



City of Minneapolis  
Financial Status Report as of 2nd Quarter 2007  
Prepared by the  
City of Minneapolis Finance Department  
August 13, 2007

# 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 June 30, 2007.

*The financial information and projections contained herein do not take into account any activities subsequent to June 30, 2007, including the 35W bridge collapse.*

### 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 2007 with a fund balance of \$55.1 million and an operating budget of \$292 million. Subsequent 2006 reappropriation decisions increased fund spending limits by \$6.3 million. Through June of this year, the fund has spent slightly less than 48% of its appropriations with half the year elapsed. One item of note is the Police Department; although spending is on track as of June 30th, the department is projected to overspend its budget at year-end by \$5.5 million. This is attributable to expenses that will impact the department later in the year. Some of the major expenses are: Jail Fees, one-time & permanent technology costs and overtime.

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 2007 operating budget plans for a loss of \$6.6 million and second quarter results show the fund is tracking very close to plan with revenues and expenses at 50% and 46% of budget respectively.

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

## Proprietary Funds

Proprietary funds operate, more or less, like a business and are assumed to be self-supporting. Proprietary funds are normally grouped into two subsets: Internal Service funds, which sell goods and services internally to other government units; and, Enterprise funds which sell goods and services to third parties. The rates charged by these businesses are supposed to cover the full cost of providing the good or service sold by the fund- including the cost of maintaining, replacing, and expanding the fund's capital assets; Proprietary funds use full accrual accounting.

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

<b>Enterprise Funds</b>						
<b>(In Thousands)</b>						
<b>Fund</b>	<b>2007 Budget to Actual through 6-30-07 (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	38,915	18,412	47%	39,056	20,523	53%
Stormwater	34,600	15,948	46%	25,213	10,770	43%
Solid Waste	29,701	14,703	50%	30,422	12,422	41%
Water Utility	67,422	27,023	40%	60,146	25,982	43%
Parking	76,826	41,502	54%	73,614	34,264	47%

With the exception of the Parking fund, the City's enterprise activities are in good condition. All of these funds had positive net assets at the beginning of 2007 and their financial plans call for a continuation of positive financial activity. There is an area of concern within the "Utility" Funds as far as cash position is concerned. Water, Storm Water and Sanitary Sewer all have positive cash balances but their average cash balances have declined over the last several years and are well below the financial policy calling for cash reserves equaling three months of operating expenses.

**Sewer Utility Fund** accounts for sewage interceptor and treatment services and the storm management activities including the Combined Sewer Overflow program. The Sewer Fund was split into two funds in 2005: Stormwater and Sanitary. The Stormwater Fund through second quarter has received 46% of its annual revenues and has spent 43% of its annual expense budget. The Sanitary Sewer fund has received 47% of its revenue and spent 53% of its budgeted expenses so far. Both funds have positive net assets but the cash balances will continue dwindling because of the permanent effect of stormwater credits, lower water consumption and outstanding debt. Mid-year predictions indicate the two funds will end the year fairly close to budgeted expectations. Sanitary Sewer is expected to lose \$1.5 million more than budgeted because expenses are higher than expected, primarily because of Metropolitan Council sewage treatment costs.

**Solid Waste Fund** accounts for the City’s solid waste collection, disposal, and recycling operations. Currently the fund has received 49% of its annual revenues and spent 40% of its annual expense budget. The fund has positive net assets and cash reserves in excess of the stated requirement. One area of concern is in the area of graffiti. Costs are not being recovered primarily because amounts billed to homeowners are insufficient to cover the full costs of the operation.

**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 \$.05 rate increase in 2007. It has received 40% of its annual revenues and spent 43% of its annual expense budget. Like the Sewer Funds, it has a cash problem. The funds current cash reserve is well below the stated requirement. The erosion of the funds’ cash balance can be attributed to several factors: 1) large annual debt service commitments; 2) a decline in water consumption over the last several years.

**Parking Fund** accounts for the operation and maintenance of parking ramps, lots, on street parking meters, a municipal impound lot, and traffic/parking control. Prior to 2001, revenue performance had been better than budgeted, but since September 2002, revenue has dropped. This is primarily due to economic conditions, high office vacancy rates, and increasing transfers to other funds. In June 2004, the City Council adopted a financial and operational workout plan for the Parking Services Fund that is expected to restore the funds’ solvency by 2010. For 2007, the fund is on target to meet its revenue and spending requirements. Readers are cautioned to remember the parking business is quite volatile and should not assume this activity will continue through the end of the year.

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

<b>Internal Service Funds (In Thousands)</b>						
<b>2007 Budget to Actual through 6-30-07 (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	653	15%	4,439	825	19%
<b>Equipment Fund</b>	46,141	21,145	46%	44,074	19,007	43%
<b>Property Services</b>	16,154	8,674	54%	16,865	9,658	57%
<b>Public Works Stores</b>	3,590	2,413	67%	3,608	2,228	62%
<b>Intergovernmental Fund</b>	50,141	26,445	53%	39,370	20,656	52%
<b>Self Insurance</b>	88,657	42,531	48%	83,895	37,790	45%

The **Intergovernmental Service Fund** is operating at a level called for in its financial workout plan. The City instituted an Activity Based Costing rate model in 2004. Customers are charged a rate based on services consumed. This rate model replaces the arbitrary “fund-transfer” method that existed previously. Through second quarter, the fund is on track with both its revenue and expense goals. The fund also benefited from an additional transfer from the General Fund of \$3.5 million for an internal loan payment. Depreciation expense continues to pose a challenge for the fund because it is not recovered through the rate model.

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

The **Self-Insurance Fund** is at 48% and 45% of revenue and expense targets for the year.

