100	-	-	65,100
Health & Family Support	860	Minneapolis Urban League	64,100	-	64,100	10,182	10,182	53,918
Health & Family Support	860	St Marys Health Clinics	18,200	-	18,200	-	-	18,200
Health & Family Support	860	St Stephens Human Services	44,000	-	44,000	-	-	44,000
Health & Family Support	860	Southside Family Nurturing Center	44,000	-	44,000	-	-	44,000
Health & Family Support	860	Way to Grow	261,000	-	261,000	70,271	70,271	190,729
Public Works	860	Youth are Here Busses	71,800	-	71,800	-	-	71,800
CPED	890	Mortgage Foreclosure Prevention Program	196,000	-	196,000	147,085	147,085	48,915
CPED	890	Youth Employment & Training	48,000	-	48,000	3,731	3,731	44,269
CPED	890	Youth Employment & Training	28,000	-	28,000	-	-	28,000
CPED	890	Youth Employment & Training	136,000	-	136,000	-	-	136,000
CPED	890	Youth Employment & Training	245,000	-	245,000	-	-	245,000
		Subtotal Public Service Grants	\$ 1,965,500	\$ -	\$ 1,965,500	\$ 314,126	\$ 314,126	\$ 1,651,374
<b>Administrative Grants:</b>								
Non-Departmental	123	MPH Citizen Participation	\$ 68,000	\$ -	\$ 68,000	\$ -	\$ -	\$ 68,000
Non-Departmental	123	YCB Administration	65,000	-	65,000	-	-	65,000
Civil Rights	300	Civil Rights Dept Fair Housing	196,000	-	196,000	-	-	196,000
Grants & Special Projects	800	Homeless Initiative	-	-	-	-	-	-
Grants & Special Projects	800	Grants & Special Projects	235,000	-	235,000	-	-	235,000
Grants & Special Projects	800	Housing Discrimination Law Project-Legal Aid	54,600	-	54,600	-	-	54,600
Finance	820	Finance Administration	196,000	-	196,000	-	-	196,000
Health & Family Support	860	Grant Administration	67,972	-	67,972	29,871	29,871	38,101
Health & Family Support	860	Legal Aid Society	33,500	-	33,500	2,783	2,783	30,717
Health & Family Support	860	Neighborhood Services	71,800	-	71,800	8,833	8,833	62,967
Health & Family Support	860	Way to Grow Administration	25,800	-	25,800	6,450	6,450	19,350
Health & Family Support	860	YCB Youth Violence Prevention	120,000	-	120,000	22,720	22,720	97,280
CPED	890	Citizen Participation	233,000	-	233,000	-	-	233,000
CPED	890	Program Admin	62,000	-	62,000	-	-	62,000
CPED	890	Planning - Administration	878,000	-	878,000	233,102	233,102	644,898
		Subtotal Administrative Grants	\$ 2,306,672	\$ -	\$ 2,306,672	\$ 303,759	\$ 303,759	\$ 2,002,913
		<b>GRAND TOTAL</b>	<b>\$ 13,293,272</b>	<b>\$ -</b>	<b>\$ 13,293,272</b>	<b>\$ 742,388</b>	<b>\$ 742,388</b>	<b>\$ 12,550,884</b>

**CDBG Program Year 33  
Beginning June 1, 2007  
September 30, 2008**

Department	Agy	Project	Budget	Program Income	Council Action 2008R-060	Revised Budget	2008		Remaining Grant Budget
							2008 Expenditures	Grant to Date Expenditures	
<b>Capital Grants:</b>									
CPED	890	Adult Training, Placement and Retention	844,000			844,000	451,354	638,863	205,137
CPED	890	High density corridor housing	801,000			801,000	-	-	801,000
CPED	890	Homeownership Program (GMMHC)	350,500			350,500	-	-	350,500
CPED	890	Industry Cluster Program (Living Wage Jobs)	71,900			71,900	5,200	5,200	66,700
CPED	890	Multi-Family/Affordable Housing	4,388,000			4,388,000	-	-	4,388,000
CPED	890	NEDF/CEDF	1,167,000			1,167,000	-	-	1,167,000
CPED	890	NonProfit MF Rental Development Assistance	180,700			180,700	-	-	180,700
CPED	890	Vacant & Boarded Housing	625,000			625,000	2,190,703	2,550,854	(1,925,854)
Health & Family Support	860	Childcare Facilities Loan/Grant	233,700			233,700	-	-	233,700
Regulatory Services	835	Lead Reduction	130,800			130,800	38,103	129,387	1,413
Regulatory Services	835	Problem Properties Board Bldg	346,240	187,500	15,965	549,705	233,502	241,114	308,591
Police	400	Problem Properties Police	53,880			53,880	1,012	1,012	52,868
Fire	280	Problem Properties Fire	15,965		(15,965)	0	-	-	-
City Attorney	140	Problem Properties Attorneys	38,915			38,915	17,286	20,618	18,297
Non-Departmental	123	General Housing Rehabilitation-MPHA	227,700			227,700	-	-	227,700
		Subtotal Capital Grants	<u>9,475,300</u>	<u>187,500</u>	<u>0</u>	<u>9,662,800</u>	<u>2,937,160</u>	<u>3,587,047</u>	<u>6,075,753</u>
<b>Public Service Grants:</b>									
CPED	890	Mortgage Foreclosure Prevention Program	204,700	100,000		304,700	100,000	400,000	(95,300)
CPED	890	Youth Employment & Training	476,133			476,133	105,493	159,473	316,660
Health & Family Support	860	Advocacy (Housing)	92,600			92,600	12,664	92,600	-
Health & Family Support	860	Asian Media Access	30,000			30,000	27,150	30,000	-
Health & Family Support	860	Cardondelet Life Care	21,000			21,000	11,496	21,000	-
Health & Family Support	860	Child Dental Services	11,000			11,000	-	9,427	1,573
Health & Family Support	860	Curfew/Trauncy Center	98,000			98,000	-	98,000	-
Health & Family Support	860	Domestic Abuse Project	40,000			40,000	-	-	40,000
Health & Family Support	860	Fremont Community Health Services	50,000			50,000	8,609	36,647	13,353
Health & Family Support	860	Greater Minneapolis Council of Churches	50,000			50,000	15,652	49,700	300
Health & Family Support	860	Lao Assistance Center of MN	55,000			55,000	33,000	55,000	-
Health & Family Support	860	Living at Home Block Nurse Program	75,000			75,000	47,417	74,960	40
Health & Family Support	860	MIGIZI Communications	48,000			48,000	30,909	48,000	-
Health & Family Support	860	Minneapolis Urban League	75,000			75,000	35,173	75,000	-
Health & Family Support	860	MPS Teenage Parenting & Pregnancy Program	76,000			76,000	36,499	41,367	34,633
Health & Family Support	860	Resource Inc. Employment Action Center	50,000			50,000	25,705	49,999	1
Health & Family Support	860	Southside Family Nurturing Center	50,000			50,000	20,006	35,003	14,997
Health & Family Support	860	St Stephens Human Services	50,000			50,000	32,676	50,000	-
Health & Family Support	860	Way to Grow	296,000			296,000	111,254	296,000	-
Public Works	607	Graffiti Removal on Public Property	91,400			91,400	-	79,622	11,778
Civil Rights	300	Multi Cultural & Native American Indian	132,800			132,800	-	2,948	129,852
		Subtotal Public Service Grants	<u>2,072,633</u>	<u>100,000</u>	<u>0</u>	<u>2,172,633</u>	<u>653,703</u>	<u>1,704,746</u>	<u>467,887</u>
<b>Administrative Grants:</b>									
CPED	890	Citizen Participation	242,700			242,700	184,550	207,850	34,850
CPED	890	Planning - Administration	878,000			878,000	463,910	878,000	-
CPED	890	Program Admin	103,000			103,000	-	35,943	67,057
Health & Family Support	860	Grant Administration	71,900			71,900	25,710	71,900	-
Health & Family Support	860	Legal Aid Society	35,000			35,000	29,166	49,583	(14,583)
Health & Family Support	860	Neighborhood Services	74,900			74,900	60,638	60,638	14,262
Health & Family Support	860	Way to Grow Administration	27,000			27,000	12,186	27,000	-
Finance	820	Finance Administration	205,000			205,000	49,218	49,218	155,782
Grants & Special Projects	800	Grants & Special Projects	244,900			244,900	101,071	208,777	36,123
Grants & Special Projects	800	Housing Discrimination Law Project-Legal Aid	56,900			56,900	23,698	42,675	14,225
Civil Rights	300	Civil Rights Dept Fair Housing	205,000			205,000	-	-	205,000
Non-Departmental	123	MPH Citizen Participation	70,900			70,900	-	-	70,900
Non-Departmental	123	YCB Administration	64,900			64,900	-	64,803	97
		Subtotal Administrative Grants	<u>2,280,100</u>	<u>-</u>	<u>-</u>	<u>2,280,100</u>	<u>950,147</u>	<u>1,696,387</u>	<u>2,280,100</u>
	123	Block E Deficit Reduction	0			-	-	-	0
		<b>GRAND TOTAL</b>	<u>\$ 13,828,033</u>	<u>\$ 287,500</u>	<u>\$ -</u>	<u>\$ 14,115,533</u>	<u>4,541,010</u>	<u>6,988,180</u>	<u>\$ 8,823,740</u>

<sup>1</sup> Departments with over expended amounts have been notified and the expenditures will be adjusted to correct the overage in future reports  
Source : GP01 Compass Report 12/31/07 - 9/30/08 run date 10/15/08

**CDBG Program Year 32**  
**Beginning June 1, 2006**  
**September 30, 2008**

Department	Agy	Project	Adopted Budget	Council Action 2006R-093	Adjustments & Program Income <sup>1</sup>	Council Action 2008R-060	2008			
							Revised Budget	2008 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>										
CPED	890	Adult Training, Placement and Retention	\$ 580,000	\$ (32,500)			547,500	\$ -	\$ 547,500	\$ -
CPED	890	High density corridor housing	1,000,000	(56,100)			943,900	717,650	719,250	224,650
CPED	890	Homeownership Program (GMMHC)	437,000	(24,600)			412,400	-	-	412,400
CPED	890	Industry Cluster Program (Living Wage Jobs)	90,000	(5,050)			84,950	14,098	69,619	15,331
CPED	890	Multi-Family/Affordable Housing	4,999,000	(299,000)			4,700,000	2,087,606	3,458,111	1,241,889
CPED	890	NEDF/CEDF	136,000	(7,630)			128,370	16,111	16,111	112,259
CPED	890	NonProfit MF Rental Development Assistance	226,000	(12,679)			213,321	90,000	120,000	93,321
CPED	890	Vacant & Boarded Housing <sup>3</sup>	1,154,000	(64,725)	2,000,000 <sup>2</sup>		3,089,275	-	2,351,363	737,912
Health & Family Support	860	Childcare Facilities Loan/Grant	292,000	(16,381)	(127,427)		148,192	2,150	2,150	146,042
Regulatory Services	835	Lead Reduction	163,000	(9,144)			153,856	-	153,856	-
Regulatory Services	835	Vacant & Boarded Housing-249 List <sup>3</sup>	-	-	-		-	-	-	-
Regulatory Services	835	Problem Properties Board Bldg	54,900	0		18,300	73,200	-	54,900	18,300
Police	400	Problem Properties Police	64,050	0			64,050	-	-	64,050
Fire	280	Problem Properties Fire	18,300	0		(18,300)	0	-	-	-
City Attorney	140	Problem Properties Attorneys	45,750	0			45,750	2,189	45,750	-
Non-Departmental	123	General Housing Rehabilitation-MPHA	282,000	(15,820)			266,180	103,753	292,868	(26,688)
		Subtotal Capital Grants	<u>9,542,000</u>	<u>(543,629)</u>	<u>1,872,573</u>	<u>0</u>	<u>10,870,944</u>	<u>3,033,557</u>	<u>7,831,477</u>	<u>3,039,467</u>
<b>Public Service Grants:</b>										
CPED	890	Mortgage Foreclosure Prevention Program	218,000	(13,000)	44,224 <sup>1</sup>		249,224	-	249,224	-
CPED	890	Youth Employment & Training	506,000	(29,000)			477,000	-	477,000	-
Health & Family Support	860	Advocacy (Housing)	100,000	(5,610)	20,422		114,812	15,345	109,735	5,077
Health & Family Support	860	Block Nurse Program	62,000	(3,478)	(2,315)		56,207	-	56,207	-
Health & Family Support	860	Minneapolis Urban League	24,000	(1,346)	(336)		22,318	-	22,318	-
Health & Family Support	860	Curfew/Truancy Center	98,000	0			98,000	-	98,000	-
Health & Family Support	860	Early Childhood School Rediness	19,000	(1,066)			17,934	-	17,934	-
Health & Family Support	860	GMDCA Child Care	135,000	(7,573)	0		127,427	-	-	127,427
Health & Family Support	860	Lao Advancement Organization of America	47,000	(2,637)			44,363	-	44,363	-
Health & Family Support	860	Minneapolis Medical Research Foundation	43,000	(2,412)	(9,987)		30,601	-	30,601	(0)
Health & Family Support	860	MPS Teenage Parenting & Pregnancy Program	80,000	(4,488)			75,512	-	75,512	-
Health & Family Support	860	Native American Community Clinic	26,000	(1,459)	(1)		24,540	-	24,540	-
Health & Family Support	860	MELD	38,000	(2,132)	(6,276)		29,592	-	29,592	-
Health & Family Support	860	Child Dental Services	10,000	(561)			9,439	-	9,439	-
Health & Family Support	860	Cardondelet Life Care	71,000	(3,983)			67,017	-	67,017	-
Health & Family Support	860	New American Community Services	47,000	(2,637)	(65)		44,298	(51)	44,298	(0)
Health & Family Support	860	Southside Community Health Services	47,000	(2,637)			44,363	-	44,363	-
Health & Family Support	860	Westside Community Health Services	38,000	(2,132)	(2,928)		32,940	-	32,940	0
Health & Family Support	860	YWCA Day Care Scholarships	28,000	(1,571)			26,429	-	26,429	-
Health & Family Support	860	Neighborhood Healthcare Services	135,000	(7,573)			127,427	-	127,427	-
Health & Family Support	860	Little Earth Residents Association	33,000	(1,851)			31,149	-	31,149	-
Health & Family Support	860	Way to Grow	296,000				296,000	-	296,000	-
Health & Family Support	860	Cardondelet Life Care yr33	0	0	2,800		2,800	-	-	2,800
Health & Family Support	860	Child Dental Services yr33	0	0	500		500	-	-	500
Health & Family Support	860	Fremont CHS yr33	0	0	6,000		6,000	-	-	6,000
Health & Family Support	860	GMCC Division of Indian Works yr33	0	0	6,000		6,000	-	-	6,000
Health & Family Support	860	Migizi Communications yr33	0	0	5,900		5,900	-	-	5,900
Health & Family Support	860	Minneapolis Teenage Pregnancy yr33	0	0	10,900		10,900	-	-	10,900
Health & Family Support	860	Minneapolis Urban League yr33	0	0	10,900		10,900	-	-	10,900
Health & Family Support	860	Resource Inc yr33	0	0	6,000		6,000	-	-	6,000
Health & Family Support	860	Senior Block Nurse yr33	0	0	10,900		10,900	-	-	10,900
Health & Family Support	860	Southside Community Health Services yr33	0	0	6,000		6,000	-	-	6,000
Health & Family Support	860	St. Stephens Yr33	0	0	6,000		6,000	-	-	6,000
Health & Family Support	860	Neighborhood Healthcare Services	0	0	57,012		57,012	-	-	57,012
Public Works	607	Graffiti Removal on Public Property	97,000	(5,500)			91,500	-	91,500	-
Civil Rights	300	Multi Cultural & Native American Indian	165,300	(9,320)	(66)		155,914	-	155,914	0
		Subtotal Public Service Grants	<u>2,363,300</u>	<u>(111,966)</u>	<u>171,584</u>	<u>0</u>	<u>2,422,918</u>	<u>15,294</u>	<u>2,161,502</u>	<u>261,416</u>
<b>Administrative Grants:</b>										
CPED	890	Citizen Participation	303,000	(17,000)			286,000	11,307	286,857	(857)
CPED	890	Planning - Administration	1,146,800	(105,907)			1,040,893	-	1,040,893	-
CPED	890	Program Admin	8,900	41,100			50,000	-	50,000	-
Health & Family Support	860	Grant Administration	90,000	(5,005)			84,995	-	84,995	-
Health & Family Support	860	Legal Aid Society	44,000	(2,903)			41,097	-	41,097	-
Health & Family Support	860	Neighborhood Services	94,000	(5,269)			88,731	-	88,731	-
Health & Family Support	860	Way to Grow Administration	34,000	(2,244)			31,756	-	31,756	-
Finance	820	Finance Administration	255,000	(14,025)			240,975	144,818	246,863	(5,888)
Grants & Special Projects	800	Grants & Special Projects	206,000	(17,335)			188,665	-	188,665	-
Grants & Special Projects	800	Homeless Initiative	100,000				100,000	66,435	110,662	(10,662)
Grants & Special Projects	800	Housing Discrimination Law Project-Legal Aid	71,000	(3,751)			67,249	-	67,249	-
Grants & Special Projects	800	Metro Fair Housing-Multi Jurisdictional	16,000	(16,000)			0	-	-	-
Civil Rights	300	Civil Rights Dept Fair Housing	255,000	(14,025)			240,975	-	106,816	134,159
Non-Departmental	123	Administration YCB	57,000	0			57,000	-	57,000	-
Non-Departmental	123	Citizen Participation MPHA	88,000	(4,895)			83,105	-	29,314	53,791
		Subtotal Administrative Grants	<u>2,768,700</u>	<u>(167,259)</u>	<u>0</u>	<u>0</u>	<u>2,601,441</u>	<u>222,560</u>	<u>2,430,898</u>	<u>170,543</u>
	123	Block E Deficit Reduction	0	0	0		0	0	0	0
		<b>GRAND TOTAL</b>	<u>\$ 14,674,000</u>	<u>\$ (822,854)</u>	<u>\$ 2,044,157</u>	<u>\$ -</u>	<u>\$ 15,895,303</u>	<u>\$ 3,271,412</u>	<u>\$ 12,423,877</u>	<u>\$ 3,471,426</u>