The **Property Services Fund** has received 53% of annual revenues and has spent 57% of budgeted expenses through second quarter. It has positive net assets but its cash reserves are well below the stated requirement. This fund's financial performance is hindered by depreciation expense. Similar to BIS, it is not recovering for depreciation in its rental rates and this will continue to adversely affect the fund.

The **Engineering Materials and Testing Fund** is budgeted at a loss of \$.058 million for 2007. This fund has consistently lost money for the last eight years and if the trend continues will be in need of a financial workout plan. The fund has a very small amount of cash and positive net assets but one more year of losses could reverse that situation. Public Works management has decided to continue buying, rather than making, asphalt which will improve the financial results in this fund. In addition, management has increased its overhead rates to more fully recover fixed costs.

**Respectfully Submitted,**

Patrick P. Born  
Finance Officer

Charles J. Elliott  
Controller

## Appendix

### Detailed Fund Information

## General Fund

### Fund Description

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

### Financial Performance

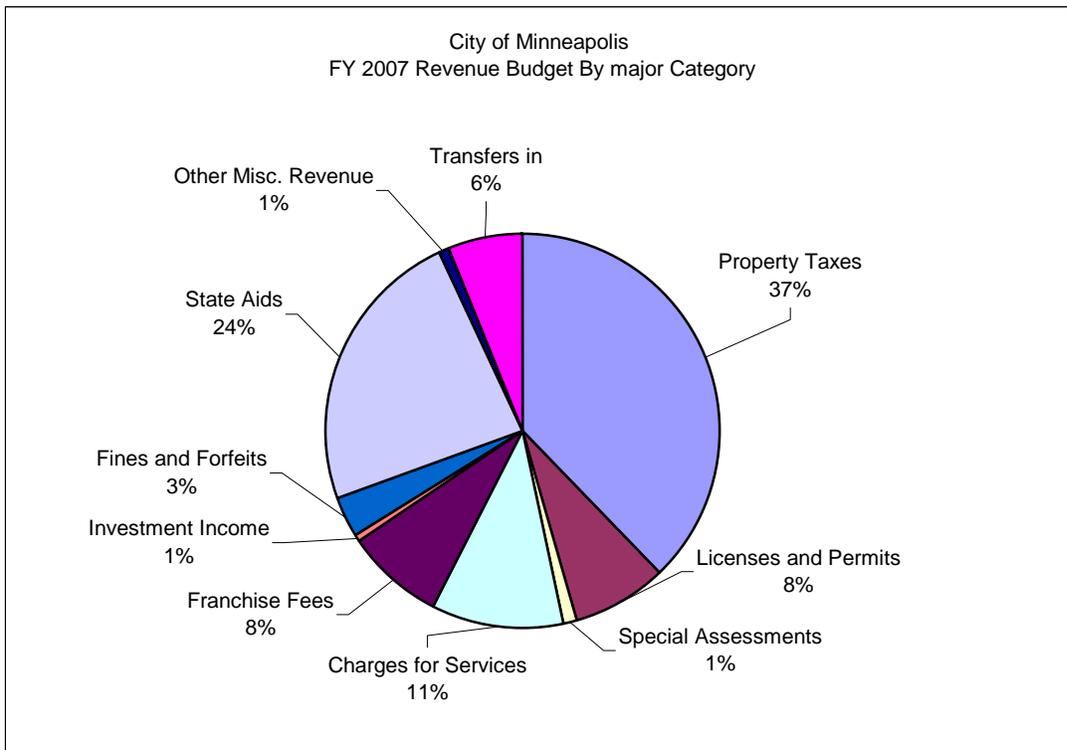
The fund balance for the General Fund at fiscal year-end 2006 was \$55.1 million. Based on the current revenue and expenditure trends, we are expecting the fund balance at year-end to be about \$48.2 million.

The City's practice is to maintain a minimum fund balance of 15% of the following year's revenue budget; the exact fund balance requirement will be determined at year-end.

*Any projection of year-end results should be considered to be only an estimate.*

<u>Projected 2007 Fund Balance</u>	
Fund Balance January 1, 2007	\$ 55.1 million
Re-appropriation of Fund Balance	(6.3) million
2007 Projected Decrease in Fund Balance	<u>(.6) million</u>
Fund Balance Projected, December 31, 2007	<u>\$ 48.2 million</u>

### General Fund Revenues:



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

Property taxes, the major source of General Fund revenue (38%), are expected to meet the budget of \$123.9 million at the end of the year.

State aids, the second major source of fund revenue (24%), are also expected to meet the current estimated revenue of \$78.1 million (received in July and December).

Charges for services, the first major source of fund revenue (11%), are expected to be about equal to the current budget of \$35.6 million.

Franchise fees, the fourth major source of revenue (8%), are expected to be about 14%, or \$3.9 million, over the current budget of \$27.1 million, primarily due to increased revenue from natural gas franchise fees.