<sup>1</sup> Council Action 2006R-146

<sup>2</sup> Council Action 2006R-355

<sup>3</sup> Council Action 2006R-356, 2006R-047 authorized and later rescinded Agency 835 \$125,000 249 List program spending that was to be funded from reduction in Agency 890 Boarded Building spending.

<sup>4</sup> Departments with over expended amounts have been notified and the expenditures will be adjusted to correct the overage in future reports

Source : GP01 Compass Report 12/31/07 - 9/30/08 run date 10/15/08

**CDBG Program Year 31  
Beginning June 1, 2005  
September 30, 2008**

Department	Agy	Project	Adopted Budget	Council Agency Actions	Revised Budget	2008		Remaining Grant Budget
						2008 Expenditures	Grant to Date Expenditures	
<b>Capital Grants:</b>								
CPED	890	Adult Training, Placement and Retention	\$ 610,878		\$ 610,878	\$ -	\$ 610,878	\$ -
CPED	890	High density corridor housing	953,008		953,008	100,555	1,014,548	(61,540)
CPED	890	Homeownership Program (GMMHC)	439,174		439,174	-	-	439,174
CPED	890	Industry Cluster Program (Living Wage Jobs)	94,348		94,348	-	94,348	0
CPED	890	Multi-Family/Affordable Housing	4,898,461		4,898,461	283,671	4,889,434	9,027
CPED	890	NEDF/CEDF	142,951		142,951	15,275	15,275	127,676
CPED	890	NonProfit MF Rental Development Assistance	238,252		238,252	114,527	200,000	38,252
CPED	890	Residential Loan/Grant	571,805		571,805	204,366	422,179	149,626
CPED	890	Vacant & Boarded Housing	1,200,000		1,200,000	-	1,201,330	(1,330) <sup>4</sup>
Health & Family Support	860	Childcare Facilities Loan/Grant	306,869		306,869	16,732	40,176	266,693
Regulatory Services	835	Lead Reduction	171,541		171,541	-	171,541	0
Regulatory Services	835	Problem Properties Board Bldg	49,557	23,825 <sup>1</sup>	73,382	-	44,966	28,416
Police	400	Problem Properties Police	71,476		71,476	-	30,246	41,230
Fire	280	Problem Properties Fire	23,825	(23,825) <sup>1</sup>	0	-	-	0
City Attorney	140	Problem Properties Attorneys	47,650		47,650	-	47,650	0
Non-Departmental	123	General Housing Rehabilitation-MPHA	297,338		297,338	-	297,338	0
		Subtotal Capital Grants	<u>10,117,133</u>	<u>0</u>	<u>10,117,133</u>	<u>735,127</u>	<u>9,079,910</u>	<u>1,037,223</u>
<b>Public Service Grants:</b>								
CPED	890	Mortgage Foreclosure Prevention Program	238,252		238,252	-	238,252	0
CPED	890	Youth Employment & Training	541,309		541,309	-	541,309	0
Health & Family Support	860	Advocacy (Housing)	104,831		104,831	-	104,831	0
Health & Family Support	860	Block Nurse Program	66,000		66,000	-	66,000	0
Health & Family Support	860	Child Dental Services	11,000		11,000	-	11,000	0
Health & Family Support	860	Curfew/Truancy Center	99,113		99,113	-	99,113	0
Health & Family Support	860	Early Childhood School Rediness	90,412	(15,247) <sup>2</sup>	75,165	-	75,165	0
Health & Family Support	860	GMDCA Child Care	142,500	14,568 <sup>2</sup>	157,068	-	157,068	0
Health & Family Support	860	HIV/AIDS	45,000	(1,939) <sup>2</sup>	43,061	-	43,061	0
Health & Family Support	860	Lao Advancement Organization of America	50,000	(41) <sup>2</sup>	49,959	-	49,959	(0)
Health & Family Support	860	Minneapolis Community Clinics	335,561	5,455 <sup>2</sup>	341,016	-	341,016	0
Health & Family Support	860	MPS Teenage Parenting & Pregnancy Program	85,000		85,000	-	85,000	0
Health & Family Support	860	MUL-Mental Health	25,000	(2,623) <sup>2</sup>	22,377	-	22,377	0
Health & Family Support	860	New American Community Services	50,000	(173) <sup>2</sup>	49,827	-	49,827	0
Health & Family Support	860	School Success Programs	35,000		35,000	-	35,000	0
Health & Family Support	860	Way to Grow	295,432		295,432	-	295,432	0
Public Works	607	Graffiti Removal on Public Property	101,972		101,972	-	101,972	0
Civil Rights	300	Multi Cultural & Native American Indian	166,776		166,776	-	166,776	0
		Subtotal Public Service Grants	<u>2,483,158</u>	<u>(0)</u>	<u>2,483,158</u>	<u>0</u>	<u>2,483,158</u>	<u>(0)</u>
<b>Administrative Grants:</b>								
CPED	890	Citizen Participation	328,788		328,788	-	314,253	14,535
CPED	890	Planning - Administration	1,230,400		1,230,400	-	963,913	266,487
CPED	890	Program Admin	13,657		13,657	-	13,657	0
Health & Family Support	860	Grant Administration	95,301		95,301	-	95,301	0
Health & Family Support	860	Legal Aid Society	46,697		46,697	-	46,697	0
Health & Family Support	860	Neighborhood Services	101,972	(54,989) <sup>3</sup>	46,983	-	46,983	0
Health & Family Support	860	Way to Grow Administration	34,308		34,308	-	34,308	0
Finance	820	Finance Administration	271,607	(22,193) <sup>3</sup>	249,414	-	249,414	0
Grants & Special Projects	800	Grants & Special Projects	219,192	(46,005) <sup>3</sup>	173,187	-	173,187	0
Grants & Special Projects	800	Housing Discrimination Law Project-Legal Aid	76,241		76,241	-	76,241	0
Grants & Special Projects	800	Metro Fair Housing-Multi Jurisdictional	17,154		17,154	-	-	17,154
Civil Rights	300	Fair Housing Initiative/Davis Bacon Compliance	257,312		257,312	-	256,788	524
Non-Departmental	123	Administration YCB	56,227		56,227	-	56,227	0
Non-Departmental	123	Citizen Participation MPHA	93,395		93,395	-	53,395	40,000
		Subtotal Administrative Grants	<u>2,842,251</u>	<u>(123,187)</u>	<u>2,719,064</u>	<u>0</u>	<u>2,380,365</u>	<u>338,700</u>
	123	Block E Deficit Reduction	0	123,187 <sup>3</sup>	123,187	0	-	123,187
		<b>GRAND TOTAL</b>	<u>\$ 15,442,542</u>	<u>\$ (0)</u>	<u>\$ 15,442,542</u>	<u>\$ 735,127</u>	<u>\$ 13,943,432</u>	<u>\$ 1,499,110</u>

<sup>1</sup> Council Action 2007R-266

<sup>2</sup> Agency Change in CDBG Program Funding

<sup>3</sup> 2005R-618 Council Action Reprograming CDBG funds for Block E Reduction.

<sup>4</sup> Includes offsetting credit recorded in fund FBG0

**CDBG Program Year 30**  
**Beginning June 1, 2004**  
**September 30, 2008**

Department	Agy	Project	Adopted 2003R-610	Amended Budget	Council Action 2005R-618	Revised Budget	2008		Remaining Grant Budget
							2,008 Expenditures	Grant to Date Expenditures	
<b>Capital Grants:</b>									
CPED	890	Adult Training, Placement & Retention	\$ 641,000	\$ 639,823		\$ 639,823		\$ 639,823	\$ -
CPED	890	High Density Corridor Housing	1,000,000	998,164		998,164	-	998,164	-
CPED	890	Home Ownership Program (GMMHC)	465,000	464,146		464,146	11,036	43,959	420,187
CPED	890	Industrial Cluster Training (Living Wage Jobs)	99,000	98,818		98,818		98,818	-
CPED	890	Multi Family Affordable Housing	5,390,000	5,380,106		5,380,106	-	5,286,081	94,025
CPED	890	Neighborhood/Commercial Economic Dev Fd	150,000	149,725		149,725	193,238	193,238	(43,513)
CPED	890	Residential Loan / Grant	444,000	443,185		443,185	-	443,185	-
CPED	890	Vacant/Boarded Housing Program	1,000,000	998,164		998,164	-	998,164	-
CPED	890	VHR Distressed	393,000	392,279		392,279	-	220,374	171,905
Health & Family Support	860	GMDCA- Child care facilities	323,000	322,407		322,407	-	322,407	-
Inspections Department	850	Hud Lead Program	180,000	34,353		34,353	-	34,353	-
Licenses & Consumer Services	835	Boarded Building Demolition	202,000	201,629		201,629	-	198,608	3,021
Regulatory Services	835	Hud Lead Program		145,317		145,317	-	132,373	12,944
Non Departmental	123	General Housing Rehabilitation-MPHA	313,000	312,425		312,425	-	312,425	-
		Subtotal Capital Grants	<u>10,600,000</u>	<u>10,580,541</u>	<u>-</u>	<u>10,580,541</u>	<u>204,274</u>	<u>9,921,973</u>	<u>658,568</u>
<b>Public Service Grants:</b>									
CPED	890	Mortgage Foreclosure Program	250,000	249,541		249,541		249,541	-
CPED	890	Youth Employment & Training	568,000	566,957		566,957		566,957	-
Health & Family Support	860	Advocacy	110,000	86,033		86,033		86,033	-
Health & Family Support	860	Block Nurse prg	66,000	65,879		65,879		65,879	-
Health & Family Support	860	Child Dental Services	11,000	10,980		10,980		10,980	-
Health & Family Support	860	Curfew Truancy Center	104,000	103,809		103,809		103,809	-
Health & Family Support	860	Domestic Abuse Prevention	58,000	57,894		57,894		57,894	-
Health & Family Support	860	GMDCA- Child care sliding fee	301,000	300,447		300,447		300,447	-
Health & Family Support	860	Head Start	66,000	65,879		65,879		65,879	-
Health & Family Support	860	Minnesota Aids Project	23,000	22,958		22,958		22,958	-
Health & Family Support	860	MPLS Community Clinics	261,000	260,521		260,521		256,951	3,570
Health & Family Support	860	Senior Services	61,000	60,888		60,888		56,178	4,710
Health & Family Support	860	Tubman Family Alliance	41,000	40,925		40,925		40,925	-
Health & Family Support	860	Volunteers of America	80,000	79,853		79,853		79,853	-
Health & Family Support	860	Way To Grow	311,000	310,429		310,429		310,428	1
Regulatory Services	835	Groundworks	17,000	16,969		16,969		16,969	-
Public Works	607	Graffiti Removal	107,000	106,804		106,804		106,804	-
Civil Rights	300	Multicultural Services	101,749	101,529		101,529		101,529	(0)
Civil Rights	300	American Indian Advocacy	0	23,765		23,765		23,765	-
Park & Recreation Board	127	Teamworks	15,000	14,972		14,972		14,972	-
		Subtotal Public Service Grants	<u>2,551,749</u>	<u>2,547,032</u>	<u>0</u>	<u>2,547,032</u>	<u>0</u>	<u>2,538,751</u>	<u>8,281</u>
<b>Administrative Grants:</b>									
CPED	890	Citizen (Resident) Participation	346,000	345,365		345,365		345,365	-
CPED	890	Neighborhood Business Association	174,000	173,681		173,681		173,681	-
CPED	890	Planning Administration	1,213,000	1,210,773		1,210,773	-	976,128	234,645
CPED	890	Program Administration	75,000	74,862		74,862		74,862	-
Health & Family Support	860	Grant Administration	100,000	99,816		99,816		99,816	-
Health & Family Support	860	Legal Aid Services	49,000	48,910		48,910		48,910	-
Health & Family Support	860	Neighborhood Services Administration	162,000	161,703	(79,096)	82,607		82,607	-
Health & Family Support	860	New Arrivals	18,251	18,251		18,251		18,251	0
Health & Family Support	860	Way To Grow Administration	36,000	35,934		35,934		35,934	-
Finance Department	820	General Administration Finance	343,000	342,370	(89,801)	252,569		252,569	0
Grants and Special Projects	800	Administration	230,000	229,579	(25,237)	204,342		204,342	-
Grants and Special Projects	800	Metro Fair Housing-Multi Jurisdictional	18,000	17,967		17,967		10,655	7,312
Grants and Special Projects	800	Housing Discrimination Law Project-Legal Aid	80,000	79,853		79,853		79,853	-
Civil Rights	300	Fair Housing Initiative	190,000	189,651		189,651		189,651	-
Non Departmental	123	Citizen (Resident) Participation-MPHA	98,000	97,820		97,820	-	93,608	4,212
Non Departmental	123	Youth Coordinating Board (YCB)	59,000	58,892		58,892	-	58,892	-
		Subtotal Administrative Grants	<u>3,191,251</u>	<u>3,185,427</u>	<u>(194,135)</u>	<u>2,991,292</u>	<u>0</u>	<u>2,745,123</u>	<u>246,169</u>
	123	Block E Deficit Reduction	0	0	194,135	194,135	0	0	194,135
		<b>GRAND TOTAL</b>	<u>\$ 16,343,000</u>	<u>\$ 16,313,000</u>	<u>\$ -</u>	<u>\$ 16,313,000</u>	<u>\$ 204,274</u>	<u>\$ 15,205,848</u>	<u>\$ 1,107,152</u>

Source : GP01 Compass Report 12/31/07 - 9/30/08 dated 10/15/08 run date 10/15/08

**City of Minneapolis  
Engineering, Materials, and Testing  
For the Third Quarter ending September 30, 2008**

<b>Fund 6000</b>	<b>2008 Budget</b>	<b>2008 3<sup>rd</sup> Quarter</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
<b>Revenue including Transfers</b>	4,381,000	3,626,879	754,121	82.8%
<b>Expenses including Transfers</b>	4,398,293	3,553,519	844,774	80.8%
<b>Revenue over(under) Expenses</b>	(17,293)	73,360		

**Program Description:**

The Engineering, Materials and Testing Fund accounts for the City purchases of Hot-Mix Asphalt and Ready-Mix Concrete. This fund monitors quality control for the placement of these materials and assures compliance with State and Federal standards and specifications. The Engineering Laboratory is a component of this fund and provides 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 reviewing various options for supplying asphalt. In 2006, the City decided to permanently close the City of Minneapolis Asphalt Plant. Due to the upcoming Hiawatha Yard Project, the asphalt storage silo distribution facility is not being used in 2008. The demand for asphalt has decreased due to a decrease in capital expenditures.

**Revenue:**

The revenue sources for this fund include the sale of procured Hot-Mix Asphalt and Ready-Mix Concrete materials and inspection and testing services. Paving construction is the fund's primary customer. The demand for products is seasonal beginning in April and concluding in late November. Operating revenues through the third quarter are \$3,626,879, or 82.8% of the budgeted amount of \$4,381,000. Revenues are primarily dependent on the construction season which begins in late spring. The 2008 revenues through the third quarter show an increase over the same period of 2007 due to an actual increase in the amount of materials sold during this period and also due to timing differences in the recognition of revenue. The fund is expecting a decrease in sales during the fourth quarter due to the close down of the construction season.

**Expenses:**

Total expenditures for period ending third quarter are \$3,553,519 or 80.8% of the \$4,398,293 budget. The spending levels fluctuate due to the customer's seasonal requirements for products and services. For the third quarter, procurement of Hot-Mix Asphalt and Ready-Mix Concrete materials accounted for 76.0% of the total expenditures.

**Transfers:**

The fund has a 2008 non-operating budget transfer of \$53,000 related to debt service for the Minneapolis Employees Retirement Funds' unfunded pension liability.

**Net Assets:**

Significant fluctuations for products and services have occurred since the end of the Thirty Year Paving program. These changes in demand for products and services affect the net asset balance. The 2007 year end net asset balance was \$196,192 which represented a decrease of \$70,854 from the 2006 ending balance of \$267,046.

City of Minneapolis, Minnesota  
Engineering, Materials and Testing Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2008, 2007, and 2006

	Budget Current Year 2008	Projected Year Ending 2008	For Period Ending 30-Sep-08	For Year Ending 2007	For Period Ending 30-Sep-07	For Year Ending 2006	For Period Ending 30-Sep-06
<b>Operating Revenues:</b>							
Asphalt / Concrete <sup>1</sup>	3,381,000	3,400,000	2,970,000	3,251,259	1,845,788	3,179,554	1,824,225
Inspection revenue	1,000,000	880,000	656,879	846,122	560,152	828,035	590,697
<b>Total Operating Revenues</b>	<b>4,381,000</b>	<b>4,280,000</b>	<b>3,626,879</b>	<b>4,097,381</b>	<b>2,405,940</b>	<b>4,007,589</b>	<b>2,414,922</b>
<b>Operating Expenses:</b>							
Personnel	957,707	699,711	526,098	774,687	559,886	781,657	590,725
Contractual	531,685	446,630	335,812	321,108	215,429	330,072	246,080
Materials/Other <sup>1</sup>	2,792,545	3,000,000	2,604,342	2,901,513	1,518,498	2,903,923	1,674,219
Rent	46,007	45,892	34,505	96,378	72,284	55,160	41,370
Depreciation	17,349	17,349	13,012	17,349	13,174	19,352	14,524
<b>Total Operating Expenses</b>	<b>4,345,293</b>	<b>4,209,582</b>	<b>3,513,769</b>	<b>4,111,034</b>	<b>2,379,271</b>	<b>4,090,164</b>	<b>2,566,918</b>
<b>Operating Margin</b>	<b>35,707</b>	<b>70,418</b>	<b>113,110</b>	<b>(13,653)</b>	<b>26,669</b>	<b>(82,575)</b>	<b>(151,996)</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Transfer from other fund	-	-	-	-	-	-	-
Transfers to other fund	(53,000)	(53,000)	(39,750)	(42,000)	(31,500)	(22,123)	(16,592)
Gains (Losses)	-	-	-	-	-	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(53,000)</b>	<b>(53,000)</b>	<b>(39,750)</b>	<b>(42,000)</b>	<b>(31,500)</b>	<b>(22,123)</b>	<b>(16,592)</b>
<b>Net Income</b>	<b>(17,293)</b>	<b>17,418</b>	<b>73,360</b>	<b>(55,653)</b>	<b>(4,831)</b>	<b>(104,698)</b>	<b>(168,588)</b>
<b>Significant Balance Sheet Items</b>							
Cash				243,364	368,705	293,940	168,915
Reserve for renewal				639,673	639,673	639,673	639,673
Net Assets				196,192		267,046	

<sup>1</sup>Expenditures and revenues related to purchase and sale of asphalt and concrete are estimates based on related invoices:

Asphalt	\$ 2,200,000
Concrete	500,000
Total	<u>\$ 2,700,000</u>
Revenue	\$ 2,970,000

**City of Minneapolis  
Fleet Services Division  
For the Third Quarter ending September 30, 2008**

Fund 6100	2008 Budget	2008 3rd Quarter	Remaining Budget	% of Actual To Budget
<b>Revenue including transfers</b>	47,054,500	32,700,599	14,353,901	69.5%
<b>Expenses including transfers</b>	44,522,474	31,475,880	13,046,594	70.7%
<b>Revenue Over (Under) Expenses</b>	2,532,026	1,224,720		

**Program Description:**

The Fleet Services Fund manages 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. This fund also provides drivers and operators for equipment and manages the dispatch of City-owned and contractual equipment.

**Revenue:**

The revenue for this fund is earned from charges to City departments (customers) for rental of equipment, maintenance of equipment and the sale of fuel. The rates charged are set at the beginning of the year to match the corresponding expenses, including overheads that are required to be recovered. In 2008, the revenue through the third quarter is \$32,700,599 and closely matches the expenses of \$31,475,880. Revenue earned through the first three quarters of 2008 has increased 1.8% over the revenue of \$32,144,262 that was earned in the same period in 2007. The increase is due to both an increase in rental rates and the amount charged for fuel.

**Expenses:**

Personnel expenditures through the third quarter 2008 are 35.9% of the total expenditures. This fund provides mechanics to maintain the equipment and also drivers and operators for the machinery that is used in construction and snow plowing. Expenses are following revenues and are tracking slightly increased over the same period in 2007 due to an increase in contractual services.

**Transfers:**

This fund receives a transfer in of \$4.18 million in 2008 from the general fund in accordance with the accepted workout plan. An equal transfer amount occurred in 2007. The fund has a transfer out of \$453,000 to cover debt service related to the Minneapolis Employees Retirement Fund's unfunded pension liability.

**Net Assets:**

Net assets for the year ended 2007 are \$21.7 million which is an increase of \$3.3 million from 2006 net asset balance of \$18.4 million. The fund has a long-term financial plan in place since 2001. The increase in net assets is consistent with the plan and is expected to increase over the next decade as the fund continues to replace old equipment and pay off the \$32.2 million in bonds that are currently outstanding. The financial plan for this fund eliminated the sale of bonds to support the equipment purchases.

City of Minneapolis  
Fleet Services Fund  
Statement of Revenue and Expenses  
For Third Quarter / Years Ending 2008, 2007, and 2006

	Budget Current Year 2008	Projected Year Ending 2008	For Period Ending 30-Sep-08	For Year Ending 2007	For Period Ending 30-Sep-07	For Year Ending 2006	For Period Ending 30-Sep-06
<b>Operating Revenues:</b>							
Charges for Services and Sales	15,670,000	16,430,093	12,322,569	16,859,053	11,988,390	14,757,349	11,085,392
Rent Public Works and Other	27,004,000	22,770,457	17,077,843	22,360,887	16,535,464	23,137,121	17,432,758
<b>Total Operating Revenue</b>	<b>42,674,000</b>	<b>39,200,550</b>	<b>29,400,412</b>	<b>39,219,940</b>	<b>28,523,854</b>	<b>37,894,470</b>	<b>28,518,150</b>
<b>Operating Expenditures:</b>							
Personal Services	18,338,879	14,353,248	10,764,936	15,333,808	11,332,446	14,726,580	11,630,675
Contractual Services	9,052,696	9,367,951	7,025,963	8,499,738	6,004,615	8,931,206	6,515,118
Materials, supplies, services and other	4,618,579	10,134,319	7,600,739	5,086,495	3,106,447	3,017,217	3,819,135
Rent	997,955	997,955	748,466	980,092	735,069	964,030	723,023
Cost of Stores Issuance <sup>1</sup>	4,400,000	-	-	4,418,735	3,197,996	4,166,254	3,248,979
Depreciation <sup>2</sup>	5,148,715	5,148,715	3,861,536	5,148,715	3,627,020	5,517,018	3,571,443
<b>Total Operating Expenses</b>	<b>42,556,824</b>	<b>40,002,189</b>	<b>30,001,642</b>	<b>39,467,583</b>	<b>28,003,593</b>	<b>37,322,305</b>	<b>29,508,373</b>
<b>Operating Margin</b>	<b>117,176</b>	<b>(801,639)</b>	<b>(601,229)</b>	<b>(247,642)</b>	<b>520,261</b>	<b>572,165</b>	<b>(990,223)</b>
<b>Non-Operating Revenues/(Expenses):</b>							
Interest Revenue	500	-	(171)	791	271	1,384	1,199
Interest on Bonds	(1,512,650)	(1,512,650)	(1,134,488)	(1,732,900)	(1,299,675)	(1,949,950)	(1,462,462)
Gains/Losses on disposal of fixed assets	200,000	564	423	281,943	480,843	100,151	144,656
Damages/Losses recovered	-	-	-	4,338	4,297	45,958	46,275
Other Revenue	-	219,913	164,935	-	-	-	-
<b>Total Non-Operating Revenues(Expenses)</b>	<b>(1,312,150)</b>	<b>(1,292,173)</b>	<b>(969,301)</b>	<b>(1,445,828)</b>	<b>(814,264)</b>	<b>(1,802,457)</b>	<b>(1,270,332)</b>
<b>Operating Transfers in (out)</b>							
Transfers from other fund	4,180,000	4,180,000	3,135,000	4,180,000	3,135,000	4,180,000	3,135,000
Transfers to other fund	(453,000)	(453,000)	(339,750)	(332,000)	(249,000)	(130,669)	(98,002)
<b>Total Operating Transfers</b>	<b>3,727,000</b>	<b>3,727,000</b>	<b>2,795,250</b>	<b>3,848,000</b>	<b>2,886,000</b>	<b>4,049,331</b>	<b>3,036,998</b>
<b>Net Income</b>	<b>2,532,026</b>	<b>1,633,188</b>	<b>1,224,720</b>	<b>2,154,530</b>	<b>2,591,997</b>	<b>2,819,039</b>	<b>776,443</b>
<b>Significant Balance Sheet Items</b>							
Fleet Purchases			4,354,045	4,356,604	2,934,160	6,646,400	3,238,149
Operating Cash				200,262	4,711,885	2,036,301	6,348,025
Net Building Value			25,221,580	25,221,580	25,372,734	25,821,732	25,973,220
Net Fleet Value			27,721,241	27,721,241	24,650,964	27,859,227	26,826,605
Bonds Payable			33,415,028	33,415,028	39,136,041	39,136,041	44,967,054
Net Assets				21,718,113		18,376,679	
<b>Significant Cash Flow Items</b>							
Bond Proceeds			-	-	-	-	-
Principal on Work out Bonds	(1,885,000)	(1,885,000)	(942,500)	(5,235,000)	(3,926,250)	(6,377,700)	(4,783,275)
Principal on Facilities Bonds	(525,000)	(525,000)	(262,500)	(395,000)	(296,250)	(1,312,250)	(984,188)

<sup>1</sup> Cost of Stores is no longer used to account the fuel that we have sold. This amount is now part of the Materials line item

<sup>2</sup> Depreciation has not been recorded in 2008. The 2007 year end depreciation is used as an estimate.