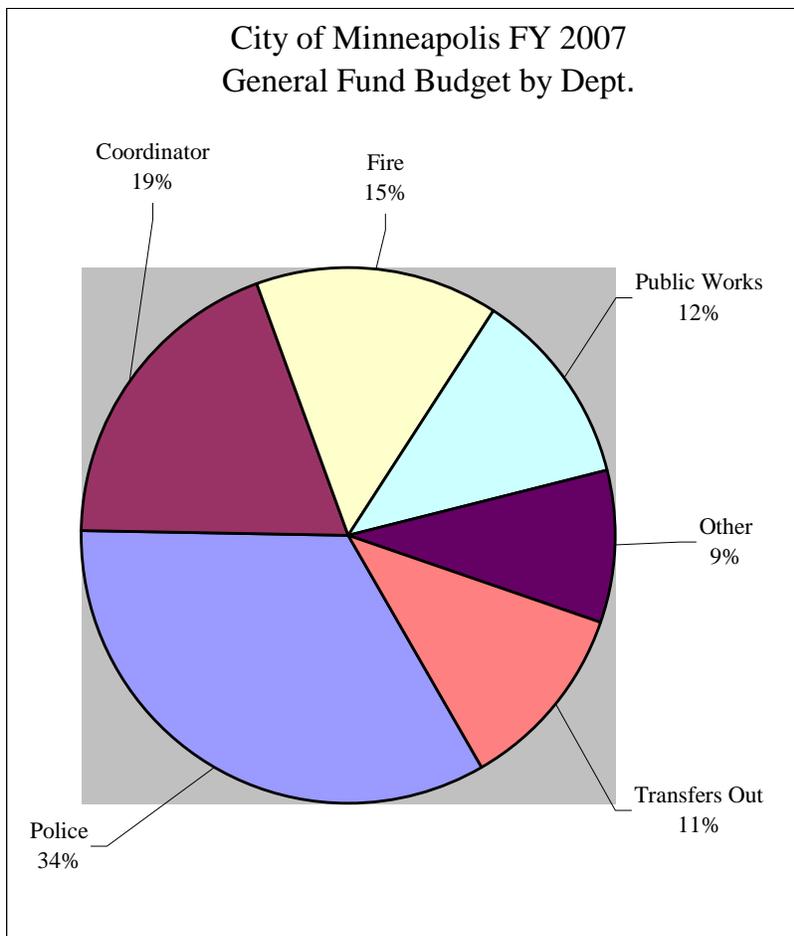
License and permit fees (8% of fund revenue) are expected to be about equal to the current budget (\$26 million).

Fine and Forfeit revenues are expected to be less than the estimated revenue budget by about 15% (or about \$1.2 million), primarily due to continued decrease in collections in fine revenues.

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

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

### **General Fund Expenditures:**



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

At the end of June, the Police Department's expenditures incurred to date are about \$56 million (50% of current budget); their projected expenditures could exceed their budget by about \$5.5 million at the end of the year primarily because of continued increase in overtime expenditures, technology, Hennepin County Jail fees, and other contractual services.

The projected expenditures of the City Coordinator's office are

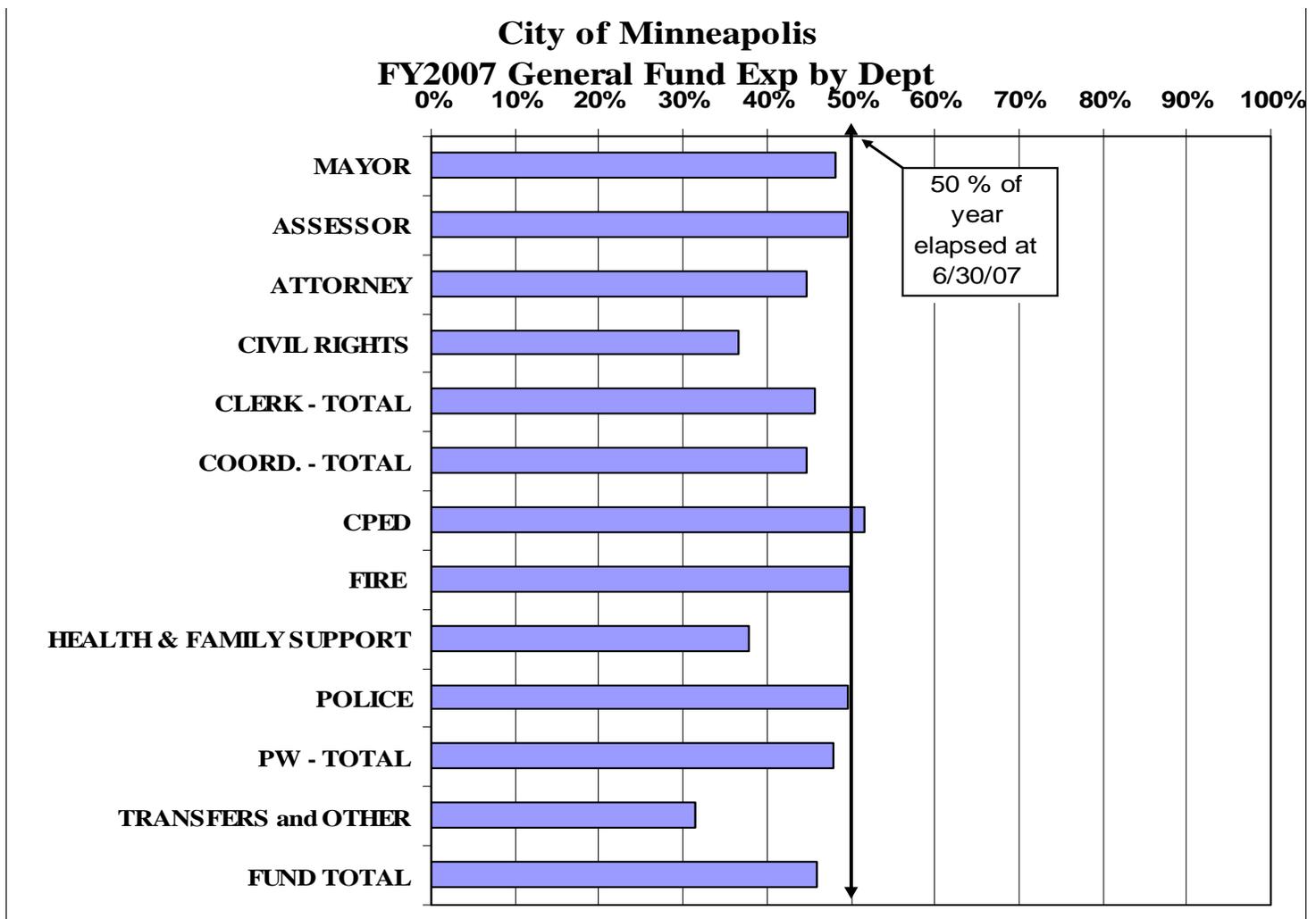
expected to be within their budget at the end of the year.