**City of Minneapolis  
Property Services Division  
For the Third Quarter ending September 30, 2008**

<b>Fund 6200</b>	<b>2008 Budget</b>	<b>2008 3<sup>rd</sup> Quarter</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
<b>Revenue including Transfers</b>	17,438,000	13,367,161	4,070,839	76.7%
<b>Expenses</b>	17,979,057	14,137,912	3,841,145	78.6%
<b>Revenue over(under) Expenses</b>	(541,057)	(770,721)		

**Program Description:**

The Property Services Fund is responsible for the maintenance and upkeep of City owned buildings including police precinct structures, fire stations, public works buildings and parking structures. The fund does not manage City Hall or Water and Park Board buildings. The fund is also responsible for 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 configured to enable the fund to charge the correct amount for its goods and services to match its expenses. Operating revenue for third quarter 2008 is \$12,866,119 a decrease of 7.8% compared to the same period in 2007. Although the rates charged for 2008 property service rents increased an average of 5.0%, total rental revenue decreased due to a decrease in radio shop rentals. The revenue earned from providing services is decreased from the same period in 2007 due to a significant increase in demand for these services that occurred in 2007.

**Expenses:**

The operating expenditures through the third quarter are \$13,822,309, slightly increased when compared to the expenditure of \$13,811,693 through the same period of 2007. Personnel expenses provide labor used to maintain property and account for approximately 45.3% of operating expenditures.

**Transfers:**

Property Services is responsible for paying \$350,000 per year in debt service. In 2008 the debt service consists of \$655,000 in principal payment and \$332,763 of interest. Each year, the general fund transfers an amount to cover the difference between the \$350,000 and the total debt payment for the year. In 2008, the transfer amount is \$668,000. There is also a transfer out of \$88,000 related to the debt service for the Minneapolis Employees Retirement Fund's unfunded pension liability.

**Net Assets:**

In 2002 the City began capitalizing all of its assets, including buildings that are included in this fund. The rate model for this fund does not recover the depreciation costs related to these assets. At year end 2007, the fund has a net asset position of \$27.9 million a decrease of \$0.7 million from the 2006 balance of \$28.6 million. The depreciation of capital assets will continue to decrease the net asset position.

City of Minneapolis, Minnesota  
Property Services Fund  
Statement of Revenues and Expenses  
For Third Quarter / Years Ending 2008, 2007, and 2006

	Budget Current Year 2008	Projected Year Ending 2008	For Period Ending 30-Sep-08	For Year Ending 2007	For Period Ending 30-Sep-07	For Year Ending 2006	For Period Ending 30-Sep-06
<b>Operating Revenues:</b>							
Charges for Services And Sales	8,335,500	9,999,317	7,499,488	11,614,196	8,416,407	8,428,660	5,628,788
Rents Public Works and Other	8,434,500	7,155,604	5,366,703	7,306,214	5,542,772	7,266,776	5,449,333
<b>Total Operating Revenue</b>	<b>16,770,000</b>	<b>17,154,921</b>	<b>12,866,191</b>	<b>18,920,410</b>	<b>13,959,179</b>	<b>15,695,436</b>	<b>11,078,121</b>
<b>Operating Expenses:</b>							
Personal Services	8,185,105	8,357,193	6,267,895	8,086,044	5,935,845	7,561,286	5,749,731
Contractual Services	5,637,849	7,333,717	5,500,288	8,250,828	5,555,175	6,561,024	3,957,995
Materials, Supplies, Services and Other	2,287,877	1,292,444	969,333	1,888,872	1,253,675	1,593,335	1,110,127
Rent	221,430	221,430	166,073	197,703	148,277	194,038	145,529
Depreciation <sup>1</sup>	1,226,033	1,226,033	918,721	1,226,033	918,721	1,243,378	931,618
<b>Total Operating Expenses</b>	<b>17,558,294</b>	<b>18,430,818</b>	<b>13,822,309</b>	<b>19,649,480</b>	<b>13,811,693</b>	<b>17,153,061</b>	<b>11,895,000</b>
<b>Operating Margin</b>	<b>(788,294)</b>	<b>(1,275,896)</b>	<b>(956,118)</b>	<b>(729,069)</b>	<b>147,486</b>	<b>(1,457,625)</b>	<b>(816,879)</b>
<b>Non-Operating Revenues/(Expenses):</b>							
Interest Revenue	-	(40)	(30)	83	53	20	11
Interest on Bonds	(332,763)	(332,763)	(249,572)	(357,363)	(268,022)	(383,563)	(287,672)
<b>Total Non-Operating Revenues(Expenses)</b>	<b>(332,763)</b>	<b>(332,803)</b>	<b>(249,603)</b>	<b>(357,280)</b>	<b>(267,969)</b>	<b>(383,543)</b>	<b>(287,661)</b>
<b>Operating Transfers in(out)</b>							
Transfers from other fund	668,000	668,000	501,000	653,000	489,750	843,600	632,700
Transfers to other fund	(88,000)	(88,000)	(66,000)	(69,000)	(426,750)	(31,089)	(23,317)
<b>Total Operating Transfers</b>	<b>580,000</b>	<b>580,000</b>	<b>435,000</b>	<b>584,000</b>	<b>63,000</b>	<b>812,511</b>	<b>609,383</b>
<b>Net Income</b>	<b>(541,057)</b>	<b>(1,028,700)</b>	<b>(770,721)</b>	<b>(502,349)</b>	<b>(57,483)</b>	<b>(1,028,657)</b>	<b>(495,157)</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash				829,006	238,533	37,714	970,479
Bonds Payable			8,262,505	8,262,505	8,896,144	8,896,144	9,569,783
Net Assets				27,908,327		28,581,211	
<b>Significant Cash Flow Items</b>							
Bond Principle payments	(655,000)	(655,000)	(491,250)	(615,000)	(461,250)	(655,000)	(491,250)

<sup>1</sup>Depreciation has not been posted in 2008. The 2007 depreciation amounts are recorded as 2008 estimates.

**City of Minneapolis  
Public Works Stores  
For the Third Quarter ending September 30, 2008**

Fund 6300	2008 Budget	2008 3rd Quarter	Remaining Budget	% of Actual To Budget
<b>Revenue including transfers</b>	3,689,500	930,000	N/A	N/A
<b>Expenditures including transfers</b>	3,687,330	931,528	N/A	N/A
<b>Revenue over(under) Expenses</b>	2,170	(1,528)		

**Program Description:**

The Public Works Stores Fund, 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 fund's mission is to provide goods in a cost effective manner to City departments through the Central Stores and Traffic Stores.

**Revenue:**

Revenue through the third quarter 2008 of \$930,000 is calculated based on the budgeted overhead expenditures for personnel, contractual services, materials and rent. The overhead charged on goods sold through the stores is calculated to cover the cost of these department expenditures. The actual revenue earned could not be determined due to an implementation problem with the inventory system that records the amount and value of goods sold. Based on historical data and the invoices received for goods sold, an estimate of revenue based on the budgeted cost of expenditures provides a reasonable estimate of the revenue earned through third quarter.

**Expenses:**

The total of expenditures through the third quarter is \$931,528. This total does not include the cost of stores issuance. Due to an implementation problem with the inventory system, the actual cost of stores issuance is not available. The total of the operating expenditures, \$908,278, includes the actual cost of personnel, contractual services, materials, and rent. The operating revenue less the operating expenditures provides a reasonable value for the operating margin of \$21,722 which tracks closely with the budgeted amount for 2008 of \$33,170.

**Transfers:**

The 2008 non-operating transfer of \$31,000 is for payment of debt related to the Minneapolis Employees Retirement Fund's unfunded pension liability.

**Net Assets:**

The Public Works Stores Fund has been successful and profitable in recent years. The fund continues to maintain positive equity with a net asset balance at year-end 2007 of \$3.5 million, an increase of \$0.1 million from the 2006 ending balance of \$3.4 million.

City of Minneapolis, Minnesota  
Public Works Stores  
Statement of Revenues and Expenses  
For the Third Quarter/Years Ending 2008, 2007, and 2006

	Budget Current Year 2008	Projected Year End 2008	For Period Ending 30-Sep-08	For Year Ending 2007	For Period Ending 30-Sep-07	For Year Ending 2006	For Period Ending 30-Sep-06
<b>Operating Revenues:</b>							
Central Stores <sup>1</sup>	1,729,500	380,000	280,000	1,302,372	978,078	1,507,113	1,127,926
Traffic Stores <sup>1</sup>	1,960,000	870,000	650,000	3,032,600	2,427,994	2,890,375	2,005,202
<b>Total Operating Revenues</b>	<b>3,689,500</b>	<b>1,250,000</b>	<b>930,000</b>	<b>4,334,972</b>	<b>3,406,072</b>	<b>4,397,488</b>	<b>3,133,128</b>
<b>Operating Expenses:</b>							
Personnel	678,587	761,209	572,338	713,774	515,259	618,339	448,862
Contractual	280,604	237,299	178,420	248,872	190,325	229,538	159,303
Materials/Other	246,611	181,046	136,125	61,138	17,016	92,184	80,734
Rent	28,528	28,528	21,395	25,154	18,866	68,376	51,282
Cost of Stores Issuance <sup>2</sup>	2,422,000	-	-	3,095,634	2,480,519	3,061,633	2,191,650
<b>Total Operating Expenses</b>	<b>3,656,330</b>	<b>1,208,082</b>	<b>908,278</b>	<b>4,144,572</b>	<b>3,221,985</b>	<b>4,070,070</b>	<b>2,931,831</b>
<b>Operating Margin</b>	<b>33,170</b>	<b>41,918</b>	<b>21,722</b>	<b>190,400</b>	<b>184,087</b>	<b>327,418</b>	<b>201,297</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Interest Income (Expense)	-	-	-	-	-	757	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>757</b>	<b>-</b>
<b>Operating Transfer In (Out)</b>							
Transfers from other fund	-	-	-	-	-	-	-
Transfers to other fund	(31,000)	(31,000)	(23,250)	(11,000)	(8,250)	-	-
<b>Total Operating Transfers</b>	<b>(31,000)</b>	<b>(31,000)</b>	<b>(23,250)</b>	<b>(11,000)</b>	<b>(8,250)</b>	<b>-</b>	<b>-</b>
<b>Net Income</b>	<b>2,170</b>	<b>10,918</b>	<b>(1,528)</b>	<b>179,400</b>	<b>175,837</b>	<b>328,174</b>	<b>201,297</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash				(561,054)	(740,408)	(877,261)	(303,190)
Accounts Receivable				16,162	21,496	24,384	17,012
Inventories				4,364,386	4,309,675	5,009,908	3,631,225
Accounts Payable				204,535	2,922	722,112	2,787
Salaries Payable				53,032	28,821	45,705	26,862

<sup>1</sup>Revenues have not been posted to this fund for 2008. Revenues for period ending September 2008 are based on budgeted expenditures less the cost of stores issuance through third quarter.

<sup>1</sup>Revenue projections for 2008 are based on historic and budgeted amounts to cover the expenditures for overhead.

<sup>2</sup>The 2008 Cost of Stores Issuance is not reported in the third quarter statement due to inventory system implementation problems. The cost of stores issuance is excluded from the calculation of the operating revenue and expenditures.

**City of Minneapolis  
Intergovernmental Service Fund  
For the Third Quarter ending September 30, 2008**

<b>Fund 6400</b>	<b>2008 Budget</b>	<b>2008 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue including Transfers	47,028,375	34,585,918	12,442,457	73.5%
Operating Expenditures including Transfers	38,213,611	27,712,262	10,501,349	72.5%
Operating Revenue Over (Under) Expenditures	8,814,764	6,873,656		

**Program Description:**

The Intergovernmental Service Fund accounts for operations of Business Information Services (BIS); the City Clerk's printing and central mailing services; and a small portion of Human Resources training services. BIS is comprised of telecommunications services, network services, application support, internet and intranet services, convenience copier function, broadband wireless, and deployment of software and hardware.

**Revenue:**

Operating revenue through the third quarter of 2008 is \$25,757,668 or 73.1% of the annual budgeted amount of \$35,257,375. Revenue sources include mailing and copying services, telecom charges, Project Management Operations (PMO) projects, and BIS charges based on the rate model. The revenue for BIS is driven by rates charged for services and customers' technology needs. The BIS rate model uses the expense budget, depreciation, and overhead to determine technology rates. Revenues include a \$3,800,000 interfund receivable related to the COMPASS project implementation. Third quarter revenues also include a transfer from the general fund of \$7.8 million. The fund also receives debt service transfers based on the deficit reduction plan for the fund.

**Expenses:**

Operating expenses through the third quarter are \$27,568,262 or 72.5% of the annual budget of \$38,021,611. Expenses include \$625,000 of the annual \$1,250,000 annual service commitment for wireless services and \$600,000 for implementation and on-going support related to wireless. Expenses are expected to exceed revenue until implementation of the wireless network is complete. Also included is \$4,821,000 expenses related to the COMPASS finance system implementation. In the PMO area expenses typically exceed revenues in the project initiation phase until a proposal is signed by the customer department and funding has been identified. As projects are added to the BIS-PMO cost center, the revenue and expenditure budgets increase as funding for projects is provided by the customer. Expenditures are recorded throughout the duration of the project. Interest payments on bonded debt will total \$1.6 million for the fiscal year.

**Financial:**

The Intergovernmental Services Fund is tracking positively to increase its net asset position this year but at a level lower than called for in the financial plan. The net asset balance for 2007 was a deficit of \$13.6 million which is an increase in net assets of \$10.2 million from the deficit of \$23.8 million in 2006. Net assets have increased due to use of an allocation model to determine charges for service, a transfer from the general fund that is provided through the workout plan, and an increased level of activity in the Project Management Operations area.

City of Minneapolis, Minnesota  
Intergovernmental Services Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2008, 2007 and 2006

	Budget Current Year 2008	Projected Year 2008	For Period Ending 30-Sep-08	For Year Ending 2007	For Period Ending 30-Sep-07	For Year Ending 2006	For Period Ending 30-Sep-06
<b>Operating Revenues:</b>							
Charges for Service:							
BIS - PMO	11,319,026	11,935,705	8,951,779	14,786,540	13,651,791	14,523,182	11,495,891
BIS-Telecom	2,949,544	3,096,524	2,322,393	5,774,633	3,624,577	6,382,488	4,220,224
BIS - Operating-other	19,978,099	18,322,887	13,742,165	14,113,515	10,637,741	12,836,673	9,671,240
CC-Mailing Services	495,400	507,332	380,499	592,115	385,043	461,425	302,542
CC-Copy Services	515,306	480,909	360,682	623,486	510,148	914,431	608,685
Human resources	-	200	150	-	-	-	-
<b>Total Operating Revenues</b>	<b>35,257,375</b>	<b>34,343,557</b>	<b>25,757,668</b>	<b>35,890,289</b>	<b>28,809,300</b>	<b>35,118,198</b>	<b>26,298,582</b>
<b>Operating Expenses:</b>							
BIS - PMO	11,319,026	12,627,565	9,470,674	17,414,577	13,077,471	15,206,006	10,205,128
BIS - Telecom	2,008,257	1,809,141	1,356,856	1,641,475	1,191,464	1,628,910	1,218,883
BIS - Operating-other	23,281,063	21,095,387	15,821,540	19,558,478	12,995,260	17,742,917	13,497,550
CC-Mailing Services/Data Center	559,532	575,736	431,802	677,378	476,765	455,598	324,289
CC-Copy Services	607,036	555,247	416,435	670,010	497,422	790,217	555,811
Human resources	246,697	94,607	70,955	198,123	147,704	195,437	136,521
<b>Total Operating Expenses</b>	<b>38,021,611</b>	<b>36,757,683</b>	<b>27,568,262</b>	<b>40,160,041</b>	<b>28,386,086</b>	<b>36,019,085</b>	<b>25,938,182</b>
<b>Operating Margin</b>	<b>(2,764,236)</b>	<b>(2,414,126)</b>	<b>(1,810,594)</b>	<b>(4,269,752)</b>	<b>423,214</b>	<b>(900,887)</b>	<b>360,400</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Gains (Losses)	-	-	-	-	-	(31,852)	(31,852)
Depreciation	(2,393,160)	(2,393,160)	(1,794,870)	(2,441,971)	(1,762,260)	(3,962,907)	(2,915,921)
Interest on Bonded Debt	(1,624,763)	(1,624,763)	(1,218,572)	(1,672,782)	(1,271,217)	(2,038,485)	(1,026,453)
Other Non Operating Income (Expense)	-	-	-	-	-	(4,041)	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(4,017,923)</b>	<b>(4,017,923)</b>	<b>(3,013,442)</b>	<b>(4,114,753)</b>	<b>(3,033,477)</b>	<b>(6,037,285)</b>	<b>(3,974,226)</b>
<b>Operating Transfer In (Out)</b>							
Transfers from other fund	11,771,000	11,771,000	8,828,250	15,036,269	11,529,750	10,570,193	7,927,645
Transfers to other fund	(192,000)	(192,000)	(144,000)	(177,030)	(132,773)	(57,349)	(43,012)
<b>Total Operating Transfers</b>	<b>11,579,000</b>	<b>11,579,000</b>	<b>8,684,250</b>	<b>14,859,239</b>	<b>11,396,977</b>	<b>10,512,844</b>	<b>7,884,633</b>
<b>Net Income</b>	<b>4,796,841</b>	<b>5,146,951</b>	<b>3,860,213</b>	<b>6,474,734</b>	<b>8,786,714</b>	<b>3,574,672</b>	<b>4,270,807</b>
<b>Significant Balance Sheet Items</b>							
Cash				(1,885,745)	(852,323)	(1,661,324)	(4,448,906)
Prepaid expense			1,100,000	-	-	-	-
Work-in-progress			25,826,000	24,913,697	20,947,186	13,040,241	14,388,041
Interfund Receivable			3,800,000				
Interfund Loans			(10,114,051)	(10,114,051)	(10,921,467)	(14,548,952)	(14,445,857)
Bonds Payable			(36,424,649)	(34,759,138)	(35,457,549)	(35,775,000)	(42,575,000)
Deferred Income			(3,565,674)	(4,182,529)	(4,202,901)	(5,755,117)	(4,251,671)
<b>Significant Cash Flow Items</b>							
Principal on Bonds	(1,745,000)	(1,745,000)	(1,308,750)	(2,565,000)	(1,282,500)	(8,325,000)	(2,081,250)

**City of Minneapolis  
Self-Insurance Fund  
For the Third Quarter Ending September 30, 2008**

<b>Fund 6900</b>	<b>2008 Budget</b>	<b>2008 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Revenue including transfers	94,236,101	69,638,758	24,597,343	73.9%
Expenditures including transfers	88,171,802	61,344,626	26,827,176	69.6%
Revenue Over (Under) Expenses	6,064,299	8,294,132		

**Program Description:**

The Self-Insurance Fund records employee benefit accounting, workers compensation, tort liability, and the administrative functions to support these activities.

**Revenue:**

Revenues vary by activity. Employee benefits collect revenue from payroll withholding and 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. Deferred revenue is increased to reflect additional reserves for the Metro Pass program.

For third quarter 2008, total revenues are \$69,638,758, an increase of 8.1% over the revenue earned through third quarter 2007. An increase in the cost of health care premiums and an increase to the rates charged to departments for the self insurance liability and workers compensation premiums account for the additional revenue. The Finance-Employment Services cost center receives revenue from City departments as reimbursement for services related to employment screenings. The projected revenue received for these services in 2008 is \$308,081. The remaining budgeted revenue for this cost center is provided through premiums for workers compensation and liability received from City departments.

**Expenses:**

The primary expenditure of this fund, the payment of employee fringe benefits included in Health and Welfare, accounts for 76.7% of the fund's 2008 budget. Worker's Compensation and Tort Liability expenditures include the payments for settlements related to tort litigation and workers compensation claims. The costs of administering the plans are funded through the City Attorney and Risk Management cost centers. In addition, the fund is required to set aside resources annually to cover the future cost of compensated absences based on benefit accrual.

Total expenditures through the third quarter 2008 are \$61,344,626, an increase of 5.8% over the total expenditures for the same period in 2007. Expenditures related to Health and Welfare (employee benefits) increased 9.1% over the same period in 2007. Health and Welfare expenses are related to employee participation in various plans. These expenses are recovered through payroll deductions and do not affect the fund performance. The budget for health and welfare was over projected by \$2.05 million to include expenditure for the Library Board which was separated from the City in January, 2008. The 2008 budget current year and the 2008 projections for revenue and expenditures are adjusted for this over projection. The expenditures related to liability and settlements through third quarter decreased 53.9% from the same period in 2007. The timing of settlement payments fluctuates during the fiscal year and the amount paid in one quarter does not provide a reliable projection for the annual amount paid for settlements. The total projected expenditures are less than budgeted due to decreased actual payments for tort liability and for sick leave retirement payouts.

**Transfers:**

In 2008, this fund will receive an interfund transfer of \$5,642,689 from the general fund to assist with payment of bond principal and interest. In 2007, the City Council approved a one-time use of general fund reserve to reduce the bond debt in this fund by \$3.08 million.

**Net Assets:**

This fund's net asset position at year end 2007 was a deficit of \$26.4 million which is an increase of \$3.7 million from the net asset ending balance deficit of \$30.1 million in 2006. The deficit is primarily due to the large liability for unpaid claims for the City's General Liability and Workers Compensation. The liability was determined to be \$33.5 million at the end of 2007. The net asset deficit is tracking close to the deficit reduction plan.

City of Minneapolis, Minnesota  
Self Insurance Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2008, 2007 and 2006

	Budget Current Year 2008	Projection Year 2008	For Period Ending 30-Sep-08	For Year Ending 2007	For Period Ending 30-Sep-07	For Year Ending 2006	For Period Ending 30-Sep-06
<b>Operating Revenues:</b>							
Health & Welfare (employee benefits)	67,517,738	65,287,502	48,965,627	59,993,307	45,264,458	54,719,946	41,146,276
Workers Compensation	8,130,956	9,468,300	7,101,225	8,252,076	6,192,734	8,786,419	6,334,921
Liability - Subrogation	9,523,946	11,257,492	8,443,119	13,319,374	8,329,505	8,590,318	6,459,080
Attorney Office Services	30,000	11,597	8,698	11,863	9,700	43,668	20,909
Human Resources Services	1,218,772	876,015	657,011	1,116,895	856,063	857,723	643,292
Finance-Employment Services	2,172,000	308,081	231,061	338,616	196,404	559,295	282,935
<b>Total Operating Revenues</b>	<b>88,593,412</b>	<b>87,208,987</b>	<b>65,406,741</b>	<b>83,032,131</b>	<b>60,848,864</b>	<b>73,557,369</b>	<b>54,887,413</b>
<b>Operating Expenses:</b>							
Health & Welfare (employee benefits)	67,540,716	64,042,501	48,031,876	58,700,370	44,036,700	53,987,035	40,485,733
Workers Compensation	7,721,613	7,769,151	5,826,863	6,340,188	4,720,541	6,041,860	4,408,043
Liability & Settlements	4,035,711	2,246,848	1,685,136	9,866,643	3,653,086	6,350,799	3,902,413
City Attorney/Civil Division-Litigation	5,364,393	4,772,101	3,579,076	5,405,857	3,494,008	4,845,994	3,808,920
Risk Management - WC/Risk	2,162,685	1,842,131	1,381,598	2,463,967	1,257,436	1,963,442	1,463,966
Human Resource - Employee Benefits	1,215,684	989,103	741,827	1,115,857	748,262	1,089,526	791,368
<b>Total Operating Expenses</b>	<b>88,040,802</b>	<b>81,661,835</b>	<b>61,246,376</b>	<b>83,892,882</b>	<b>57,910,033</b>	<b>74,278,656</b>	<b>54,860,443</b>
<b>Operating Margin</b>	<b>552,610</b>	<b>5,547,153</b>	<b>4,160,365</b>	<b>(860,751)</b>	<b>2,938,831</b>	<b>(721,287)</b>	<b>26,970</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Interest on Bonded Debt	(53,000)	(53,000)	(39,750)	(52,420)	(51,750)	(114,061)	(202,313)
Other Non Operating Income (Exp)	-	-	-	(839)	-	(166,930)	(7,041)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(53,000)</b>	<b>(53,000)</b>	<b>(39,750)</b>	<b>(53,259)</b>	<b>(51,750)</b>	<b>(280,991)</b>	<b>(209,354)</b>
<b>Operating Transfer In (Out)</b>							
Transfers from other fund	5,642,689	5,642,689	4,232,017	4,750,000	3,562,500	8,745,047	6,558,785
Transfers to other fund	(131,000)	(131,000)	(98,250)	(97,000)	(72,750)	(45,349)	(34,012)
<b>Total Operating Transfers</b>	<b>5,511,689</b>	<b>5,511,689</b>	<b>4,133,767</b>	<b>4,653,000</b>	<b>3,489,750</b>	<b>8,699,698</b>	<b>6,524,773</b>
<b>Net Income</b>	<b>6,011,299</b>	<b>11,005,842</b>	<b>8,254,381</b>	<b>3,738,990</b>	<b>6,376,831</b>	<b>7,697,420</b>	<b>6,342,389</b>
<b>Significant Balance Sheet Items</b>							
Cash Balance over (under)				11,001,677	8,001,475	5,541,017	5,134,964
Due from Other Funds				181,930	3,590,071	2,823,000	728,009
Bonds Payable			(1,060,000)	(1,060,000)	(1,380,000)	(1,380,000)	(1,380,000)
Due to other funds			-	-	(87,612)	-	-
Unpaid Claims			(33,467,000)	(33,467,000)	(32,245,631)	(32,245,631)	(32,077,834)
Net Assets				(26,370,500)		(30,102,435)	
<b>Significant Cash Flow Items</b>							
Paid Principal on Debt			(251,250)	(320,000)	(160,000)	(890,000)	(3,080,000)

**City Of Minneapolis  
Sanitary Sewer Fund  
For the Third Quarter Ending September 30, 2008**

<b>Fund 07100</b>	<b>2008 Budget</b>	<b>30-Sep-08 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	43,819,895	30,966,967	12,852,928	71%
Operating Expenditures	40,516,860	28,382,213	12,134,647	70%
Operating Margin	3,303,035	2,584,753		
Net Income	1,537,707	1,109,127		

**Program Description:**

Sanitary Sewer Fund accounts for 95% of the contractual payments to the Metropolitan Council Environmental Services (MCES) for sewage interceptor and treatment services. The Fund also accounts for the sanitary sewer maintenance and design works.