The expenditures for the next major department, Fire, are expected to be about \$440,000 over their current budget at the end of the year primarily due to increase in overtime costs. The department is implementing policies to reduce personnel expenses for the remainder of 2007 in an attempt to reduce this expected deficit.

The expenditures of the Public work's department's projected expenditures are expected to be within their budget at the end of the year.

The expenditures for the remaining departments are running below the current budget through the end of the second quarter. The exception is the Assessor's department, which is expected to be over its budget by about \$60,000 at the end of the year.

The overall current level of expenditures at the end of the second quarter indicate that total General Fund expenditures at the end of the year will be about \$3.6 million over the current appropriation primarily due to the increased spending in the Police department.



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

**City of Minneapolis  
General Fund  
June 30, 2007**

	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actuals Thru June</b>	<b>Projected YE Totals</b>	<b>Projected YE Actual as Percent of Revised Budget</b>
<b>Revenues:</b>					
Property Taxes	123,909,458	123,909,458	61,044,830	123,910,000	100%
State Aids*	78,118,684	78,118,684	2,837,780	78,119,000	100%
Charges for Services	35,581,566	35,581,566	14,597,293	36,082,000	101%
Franchise Fees	27,110,000	27,110,000	15,360,586	31,000,000	114%
Licenses and Permits	25,999,355	25,999,355	10,915,468	26,000,000	100%
Fines and Forfeits	10,172,877	10,172,877	3,854,668	8,973,000	88%
Special Assessments	2,782,926	2,782,926	1,933,447	3,000,000	108%
Investment Income	1,860,202	1,860,202	840,369	1,600,000	86%
Other Shared Taxes	750,608	750,608	56,425	751,000	100%
Other Miscellaneous	1,109,832	1,269,832	629,669	1,270,000	100%
Contributions	297,500	297,500	169,431	298,000	100%
<b>Total Revenues</b>	<b>307,693,008</b>	<b>307,853,008</b>	<b>112,239,966</b>	<b>311,003,000</b>	<b>101%</b>
Transfers In	20,241,000	20,241,000	10,166,940	20,241,000	100%
<b>Revenues and Other Sources</b>	<b>327,934,008</b>	<b>328,094,008</b>	<b>122,406,906</b>	<b>331,244,000</b>	<b>101%</b>
<b>Expenditures :</b>					
Police	112,096,069	112,846,069	56,025,755	118,346,000	105%
Coordinator - Total	62,493,357	64,122,431	28,653,211	64,122,000	100%
Fire	48,380,463	48,440,463	24,152,829	48,880,000	101%
Public Works - Total	39,539,415	40,714,649	19,508,518	40,715,000	100%
Attorney	6,170,417	6,170,417	2,756,795	6,170,000	100%
Health & Family Support	4,076,117	4,076,117	1,542,354	4,076,000	100%
CPED	3,708,388	3,708,388	1,917,325	3,708,000	100%
City Council & City Clerk	6,170,256	6,316,558	2,893,441	6,190,000	98%
Assessor	3,574,398	3,574,398	1,773,385	3,634,000	102%
Civil Rights	2,460,739	2,845,739	1,038,593	2,845,000	100%
Contingency	2,058,226	1,308,226	105,000	150,000	11%
Mayor	1,329,489	1,329,489	639,173	1,281,000	96%
Non-Department	865,674	865,674	416,651	866,000	100%
Unfunded Pension Liabilities	-	-	(452,038)	(1,000,000)	-
<b>Total Expenditures</b>	<b>292,923,008</b>	<b>296,318,618</b>	<b>140,970,992</b>	<b>299,983,000</b>	<b>101%</b>
Transfers Out	35,011,000	38,218,450	12,647,619	38,218,000	100%
<b>Expenditures and Other Uses</b>	<b>327,934,008</b>	<b>334,537,068</b>	<b>153,618,611</b>	<b>338,201,000</b>	<b>101%</b>
<b>Change in Fund Balance</b>	<b>-</b>	<b>(6,443,060)</b>	<b>(31,211,705)</b>	<b>(6,957,000)</b>	<b>-13%</b>
<b>Fund Balance - January 1, 2007</b>				55,112,000	
<b>Fund Balance - December 31, 2007</b>				<b>48,155,000</b>	

\* State aid revenues are received in July and December

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

### **Convention Center Fund**

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

### **Revenue**

#### **Tax Revenue**

The Convention Center Special Revenue Fund activity is funded from local tax receipts and Convention Center operating revenue. Tax receipts are made up of a .5% citywide sales tax; a 3% food and liquor tax applied to core downtown establishments; a 3% citywide entertainment tax; and a 3% citywide lodging tax for motels and hotels with 50 units or more. Presently, one-third of all lodging tax proceeds received by the City are paid directly to Meet Minneapolis. With the exception of entertainment tax, all of the tax revenue received by the Convention Center is used to support the Convention Center's capital and operating activities. 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 2nd quarter of 2007, tax proceeds were near 2006 levels. Tax revenue is receipted into the month they're received from the State of Minnesota. June 2007 is based on actual numbers received from the State as of the June close and a June accrual. Tax revenue is driven by consumer spending habits, and is expected to be near budget and slightly below 2006 levels at the 2007 year end.