**Revenue:**

With sewer revenue of \$31 million through the end of the third quarter, 71% of the revenue budget has been realized. This is an increase of \$1 million, or 4%, compared to \$30 million for the third quarter of 2007. At this rate, it is projected that 96% of the estimated revenue will be realized in 2008. The increase in revenue through the quarter is primarily due to increased revenues from Utility Charges. Inspection Services revenues from SAC charges are lower than the third quarter of 2007 by \$540,000, but it should meet the estimate during the fourth quarter of 2008.

**Expenses:**

The Sanitary Sewer fund's operating expenditures of \$28 million through the third quarter is at 70% of the budget. This is a decrease of \$2 million, or 5%, compared to \$30 million through the third quarter of 2007. The decrease is mainly due to a timing difference of a 2007 October payment of \$2.3 million being made to Met Council in September.

**Transfers:**

The transfer from this Fund is for MERF unfunded liability and \$365,341 has been accounted through the quarter.

**Debt Service:**

This fund did not have any debt service in the past, but, starting from 2007, there were capital projects which were bond-funded. For 2008, debt service schedule estimates \$2.2 million in principal and interest. Through the third quarter, \$1.7 million has been recognized relating to debt service payments.

**Other Financial Items:**

The current operating cash balance is \$9.2 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$9.5 million. The cash position is \$300,000 short of this goal.

City of Minneapolis, Minnesota  
Sanitary Sewer Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2008, 2007, 2006

	Budget Year 2008	Projected Year 2008	For Period Ending 9/30/2008	Year Ending 2007	For Period Ending 09-30-07	Year Ending 2006	For Period Ending 09-30-06
<b>Operating Revenues:</b>							
Sewage Disposal	40,326,212	38,901,801	29,176,351	38,050,432	27,936,730	34,483,121	24,424,750
Other Services Provided	1,108,841	774,007	580,505	296,688	113,055	147,604	67,021
Inspection Services	2,384,842	2,384,842	1,210,111	3,659,793	1,750,955	3,856,433	2,796,058
Interest						121,336	65,850
<b>Total Operating Revenues</b>	<b>43,819,895</b>	<b>42,060,650</b>	<b>30,966,967</b>	<b>42,006,913</b>	<b>29,800,740</b>	<b>38,608,494</b>	<b>27,353,679</b>
<b>Operating Expenses:</b>							
Sewer Design	311,731	504,624	378,468	258,052	34,938	91,742	74,005
Sewer Maintenance	6,773,000	5,119,669	3,335,573	5,591,157	3,905,418	5,470,737	4,344,765
Met Council Env. Svcs.	33,432,129	32,890,896	24,668,172	33,215,685	25,901,168	32,927,301	22,487,956
<b>Total Operating Expenses</b>	<b>40,516,860</b>	<b>38,515,189</b>	<b>28,382,213</b>	<b>39,064,893</b>	<b>29,841,524</b>	<b>38,489,780</b>	<b>26,906,726</b>
<b>Operating Margin</b>	<b>3,303,035</b>	<b>3,545,461</b>	<b>2,584,753</b>	<b>2,942,019</b>	<b>(40,784)</b>	<b>118,714</b>	<b>446,953</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers (out)	(264,000)	(264,000)	(365,341)	(347,851)	(260,889)		(55,386)
Non-Oper Expenses						(42,752)	-
Depreciation	(1,199,528)	(1,199,528)	(899,646)	(1,799,346)	(899,673)	(1,216,303)	(909,487)
Special Assessments			15,711	11,136	(875)	3,934	-
Net Interest Income (Exp)	(301,800)	(301,800)	(226,350)	(137,239)	(14,782)	(9,116)	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(1,765,328)</b>	<b>(1,765,328)</b>	<b>(1,475,626)</b>	<b>(2,273,300)</b>	<b>(1,176,219)</b>	<b>(1,264,236)</b>	<b>(964,873)</b>
<b>Net Income</b>	<b>1,537,707</b>	<b>1,780,132</b>	<b>1,109,127</b>	<b>668,719</b>	<b>(1,217,003)</b>	<b>(1,145,522)</b>	<b>(517,920)</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash	-		9,223,786	8,482,571	6,553,019	7,591,344	5,827,458
Accounts Receivable	-		2,953,615	3,393,086	2,778,920	2,706,241	2,480,732
<b>Significant Cash Flow Items</b>							
Capital Outlay	5,625,000	5,625,000	1,679,426	3,023,251	817,487	185,449	142,417
Bond Principle payments	1,912,875	1,912,875	1,434,656	904,239	575,250	72,000	-

**City Of Minneapolis  
Stormwater Fund  
For the Third Quarter Ending September 30, 2008**

<b>Fund 07300</b>	<b>2008 Budget</b>	<b>30-Sep-08 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	33,899,578	24,892,211	9,007,367	73%
Operating Expenditures	20,402,678	12,649,378	7,753,300	62%
Operating Margin	13,496,900	12,242,833		
Net Income	7,805,725	7,552,717		

**Program Description:**

The Stormwater fund accounts for 15% of the treatment work done through Met Council Environmental Services. Other storm water activities within the Fund include Combined Sewer Overflow (CSO) program, Street Cleaning, Sewer Design and Sewer Maintenance. While, Stormwater is the custodian of the Street Cleaning finances, the operations remain within PW Transportation department.

**Revenue:**

The Stormwater revenue of \$24.8 million realized through third quarter stands at 73% of the budget. It is an increase of \$1.4 million, or 6%, over \$23.4 million revenue through third quarter of 2007. The increase in revenues comes from Stormwater disposal fees, and this is due to rate increase from \$9.77 to \$10.26. With \$745,000 in State revenues, the yearly estimate has been almost realized through the quarter. Revenues for Engineering Services come from design works that are charged to capital projects and are recognized as part of "Other Services Provided" in the report. Through the current quarter, \$600,000 of design revenue has been recognized and has already met the estimate for the year.

**Expenses:**

The Stormwater Fund expenditure through third quarter stands at 62% of the budget. Expenditures for the Fund totaled \$12.6 million compared to \$12.3 million through the same period in 2007. This is an increase of \$300,000, or 3%. The increase comes from Street Cleaning segment of the Fund due to increased activities compared to 2007.

**Transfers:**

The transfer budget of \$264,000 is for the MERF pension's unfunded liability and other general debt services. For the period reported, \$241,000 of these transfers have been recognized.

**Debt Service:**

The debt service payments recognized through the quarter total \$8 million of which \$6.3 million was for the principal and \$1.7 million was to cover interest. These payments are primarily for bonds sold to finance the Combined Sewer Overflow and Flood Mitigation programs.

**Other Financial Items:**

The operating cash balance for quarter ended was \$9 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$4 million, which is over the requirement by \$5 million. The \$5 million is committed to future debt service.

City of Minneapolis, Minnesota  
Stormwater Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2008, 2007 and 2006

	Budget Year 2008	Projected Year 2008	For Period Ending 09-30-08	For Year Ending 2007	For Period Ending 09-30-07	For Year Ending 2006	For Period Ending 09-30-06
<b>Operating Revenues:</b>							
State Grants	746,775	746,775	745,411	831,690	749,631	671,526	745,646
County Grants	332,920	332,920	249,690	332,920	247,899	205,934	171,224
Sewage Disposal	30,995,483	31,049,355	23,287,016	28,868,760	22,154,808	27,869,040	20,806,268
Other Services Provided	1,824,400	1,618,234	610,094	1,398,805	308,775	1,031,806	419,915
<b>Total Operating Revenues</b>	<b>33,899,578</b>	<b>33,747,284</b>	<b>24,892,211</b>	<b>31,432,175</b>	<b>23,461,113</b>	<b>29,778,306</b>	<b>22,143,053</b>
<b>Operating Expenses:</b>							
Sewer Design	3,138,000	3,163,699	2,037,740	3,073,732	2,075,980	2,634,627	1,863,853
Stormwater Management CSO	1,304,759	1,171,364	743,069	1,096,967	857,131	1,206,966	879,697
Street Cleaning	7,615,000	8,575,816	4,900,748	6,764,484	4,482,857	7,211,034	4,955,472
Sewer Maintenance	3,169,000	2,552,745	1,417,247	2,004,579	1,427,284	2,100,924	1,104,434
Met Council Env. Svcs.	5,175,919	4,557,996	3,550,574	4,453,234	3,455,366	4,480,344	5,426,052
<b>Total Operating Expenses</b>	<b>20,402,678</b>	<b>20,021,619</b>	<b>12,649,378</b>	<b>17,392,996</b>	<b>12,298,618</b>	<b>17,633,895</b>	<b>14,229,508</b>
<b>Operating Margin</b>	<b>13,496,900</b>	<b>13,725,665</b>	<b>12,242,833</b>	<b>14,039,179</b>	<b>11,162,495</b>	<b>12,144,411</b>	<b>7,913,545</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers in (out)	(264,000)	(264,000)	(241,457)	(49,379)	(262,035)	(147,696)	(55,386)
Depreciation	(3,228,022)	(3,228,022)	(2,421,017)	(3,228,022)	(2,489,521)	(3,651,631)	(2,737,696)
Special Assessments	115,000	115,000	91,985	501,911	50,400	157,622	151,396
Net Interest Income (Exp)	(2,314,153)	(2,314,153)	(1,735,615)	(2,563,467)	(1,999,621)	(2,482,657)	(778,029)
Other Non Operating Income (Exp)			(384,013)	(1,265,313)	(1,502,843)	(1,529,659)	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(5,691,175)</b>	<b>(5,691,175)</b>	<b>(4,690,116)</b>	<b>(6,604,270)</b>	<b>(6,203,620)</b>	<b>(7,654,021)</b>	<b>(3,419,715)</b>
<b>Net Income</b>	<b>7,805,725</b>	<b>8,034,490</b>	<b>7,552,717</b>	<b>7,434,909</b>	<b>4,958,875</b>	<b>4,490,390</b>	<b>4,493,830</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash			9,172,096	596,907	6,428,668	(1,316,044)	5,336,013
Construction Cash				213,246	14,701,203	1,209,787	1,351,508
Accounts Receivable			3,614,060	4,484,745	4,199,430	6,697,637	3,280,732
Bonds Payable			11,583,044	11,583,044	21,349,426	15,045,426	20,067,483
<b>Significant Cash Flow Items</b>							
Capital Outlay	11,193,000	5,596,500	2,946,909	5,793,504	5,903,701	7,669,863	5,914,305
Bond principle payments	8,485,000	4,242,500	6,363,750	7,796,999	5,847,750	8,360,000	781,493

**City of Minneapolis  
Water Fund  
For the Third Quarter Ending September 30, 2008**

<b>Fund 7400</b>	<b>2008 Budget</b>	<b>30-September-08 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	68,825,031	47,920,377	20,904,654	70%
Operating Expenditures	44,757,877	33,016,511	11,741,366	74%
Operating Margin	24,067,154	14,903,866		
Net Income (Loss)	11,270,675	6,437,862		

**Program Description:**

This Fund accounts for operation, maintenance and new construction of the water treatment and 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.

In 2008, the Water Fund received appropriations to continue ongoing capital projects. The projects include the Minneapolis Water Works Facilities Security Improvement in the amount of \$500,000, the Ultrafiltration Program in the amount of \$4.5 million and Pump Station #4 Rehabilitation in the amount of \$6 million. In addition, each year, capital funding of \$4.5 million provides for water distribution improvements including cleaning and lining of 10 miles of pipeline with replacement of valves and hydrants to provide holistic system rehabilitation in project areas. Distribution improvements also include replacement of watermain where conductive soils have caused a number of watermain breaks.

The Ultrafiltration Membrane Program is being accomplished in two phases. Phase one is the newly constructed Columbia Heights Membrane Filtration Plant. Completed at a cost of \$63.3 million, the new plant is currently operating in a testing and confirmation phase. Full plant operation is expected in the early summer of 2009. This plant began distributing water into the Minneapolis system in the fall of 2005. Phase two is the Fridley Membrane Filtration Plant. This plant has a projected cost of \$88 million and is currently in the design phase. It is expected to begin construction in 2009 with full operational startup in 2012.

Pump Station #4 renovations begin this year and be completed in 2009. This project completely refurbishes the 100+ year old pump station that supplies softened water to the new Columbia Heights Membrane Filtration Plant.

**Revenue:**

For the year 2008, there was a 3% increase in the water rates raising the cost of 100 cubic feet from \$2.67 to \$2.75 per unit, but due to a decrease in usage the sales of water only increased by .3% over the same period in 2007.

The third quarter 2008 operating margin is \$14.9 million or 6.7% less than the same period of 2007. The net income for the third quarter 2008 decreased from \$7.5 million in 2007 to \$6.4 million in 2008 due to an increase in operating revenue of \$168,013 from the same period in 2007 and an increase in operating expenses of \$1.2 million from the same period in 2007.

**Expenditures:**

Through the third quarter of 2008, operating expenditures are \$33 million or 3.5%, greater than for the same period in 2007. This increase is primarily due to an increase in operational cost of chemicals and energy for treatment of water for distribution into the Minneapolis water works system. Energy costs for pumping have increased by approximately 10% and chemical costs have increased between 40 to 90%, depending on the chemical

Capital construction and Distribution costs have been rising primarily due to increases in construction materials, mainly iron costs and rising fuel costs. Over the last year, metal costs have risen dramatically. Total construction cost increases have been tempered somewhat by a competitive bidding market but are still on the rise and difficult to predict.

**Transfers:**

The transfers out of \$680,864 have been made, which includes the MERF (Minneapolis Employee Retirement Fund) pension debt service payments.

**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 Project 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 \$78.4 million at interest rates of 2.82%, 2.80% and 2.53%. The ending cash balance for the third quarter of 2008 is \$8.4 million compared to \$6.4 million for the same period in 2007. The objective is to have a cash balance equal to or greater than 3 months of operating expenses. The cash balance for the third quarter ended September 30, 2008 should be \$11,189,469.

City of Minneapolis, Minnesota  
Water Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2008, 2007, 2006

	Budget Current Year 2008	Projected Ending 2008	For Period Ending 30-Sep-08	For Year Ending 2007	For Period Ending 30-Sep-07	For Year Ending 2006	For Period Ending 30-Sep-06
<b>Operating Revenues:</b>							
Federal Grants	-	-	-	-	-	36,036	36,036
State Grants	-	-	-	-	-	-	-
County Grants	-	-	-	-	-	-	-
Licenses & Permits	1,000	583	445	871	680	728	543
Charges For Services	67,488,931	65,839,456	47,891,413	65,234,205	47,413,171	63,223,867	46,025,656
Charges For Sales	1,315,000	13,438	4,683	920,450	337,541	1,702,574	562,269
Rents	-	-	-	-	-	-	-
Interest	-	-	-	938	712	289	205
Other Misc Revenues	20,100	27,236	23,836	346	260	27,918	27,888
<b>Total Operating Revenues</b>	<b>68,825,031</b>	<b>65,880,713</b>	<b>47,920,377</b>	<b>66,156,810</b>	<b>47,752,364</b>	<b>64,991,412</b>	<b>46,652,597</b>
<b>Operating Expenses:</b>							
Security	-	-	-	-	-	642,091	481,164
Water Design	1,171,415	524,001	391,645	937,199	693,645	675,654	505,045
Contribution To Other Funds	8,918,655	8,918,655	6,866,647	7,674,082	6,364,748	5,760,399	4,619,490
Administration & Permits	1,289,423	1,490,421	1,347,683	1,593,561	1,075,788	1,152,765	796,758
Operations Treatment	13,905,084	17,589,677	11,882,303	13,604,953	9,843,474	14,607,515	10,283,422
Treatment Maintenance	7,635,924	7,246,851	4,795,166	7,679,260	5,407,235	7,261,963	5,021,229
Distribution	7,959,232	7,893,497	5,479,222	8,065,826	5,619,369	8,184,004	5,660,049
Major Repairs & Replacement	3,878,144	3,960,168	2,253,845	3,552,154	2,840,199	7,656,719	3,563,427
<b>Total Operating Expenses</b>	<b>44,757,877</b>	<b>47,623,270</b>	<b>33,016,511</b>	<b>43,107,035</b>	<b>31,844,458</b>	<b>45,941,111</b>	<b>30,930,584</b>
<b>Operating Margin</b>	<b>24,067,154</b>	<b>18,257,443</b>	<b>14,903,866</b>	<b>23,049,775</b>	<b>15,907,906</b>	<b>19,050,301</b>	<b>15,722,013</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers in (out)	(968,000)	(968,000)	(680,864)	(760,405)	(594,405)	(274,517)	(205,888)
Depreciation	(7,196,443)	(7,196,443)	(5,397,332)	(7,196,443)	(5,379,640)	(6,846,284)	(5,055,161)
Special Assessments	-	-	-	834,398	-	628,894	373,558
Net Interest Income (Exp)	(4,780,361)	(4,780,361)	(2,288,401)	(4,481,093)	(2,255,407)	(4,371,899)	(2,234,079)
Other Non-Operating Income	2,000,000	2,000,000	307,053	383,889	327,424	603,376	481,341
Other Non Operating (Expense)	(2,000,000)	(2,000,000)	(406,460)	(911,354)	(580,072)	(1,000,818)	(638,587)
<b>Total Non-Operating Revenues (Exp)</b>	<b>(12,944,804)</b>	<b>(12,944,804)</b>	<b>(8,466,004)</b>	<b>(12,131,008)</b>	<b>(8,482,100)</b>	<b>(11,261,248)</b>	<b>(7,278,815)</b>
<b>Net Income</b>	<b>11,122,350</b>	<b>5,312,639</b>	<b>6,437,862</b>	<b>10,918,767</b>	<b>7,425,806</b>	<b>7,789,053</b>	<b>8,443,198</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash			8,433,481	1,965,367	6,420,730	2,541,860	6,658,933
Construction Cash			-	-	-	-	282,589
Accounts Receivable			5,167,999	7,559,328	6,261,448	4,876,827	4,824,680
Bonds & Notes Payable			101,542,829	87,075,610	95,423,728	92,028,999	92,537,977
<b>Significant Cash Flow Items</b>							
Capital Outlay	23,500,000		7,296,947	12,375,804	5,696,446	13,486,869	9,307,504
Bond & Note Principle payments	6,679,791		1,300,000	8,419,436	1,000,000	8,658,552	840,000
<b>Total Cash Flow Items</b>	<b>30,179,791</b>		<b>8,596,947</b>	<b>20,795,240</b>	<b>6,696,446</b>	<b>22,145,421</b>	<b>10,147,504</b>

**City of Minneapolis  
Municipal Parking Fund  
For the Quarter Ending Sept 30, 2008**

<b>Fund 7500*</b>	<b>2008 Original Budget</b>	<b>Sept 30, 2008 Qtr End Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Revenue	43,470,492	34,813,163	8,657,329	80%
Expenditures	27,715,551	19,026,222	8,689,329	69%
Operating Margin	15,754,941	15,786,941		
Net Income (Loss)	4,802,587	7,572,676		

\* Figures in the table do not include State-owned ABC 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. The parking system has seventeen ramps with the sale of the St. Anthony ramp on February 28, 2008. The City has 6 lots with the addition of Park Avenue Lot. The City Council has approved the sale of two additional ramps. Negotiations continue on the potential sale of the Federal Courts and the Riverfront ramps.

**Revenues:**

The revenues for the first three quarters of the year of 2008 decreased by \$3.4 million, or 8.7%, \$34.8 million compared to \$38.2 million for 2007. Off-street parking revenue accounts for \$3.0 million of decrease due to the sale of 7 ramps. The Impound Lot revenue accounts for no change and On-street Parking accounts for \$0.4 million of the decrease.

**Expenditures:**

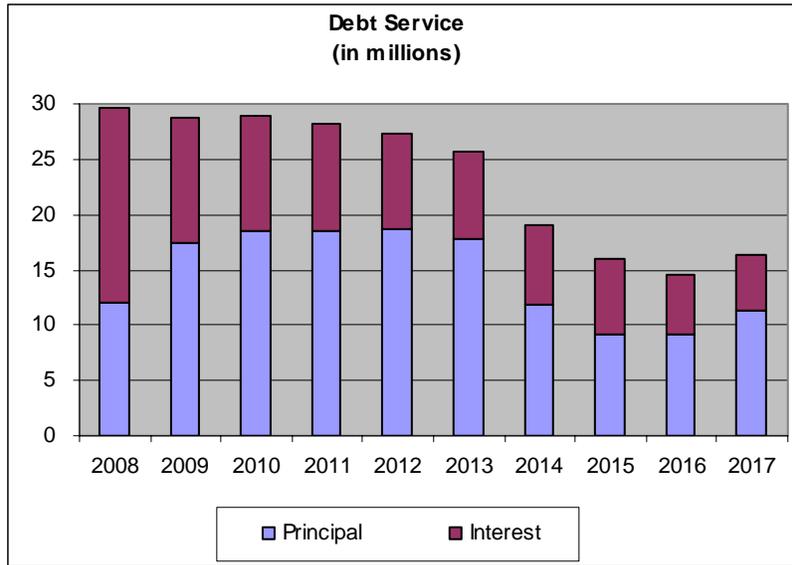
The expenditures, at \$19.0 million for 2008 increased by \$3.5 million, or 22.9%, compared to \$15.5 million in 2007. Expenditures for off-street parking increased by \$4.3 million, towing decreased by \$0.8 million and on-street parking had no change over 2007.

**Transfers to and from other funds:**

The 2008 transfers into the Parking Fund include \$8.8 million from the Convention Center for debt, \$1.0 million from the Convention Center for operations and \$8.1 million from CPED Tax Increment. Transfers out to other funds for the year are budgeted for a total of \$11.1 million with \$8.6 million to the General Fund, \$2.2 million to the Target Center Arena and \$0.3 million to other funds. The 2008 Target Center Arena transfer is \$2.4 million and is projected to reach \$5.8 million by 2014, based on the updated payment schedule. There were \$11.9 million in transfers out during 2007.

## Debt Service:

The total budgeted debt service for 2008 is \$29.6 million. These 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 service will continue to grow. According to the current schedule, debt service payments will reach \$29.0 million by 2010.



The total amount of outstanding bonds in the Parking Fund increased by \$1.7 million in 2007 with the sale of additional bonds to fund facilities repairs and improvements. There is currently \$234 million in outstanding bonds.

## Other Financial Items:

The current operating cash balance is \$47.0 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$5.6 million, which results in an excess of \$41.4 million. The excess is reserved for future debt service payment.

## Parking Fund Workout Plan:

A financial workout plan, as adopted by the City Council, approved parking initiatives to cut costs and increase revenues. The Workout Plan is in the process of being revised due to the sale of six ramps in 2007 and one in February of 2008. An updated Workout Plan and financial projections should be available before the end of 2008. Based on actual figures through the second quarter of 2008, the current update to the Workout Plan and specific performance include:

## Revenues:

- **Off-Street Parking and Enhanced Parking Ramp Marketing Activities:** Figures for the second quarter indicate that revenue has increased from last year's overall performance by \$705,000 even after accounting for the sale of 7 ramps which represents an improvement of 5.2%. The offering of credit payment in our newly

automated facilities is a primary factor contributing to the increase in overall revenues as we are attracting daily customers by offering this as an option.

- **On-Street Parking and Parking Meter Management Plan:** A request for proposals for new meter technology was developed and is currently out for solicitation. This will involve a pilot program for testing new meter technologies during the 4<sup>th</sup> quarter of 2008 and 1<sup>st</sup> quarter of 2009. Possibilities for new equipment features include offering multiple payment options, adjustable rate technology, improved enforcement capabilities and electronic reporting using the City's Wireless network. 93 total additional meters have been installed along Washington Avenue and are now being utilized.
- **Impound Lot and Collection of Unpaid Tow and Storage Fees:** The initiative for collection of unpaid tow and storage fee did not meet its revenue estimates of an additional \$1.2 million. However, the impound lot exceeded the revenue target by \$300,000 through the second quarter. This is due to the higher prices received from the auction of abandoned vehicles and contents. We are currently working with the City of St. Paul to further improve the auction process and maintain this increased revenue stream.

### **Expenditures:**

The status of the various expense reduction initiatives:

- **Off-street parking 2008 expenses** are 86% of the 2007 expenses or below the 2007 by \$1.36 million after factoring in the sale of 7 ramps. This is primarily a result of savings due to conversion to automation, as well as the sale of one facility in 2008. Savings from executing new janitorial contracts has also contributed to overall savings.
- **Salaries and wages** have been reduced due to continuing efforts toward reorganization and centralization resulting from the sale of the facilities mentioned above.
- **Enhance Wayfinding Program:** Two new installations are in process and will become operational in 2008 at Haaf and Government Center facilities.
- **Repair & Maintenance Program:** estimated expenditure of \$204,000 in debt service; Major projects for 2008 includes completion of automation of the revenue control equipment and systems upgrades at the Haaf, LaSalle and Hawthorne Ramps as well as building automation and fire alarm system conversion of the Haaf Ramp and refurbishing elevator equipment at the 11<sup>th</sup> and Marquette Ramp.
- **Impound Lot expenditures** decreased by \$400,000 due to the fact that no snow emergencies occurred so far in 2008 as well as the adjustment of operating hours which has reduced labor costs.
- **On-Street Parking expenditures** were less than budgeted by \$100,000.

The following table presents a summary of the various business line actual figures and variances for the year of 2008.

<b>Revenue* And Expense Categories</b>	<b>2008 Original Budget</b>	<b>2008 Year End Projection</b>	<b>Variance Budget Vs Projection</b>
Off-Street Parking	29,198,823	29,748,631	549,808
On-Street Parking	7,155,532	7,216,341	60,809
Impound Lot	7,116,137	7,481,644	365,507
<b>Total Revenue</b>	<b>43,470,492</b>	<b>44,446,616</b>	<b>976,124</b>
Off-Street Parking	21,289,120	21,662,153	373,033
On-Street Parking	1,130,160	1,106,541	(23,619)
Impound Lot	5,296,271	5,291,588	(4,683)
<b>Total Expenditures</b>	<b>27,715,551</b>	<b>28,060,282</b>	<b>344,731</b>
<b>Operating Margin</b>	<b>15,754,941</b>	<b>16,386,334</b>	<b>631,393</b>

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

**Summary:**

Based on the annual data, revenues will exceed the amount budgeted by \$976,124 or 2.2% and expenditures are over budget by \$344,731 or 1.2% thereby resulting in an overall excess profit of \$631,393 or 4.0% more than the annual budget.