<b>Tax</b>	<b>June 2007</b>	<b>June 2006</b>	<b>Variance</b>	<b>% Change</b>
Sales	15,438,790	13,712,575	1,726,215	13%
Entertainment	3,740,704	4,447,409	-706,704	-16%
Food	3,852,424	4,467,357	-614,933	-14%
Liquor	1,433,134	1,676,697	-343,564	-15%
Lodging	2,182,700	2,497,684	-314,984	-13%
<b>Total</b>	<b>\$26,647,752</b>	<b>\$26,801,722</b>	<b>-\$153,970</b>	<b>-1%</b>

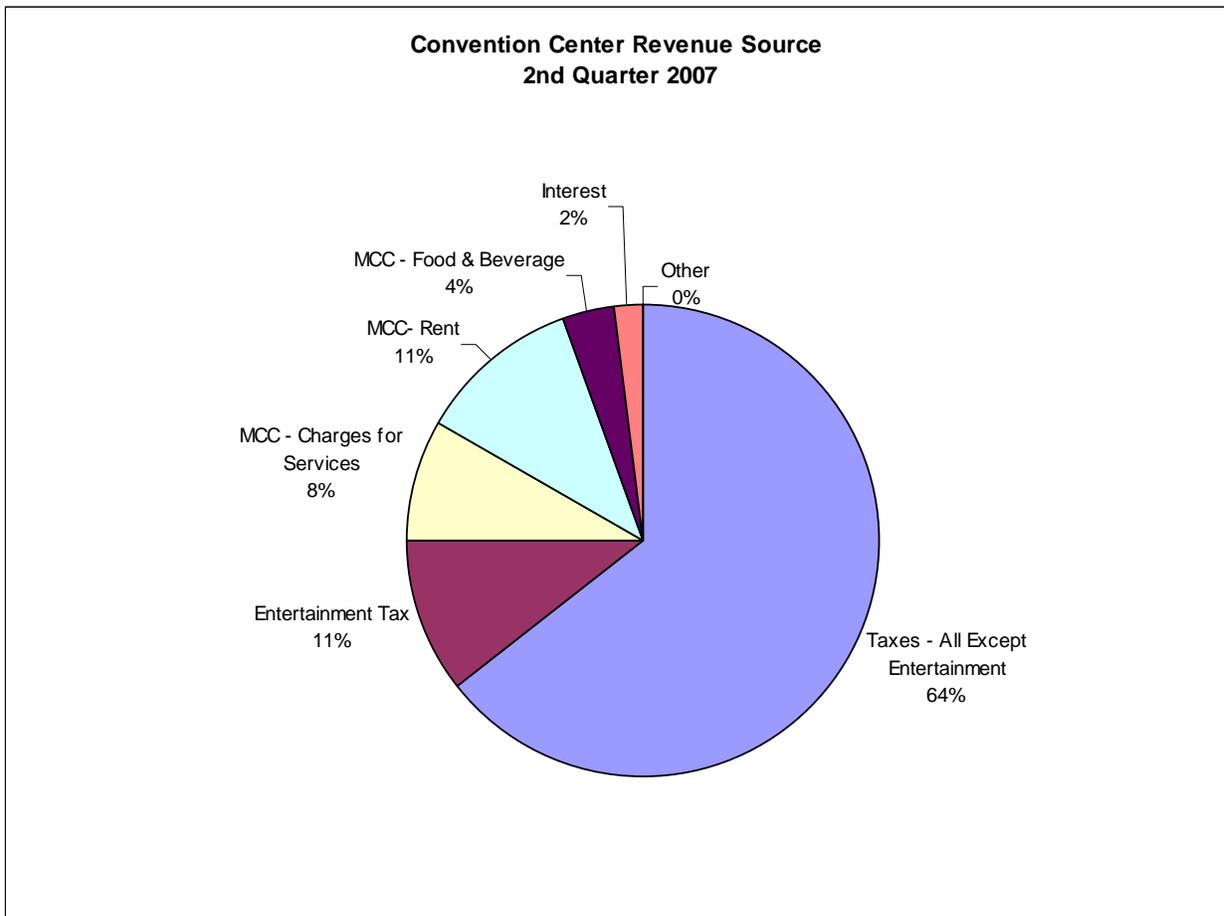
#### **Interest Revenue**

Interest revenue is based on cash balances, and the return on investments. Interest rates, return on investments, and cash balances have contributed to a better than expected return. Through the 2nd quarter of 2007 interest revenue came in at \$671,503 or 159% of budget. Interest revenue is expected to continue to achieve very good returns for 2007 and end well ahead of budget.

#### **Operating Revenue**

In the 2nd quarter of 2007, operating revenue achieved slightly over \$8.2 million or 56% of budget. In the 1st quarter of 2007, a Request for Proposal (RFP) was developed to bring electronic ticketing to the Convention Center as an exclusive service. The RFP has been issued and RFP submittals are due the end of July. The Convention Center will either handle the ticket process exclusively or pay a third-party vendor, which will

depend on an analysis of the RFP submittal results. The implementation goal for electronic ticketing is 2008. Operating revenue is derived directly from Convention Center operating activities. Cash deposits for space rental are required in advance of the actual event. Equipment rental and the Tallmadge Building (a Class C multi-story office building managed by the Convention Center due to its proximity) space rental account for the other sources of rental income. Charges for services to exhibitors or shows include audio visual service to clients, labor charges, cleaning services, coat check fees, parking proceeds, security services, fire marshalling services, medical related services, utilities, and commissions on wireless internet services.