City of Minneapolis, Minnesota  
Municipal Parking Fund  
Statement of Revenues and Expenditures  
For Third Quarter/Years Ending 2008, 2007, and 2006

	Current Budget Year 2008	Projected Year Ending 2008	For Period Ending 30-Sep-08	For Year Ending 2007	For Period Ending 30-Sep-07	For Year Ending 2006	For Period Ending 30-Sep-06
<b>Operating Revenues:</b>							
Off-Street Parking: City Owned	29,198,823	29,748,631	20,445,071	36,244,898	27,852,759	35,052,251	26,687,761
Off-Street Parking: State Owned	8,257,843	8,722,162	5,903,367	8,845,687	4,917,118	8,232,233	6,200,620
Towing	7,116,137	7,481,644	5,571,785	7,923,461	5,599,240	7,554,067	5,061,359
On-Street Meters	7,155,532	7,216,341	5,174,917	7,296,020	5,451,120	7,235,050	5,419,972
Total Operating Revenues	51,728,335	53,168,778	37,095,140	60,310,066	43,820,237	58,073,601	43,369,712
<b>Operating Expenses:</b>							
Off-Street Parking: City Owned-Direct Expenses	14,650,343	15,038,207	12,116,924	20,669,121	8,748,980	22,481,314	13,622,697
Off-Street Parking: State Owned-Direct Expenses	8,178,577	8,170,835	5,786,408	8,180,916	3,904,182	7,540,909	4,917,405
Towing	5,296,271	5,291,588	3,409,626	6,059,294	4,098,497	5,474,639	3,992,183
On-Street Meters	1,130,160	1,106,541	633,510	907,832	670,993	795,003	585,069
Other Operating Expenses	6,638,777	6,623,946	2,672,680	3,410,618	1,244,737	3,261,349	2,340,060
Total Operating Expenses	35,894,128	36,231,117	24,619,148	39,227,781	18,667,389	39,553,214	25,457,414
<b>Operating Margin</b>	<b>15,834,207</b>	<b>16,937,661</b>	<b>12,475,992</b>	<b>21,082,285</b>	<b>25,152,848</b>	<b>18,520,387</b>	<b>17,912,298</b>
<b>Non-Operating Revenues/(Expenses)</b>							
General Fund Transfer Out	(8,618,000)	(8,618,000)	(6,463,500)	(1,618,000)	(1,618,000)	(10,618,000)	(5,309,000)
Arena Reserve Transfer Out	(2,241,000)	(2,241,000)	(1,680,750)	(2,078,000)	(1,039,000)	(1,921,000)	(960,500)
Debt Service Transfer Out	(104,000)	(104,000)	(78,000)	(73,000)	(36,500)	(38,500)	(19,250)
Internal Service Fund Transfer Out	-	-	-	(8,000,000)	-	0	-
Sanitation Transfer Out	(146,000)	(146,000)	(109,500)	(146,000)	(73,000)	(146,000)	(73,000)
Total Transfers Out	(11,109,000)	(11,109,000)	(8,331,750)	(11,915,000)	(2,766,500)	(12,723,500)	(6,361,750)
Convention Center related facility Transfer	9,832,000	9,832,000	7,374,000	9,856,000	2,844,507	9,565,097	4,782,549
TI and MCDA Transfers In	8,137,000	8,137,000	6,102,750	8,564,522	8,250,069	7,251,086	3,625,543
Arbitrage Fund and Other Transfers In	-	-	-	-	-	2,467,107	1,233,554
Total Transfers In	17,969,000	17,969,000	13,476,750	18,420,522	11,094,576	19,283,290	9,641,646
Depreciation	(6,137,044)	(7,014,000)	(4,602,783)	(6,818,937)	(3,493,470)	(6,551,682)	(3,275,841)
Special Assessments*	132,500	135,500	99,375	72,921	72,921	12,556,838	66,250
Interest	(11,807,810)	(11,247,000)	(8,855,858)	(12,881,548)	(7,757,426)	(12,623,203)	(8,234,736)
Other Non Operating Expenses	0	(193,482)	(193,482)	(33,353)	(723,868)	(32,980)	(32,980)
Other Non-Operating Income **	0	3,621,390	3,621,390	30,879,318	(749,478)	136,897	136,897
Total Non-Operating Revenues (Expenses)	(10,952,354)	(7,837,592)	(4,786,358)	17,723,923	(4,323,245)	45,660	(8,060,514)
<b>Net Income+/( -)</b>	<b>4,881,853</b>	<b>9,100,069</b>	<b>7,689,635</b>	<b>38,806,208</b>	<b>20,829,603</b>	<b>18,566,047</b>	<b>9,851,784</b>

\* - In 2006 the Council passes a special assessment levy for the Vineland Ramp.

\*\* - In 2007 6 ramps were sold with a gain on sale of \$30,660,844 and in 2008 1 ramp was sold with a gain on sale of \$2,458,363.

**Significant Balance Sheet Items**

Operating Cash	47,083,685	42,264,881	(7,715,100)	(12,306,289)	(15,363,741)
Construction Cash	256	395,953	2,092,101	3,420,289	5,572,003
Bonds Payable	231,190,542	238,140,542	261,789,642	268,374,642	280,848,742
Total Balance Sheet Items	-	278,274,483	280,801,376	256,166,643	259,488,642

**Significant Cash Flow Items**

Principal on debt	6,960,000	31,924,100	6,585,000	14,174,100	7,087,050
Capital Outlay	193,482	1,366,695	935,925	1,753,949	453,635
Total Cash Flow Items	7,153,482	33,290,795	7,520,925	15,928,049	7,540,685

**City Of Minneapolis  
Solid Waste and Recycling Fund  
For the Third Quarter Ending September 30, 2008**

<b>Fund 07700</b>	<b>2008 Budget</b>	<b>30-Sept-08 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	31,488,710	22,847,578	8,641,132	73%
Operating Expenditures	31,153,451	19,083,225	12,070,226	61%
Operating Margin	335,259	3,764,353		
Net Income/(Loss)	(1,209,820)	2,787,447		

**Program Description:**

The Solid Waste Fund accounts for City's solid waste collection, disposal and recycling operations. Activities include trash-yard waste pickups on a weekly basis; and, on a biweekly basis, pickups are made for recycling and problem materials, such as appliances. The operations of a solid waste transfer station which covers over 105,000 households, is included in this Fund, as well. The division also provides "clean city" activities such as neighborhood clean sweeps, litter-graffiti controls and removals in business districts. It has initiated "organics" pilot program in few of the school 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 operating revenues for the Fund through the quarter totaled \$22.8 million compared to \$22.3 million through the third quarter of 2007. This is an increase of \$500,000 or 2%, which can be attributed to increase in recyclable sales revenue. The revenue for recyclable sales is variable and is tied to economic indicators in the market place. The grant revenue from Hennepin County has not yet been received but is recognized in this report.

**Expenses:**

The operating expenses through third quarter ended at \$19 million compared to \$18.3 million in 2007. The increase in expenditures of \$700,000 or 4%, over the same period in 2007, is mainly due to increase in solid waste collection, administration, customer-service and transfer activities.

**Transfers:**

Estimated 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. The Fund has recognized \$151,000 of these transfers through third quarter. Transfers out of the Fund include \$700,000 for alley plowing and \$78,000 for MERF Unfunded Liability. These are transferred out to General Fund when payments for these activities occur. For the quarter ending September 30<sup>th</sup>, General Fund transfers totaling \$600,000 have been recognized.

**Debt Service:** This fund has no debt service.

**Other Financial Items:**

The fund's cash balance for the third quarter ended at \$19 million and outstanding receivables are \$3.2 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the minimum desired cash balance is \$6.4 million.

City of Minneapolis, Minnesota  
Solid Waste and Recycling Fund  
Statement of Revenues and Expenses  
For Third Quarter/Years Ending 2008, 2007, 2006

	Budget Year 2008	Projection Year 2008	For Period Ending 9/30/2008	For Year Ending 12/31/2007	For Period Ending 09-30-07	For Year Ending 2006	For Period Ending 09-30-07
<b>Operating Revenues:</b>							
County Grants	800,000	799,702	601,500	783,762	783,762	802,623	-
Solid Waste Fees	28,989,310	27,209,167	20,406,875	26,853,386	20,125,874	26,300,313	19,712,356
Recyclable Sales	1,699,400	2,422,778	1,817,084	1,875,837	1,376,193	1,497,204	1,323,885
Charges for Other Services	-	29,493	22,120	31,976	15,888	14,877	151,349
<b>Total Operating Revenues</b>	<b>31,488,710</b>	<b>30,461,141</b>	<b>22,847,578</b>	<b>29,544,961</b>	<b>22,301,717</b>	<b>28,615,018</b>	<b>21,187,590</b>
<b>Operating Expenses:</b>							
Collection	7,629,285	7,993,494	5,071,858	6,465,493	4,436,939	6,667,334	4,825,988
Recycling	3,711,542	3,169,241	2,065,812	3,144,651	2,213,210	3,264,125	2,458,256
Disposal	6,385,054	5,015,604	3,237,740	4,901,091	3,261,830	5,180,850	4,342,950
Yard Waste	2,150,025	1,832,015	1,178,910	1,440,611	1,013,647	1,381,365	1,049,529
Large Item/Problem Material	825,788	1,071,915	702,765	1,080,192	772,896	1,125,980	876,009
Transfer Stations	212,634	184,871	152,147	125,542	98,818	173,753	197,295
Administration	4,690,406	5,019,474	3,270,394	4,228,996	3,140,425	4,186,945	2,134,748
Customer Service	381,256	921,661	448,091	437,592	324,569	540,547	337,024
Clean City	2,012,478	2,165,134	1,225,769	1,609,132	1,253,319	1,412,747	748,466
Equipment	3,154,983	3,233,658	1,729,739	2,340,266	1,821,771	4,212,945	2,211,406
<b>Total Operating Expenses</b>	<b>31,153,451</b>	<b>30,607,068</b>	<b>19,083,225</b>	<b>25,773,566</b>	<b>18,337,424</b>	<b>28,146,591</b>	<b>19,181,671</b>
<b>Operating Margin</b>	<b>335,259</b>	<b>(145,927)</b>	<b>3,764,353</b>	<b>3,771,395</b>	<b>3,964,293</b>	<b>468,426</b>	<b>2,005,919</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers In	196,000	196,000	151,167	196,000	379,500	506,000	37,500
Net Transfers Out	(809,000)	(809,000)	(606,750)	(778,000)	(583,500)	(735,221)	(525,000)
Gains (Losses)							(1,544)
Depreciation	(932,079)	(932,079)	(699,059)	(932,079)	(712,645)	(1,034,312)	(714,135)
Special Assessments	-	355,474	177,737	119,614	127,562	15,281	40,391
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(1,545,079)</b>	<b>(1,189,605)</b>	<b>(976,906)</b>	<b>(1,394,465)</b>	<b>(789,083)</b>	<b>(1,248,252)</b>	<b>(1,162,788)</b>
<b>Net Income</b>	<b>(1,209,820)</b>	<b>(1,335,533)</b>	<b>2,787,447</b>	<b>2,376,931</b>	<b>3,175,210</b>	<b>(779,826)</b>	<b>843,131</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash			19,457,033	17,635,380	17,179,570	15,497,282	14,339,795
Accounts Receivable			3,150,543	3,133,296	3,284,053	2,824,168	2,675,754

# 2008 Third Quarter Investment Report

In accordance with the City's investment policy, revenue not immediately required for payment of obligations shall be placed in authorized investments. The objectives of the City's investment strategy, in order of priority, are safety of principal, liquidity and yield.

As of September 30, 2008, the City's current investment portfolio was valued at approximately \$439 million. The sector holdings and fund distributions are shown below. For the twelve months ended September 30, 2008, the portfolio has just slightly underperformed its benchmark.

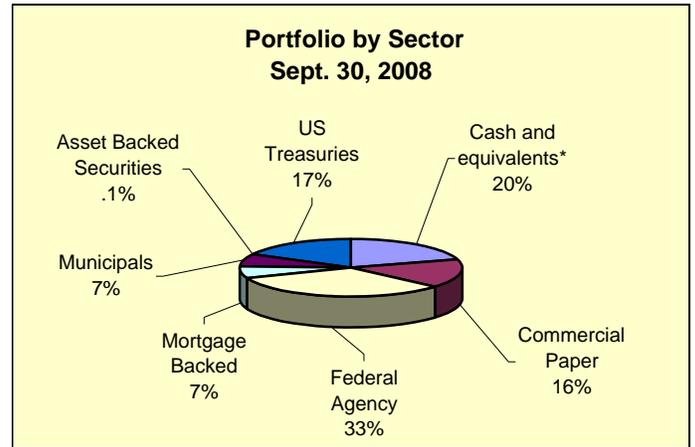
Investment Performance period ended September 30, 2008	City Portfolio	Custom Benchmark*
3 month Total Return	0.69%	.91%
12 months Total Return	3.31%	3.79%
Credit Quality	AGY	AGY

\* Custom Benchmark is a combination of the Merrill Lynch 1-3 year Treasury Index, the Merrill Lynch 3 month US T-Bill Index and the Citigroup 1 month T-Bill Index. The custom benchmark more appropriately aligns with the City's current investment strategy.

## Portfolio Holdings By Sector

Sector	Sept. 30 2008	% of port.	Sept. 30 2007	% of port.
<b>Cash and equivalents*</b>	\$ 88.8	20%	\$ 134.6	36%
<b>Commercial Paper</b>	\$ 70.5	16%	\$ -	0%
<b>Federal Agency</b>	\$ 144.8	33%	\$ 173.7	47%
<b>Mortgage Backed</b>	\$ 28.8	7%	\$ 18.2	5%
<b>Municipals</b>	\$ 31.0	7%	\$ 15.4	4%
<b>Asset Backed Securities</b>	\$ 0.4	0%	\$ 0.4	0%
<b>US Treasuries</b>	\$ 75.1	17%	\$ 19.4	5%
<b>Bond - Mutual Funds</b>	\$ -	0%	\$ 7.5	2%
<b>Total Market Value</b>	\$ 439.4	100%	\$ 369.2	100%

\*Net of checks outstanding



## Funds

Performance	Sept. 30 2008	% of total s	Sept. 30 2007	% of total funds
<b>Debt Service</b>	\$ 59.1	14%	\$ 58.3	16%
<b>Development</b>	\$ 35.4	8%	\$ 41.0	11%
<b>Enterprise Fund</b>	\$ 95.0	22%	\$ 38.3	10%
<b>General</b>	\$ 51.2	12%	\$ 16.9	5%
<b>Internal Service</b>	\$ (30.2)	-7%	\$ 11.7	3%
<b>Library</b>	\$ (1.3)	0%	\$ 4.7	1%
<b>Hilton Trust</b>	\$ 19.6	4%	\$ 21.7	6%
<b>NRP</b>	\$ 28.6	7%	\$ 34.5	9%
<b>Park Board</b>	\$ 0.6	0%	\$ 0.1	0%
<b>TIF</b>	\$ 52.8	12%	\$ 47.7	13%
<b>Convention Center</b>	\$ 17.9	4%	\$ 29.2	8%
<b>Other</b>	\$ 41.1	9%	\$ 16.8	5%
<b>Sub Total City Op. Port.</b>	\$ 369.8	84%	\$ 320.9	88%
<b>Bond Proceeds/Const.</b>	\$ 67.9	16%	\$ 45.3	12%
<b>TOTAL Book Value</b>	\$ 437.7	100%	\$ 366.2	100%
<b>Unrealized G/L &amp; Acc int</b>	\$ 1.7		\$ 3.0	
<b>All Funds Mkt Value</b>	\$ 439.4		\$ 369.2	