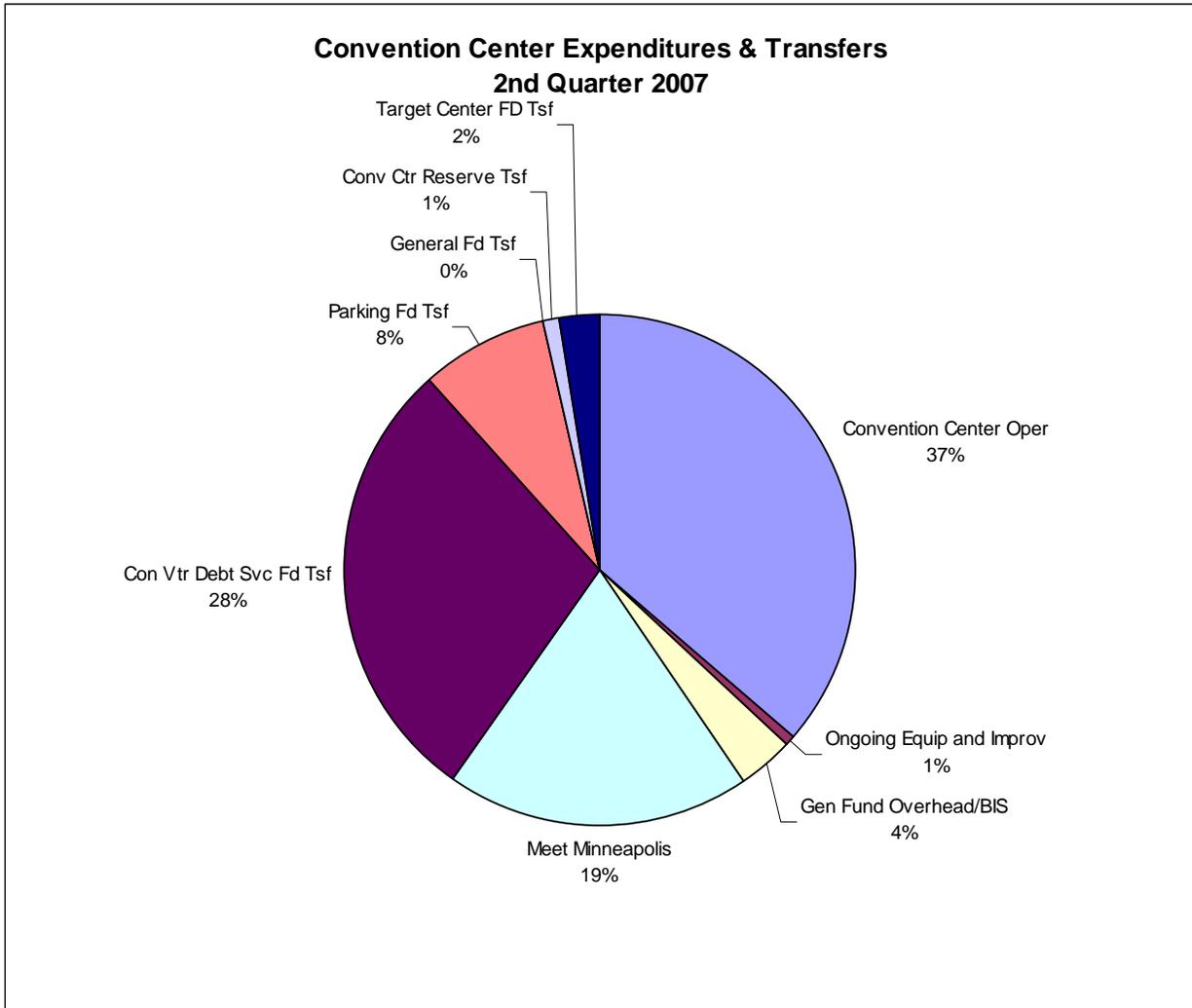


**Operating Expenditures**

In the 2nd quarter of 2007, Convention Center operating expenses were slightly over \$11 million or 56% of budget. The Convention Center operating expenses are expected to be close to budget. During 2007, the Convention Center has numerous capital improvements and additions budgeted. Some of the more significant capital items are new ballroom flooring, lighting system, restroom rebuilds, wall fabric, video monitors, escalator/elevator maintenance, video monitors, roof repair, floor box repair, and a new time and labor management system. The time and labor management system will replace the current Timetrak system, and will greatly improve labor tracking, in addition to,

giving the Convention Center the ability to cost labor to specific events. BIS is currently reviewing a proposal submitted by the Convention Center and are researching vendors and an enterprise wide solution

The Terrazzo floor restoration and repair is the most significant improvement budgeted in 2007. The Convention Center rolled over \$3 million of 2006 capital funds to 2007 for this important project. Request for Proposal (RFP) submittals are due the end of July, and the project is estimated to begin October 2007 and will be completed in 2008. The convention Center will request the unused 2007 funds be rolled over to 2008.



**Transfers**

The Convention Center Fund annually transfers a share of its tax revenue to several other funds. In 2007, transfers are scheduled to the General Fund, the Convention Center Facilities Reserve Fund, the Arena Reserve Fund, the Parking Fund, and to debt service. Budgeted transfers for 2007 are underway with \$1.5 million budgeted for the Target Center, \$8.3 million to the General Fund, \$650 thousand to the Convention Center Facility Reserve Fund, \$18.8 million to debt service, and nearly \$9.9 million to parking.

As part of their workout plan, BIS reduced their \$12.8 million loan payable liability to the Convention Center by \$3.5 million in the 1st quarter of 2007.

### **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, and principal and accrued interest will be slightly over \$9 million at the end of 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 principal balance of the loan through the 2nd quarter of 2007 was \$8.7 million and accrued interest slightly over \$135,000. 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**

The 2007 fund balance is projected to decrease slightly from 2006. The decrease is primarily the result of higher budgeted transfers to other funds and higher projected operating and ongoing equipment and improvement expenditures.

**CONVENTION CENTER SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the fiscal quarter ending June 30, 2007**

**CITY OF MINNEAPOLIS, MINNESOTA**

	2007				2006 Actual
	Budget	Actual	Percent of Total	Year End Projection	
<b>REVENUE</b>					
Operating Revenue:					
Charges for Services and Sales	5,925,000	2,980,102	50%	5,570,000	5,155,200
Rents and Commissions	6,290,000	3,946,619	63%	6,290,000	6,768,181
Catering Commissions	2,446,500	1,312,127	54%	2,461,000	2,602,625
<b>Total Operating Revenue</b>	<b>14,661,500</b>	<b>8,238,849</b>	<b>56%</b>	<b>14,321,000</b>	<b>14,526,006</b>
Tax Revenue:					
Sales and Use Tax	28,393,525	15,438,790	54%	28,400,000	27,866,693
Entertainment Tax	9,382,270	3,740,704	40%	9,400,000	9,248,272
Food Tax	9,525,440	3,852,424	40%	9,600,000	9,992,743
Liquor Tax	3,714,180	1,433,134	39%	3,714,200	3,626,911
Lodging Tax	5,301,410	2,182,700	41%	5,400,000	5,989,941
<b>Total Tax Revenue</b>	<b>56,316,825</b>	<b>26,647,752</b>	<b>47%</b>	<b>56,514,200</b>	<b>56,724,560</b>
Other Non Operating Revenue:					
Interest	422,371	671,503	159%	1,100,000	729,682
Investment Income	-	-		-	22,293
Meet Minneapolis Private Donations	-	165,000		-	537,500
Other	14,000	13,214	94%	20,000	21,927
<b>Total Other Non Operating Revenue</b>	<b>436,371</b>	<b>849,717</b>	<b>195%</b>	<b>1,120,000</b>	<b>1,311,402</b>
<b>Total Non Operating Revenue</b>	<b>56,753,196</b>	<b>27,497,469</b>	<b>48%</b>	<b>57,634,200</b>	<b>58,035,962</b>
<b>Total Revenue</b>	<b>71,414,696</b>	<b>35,736,318</b>	<b>50%</b>	<b>71,955,200</b>	<b>72,561,968</b>
<b>EXPENDITURES</b>					
Convention Center Operations	23,902,309	11,000,817	46%	23,798,993	21,261,850
Ongoing Equipment and Improvement	5,260,000	165,335	3%	3,260,000	1,135,054
General Fund Overhead/BIS Operating	2,001,007	1,054,504	53%	2,001,007	1,950,227
Human Resources	65,810	29,899	45%	65,810	67,309
Meet Minneapolis	7,646,020	5,801,019	76%	7,646,020	7,663,401
<b>Total Expenditures</b>	<b>38,875,146</b>	<b>18,051,574</b>	<b>46%</b>	<b>36,771,830</b>	<b>32,077,841</b>
Excess of Revenues Over (Under) Expenditures	32,539,550	17,684,744	54%	35,183,370	40,484,127
<b>OTHER FINANCING SOURCES (USES)</b>					
General Fund Transfer	(8,319,000)	-	0%	(8,319,000)	(8,657,247)
Arena Reserve Fund Transfer	(1,500,000)	(750,000)	50%	(1,500,000)	(1,102,427)
Convention Center Reserve Fund Transfer	(650,000)	(325,000)	50%	(650,000)	1,881,000
Convention Ctr Debt Service Transfer	(18,810,000)	(8,562,377)	46%	(18,810,000)	(17,655,000)
Other Debt Service Transfer	(36,000)	-	0%	(36,000)	(13,913)
Municipal Parking Enterprise Fund Transfer	(9,856,000)	(2,459,954)	25%	(9,856,000)	(9,565,097)
<b>Total Other Financing Sources (Uses)</b>	<b>(39,171,000)</b>	<b>(12,097,331)</b>	<b>31%</b>	<b>(39,171,000)</b>	<b>(35,112,684)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(6,631,450)	5,587,413		(3,987,630)	5,371,443
Fund Balance - January 1	41,221,335	41,221,335		41,221,335	35,849,892
<b>Ending Fund Balance</b>	<b>34,589,885</b>	<b>46,808,748</b>		<b>37,233,705</b>	<b>41,221,335</b>
<b>Ending Cash Balance</b>		<b>29,419,770</b>			<b>19,843,606</b>

**SPECIAL REVENUE FUNDS**  
**Federal, CDBG, and Other State and Local Grants**  
**Narrative of Major Grants**  
**Quarter Ending June 30, 2007**

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

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

**Federal Grants Fund (0300)**

The City accounts of its federal grant activity in fund 0300. As of June 30, 2007, total expenditures were \$9,604,657. Expenditures are only slightly lower than the same time last year primarily due to a decline in economic development spending. Deferred revenue in the fund represents the amount of loans that are receivable from the Empowerment Zone Program.

**CDBG Fund (0400)**

The Community Development Block Grant (CDBG) is the City's largest single grant and is accounted for in fund 0400 with three other Housing and Urban Development (HUD) Programs. These programs are the Emergency Shelter Grant Program (ESG), HOME Investment Partnerships Program and Housing Opportunities for Persons with AIDS (HOPWA). As of June 30, 2007 and 2006, expenditures were \$9,748,131 and \$8,920,790, respectively. These are all cost reimbursement grants and therefore the fund will generally have a deficit cash position due to the timing of the draws and when expenditures are incurred.

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

**Grants Other Fund (0600)**

The fund is used to account for non-federal grants and other restricted revenue sources. There were total expenditures of \$5,794,383 and \$3,637,026 as of June 30, 2007 and 2006, respectively. The increase in expenditures is primarily due to the migration of Community Planning and Economic Development grants previously recorded in fund SMN0, State Grants, to fund 0600 beginning in 2006. These are grants from Hennepin County, Minnesota Department of Employment and Economic Development, and the Metropolitan Council primarily for pollution treatment, business development and affordable housing initiatives. Deferred revenue is primarily comprised of the \$3,500,000 Comcast Cable Settlement and deferred State Recapture Loans.

**Special Revenue Funds - Major Grants**  
**Financial Summary**  
**Quarter Ending June 30, 2007**

	<b>Federal Grants 0300</b>	<b>CDBG Grants 0400</b>	<b>Grants Other 0600</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$1,555,917	(\$2,681,513)	\$6,470,995	\$5,345,399
Accounts - net	56,177	304,192	168,493	528,862
Intergovernmental Receivables	13,956			13,956
Loans receivable-net	3,228,889		415,530	3,644,419
Deposits with Fiscal Agents				0
Prepaid Expense			259	259
Due From Other Funds				0
<b>Total Assets</b>	<u>\$4,854,939</u>	<u>(\$2,377,321)</u>	<u>\$7,055,277</u>	<u>\$9,532,895</u>
<b>Liabilities</b>				
Salaries payable	\$120,228	\$156,538	\$147,341	\$424,107
Accounts payable	162,137	34,404	81,530	278,071
Use Taxes Payable	(1,268)		(10,126)	(11,394)
Due to Other Funds			600	600
Inter Governmental Payables				0
Deferred revenue & Contracts	3,228,889	287,392	4,293,661	7,809,942
<b>Total Liabilities</b>	<u>3,509,986</u>	<u>478,334</u>	<u>4,513,006</u>	<u>8,501,326</u>
<b>Fund Balance</b>	<u>\$1,344,953</u>	<u><sup>1</sup> (\$2,855,655)</u>	<u>\$2,542,271</u>	<u>\$1,031,569</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$4,854,939</u>	<u>(\$2,377,321)</u>	<u>\$7,055,277</u>	<u>\$9,532,895</u>
<b>Revenue</b>				
Taxes-Charitable Gambling			\$131,951	\$131,951
Grants and Shared Revenues	\$ 10,819,817	\$6,426,339	6,273,501	23,519,657
Private Contributions			862,964	862,964
Charges for Services			189,590	189,590
Interest	12,644	7,554	13,592	33,790
Development Fees		19,500		
Rent & Commissions		200		
Loan Recapture	115,937	390,197	23,551	529,685
Lands & Buildings		47,446		47,446
Equipment			250	250
Miscellaneous Revenue	1,215	1,240	140,116	142,571
Transfer within Special Revenue Fund			24,635	24,635
<b>Total Revenue</b>	<u>\$10,949,613</u>	<u>\$6,892,476</u>	<u>\$7,660,150</u>	<u>\$25,482,539</u>
<b>Expenditures</b>	<u>\$9,604,657</u>	<u>\$9,748,131</u>	<u>\$5,794,383</u>	<u>\$25,147,171</u>
<b>Revenues Over (Under) Expenditures</b>	<u>\$1,344,956</u>	<u><sup>1</sup> (\$2,855,655)</u>	<u>\$1,865,767</u>	<u>\$335,368</u>

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

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

Department	Agy	Project	Budget	2007 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>						
CPED	890	Adult Training, Placement and Retention	844,000	-	-	\$ 844,000
CPED	890	High density corridor housing	801,000	-	-	801,000
CPED	890	Homeownership Program (GMMHC)	350,500	-	-	350,500
CPED	890	Industry Cluster Program (Living Wage Jobs)	71,900	-	-	71,900
CPED	890	Multi-Family/Affordable Housing	4,388,000	-	-	4,388,000
CPED	890	NEDF/CEDF	1,167,000	-	-	1,167,000
CPED	890	NonProfit MF Rental Development Assistance	180,700	-	-	180,700
CPED	890	Vacant & Boarded Housing	625,000	-	-	625,000
Health & Family Support	860	Childcare Facilities Loan/Grant	233,700	-	-	233,700
Regulatory Services	835	Lead Reduction	130,800	21,468	21,468	109,332
Regulatory Services	835	Problem Properties Board Bldg	346,240	-	-	346,240
Police	400	Problem Properties Police	53,880	-	-	53,880
Fire	280	Problem Properties Fire	15,965	-	-	15,965
City Attorney	140	Problem Properties Attorneys	38,915	-	-	38,915
Non-Departmental	123	General Housing Rehabilitation-MPHA	227,700	-	-	227,700
		Subtotal Capital Grants	<u>9,475,300</u>	<u>21,468</u>	<u>21,468</u>	<u>9,453,832</u>
<b>Public Service Grants:</b>						
CPED	890	Mortgage Foreclosure Prevention Program	204,700	-	-	204,700
CPED	890	Youth Employment & Training	476,133	-	-	476,133
Health & Family Support	860	Advocacy (Housing)	92,600	11,794	11,794	80,806
Health & Family Support	860	Asian Media Access	30,000	-	-	30,000
Health & Family Support	860	Cardondelet Life Care	21,000	-	-	21,000
Health & Family Support	860	Child Dental Services	11,000	-	-	11,000
Health & Family Support	860	Curfew/Truancy Center	98,000	-	-	98,000
Health & Family Support	860	Domestic Abuse Project	40,000	-	-	40,000
Health & Family Support	860	Fremont Community Health Services	50,000	-	-	50,000
Health & Family Support	860	Greater Minneapolis Council of Churches	50,000	-	-	50,000
Health & Family Support	860	Lao Assistance Center of MN	55,000	-	-	55,000
Health & Family Support	860	Living at Home Block Nurse Program	75,000	-	-	75,000
Health & Family Support	860	MIGIZI Communications	48,000	-	-	48,000
Health & Family Support	860	Minneapolis Urban League	75,000	-	-	75,000
Health & Family Support	860	MPS Teenage Parenting & Pregnancy Program	76,000	-	-	76,000
Health & Family Support	860	Resource Inc, Employment Action Center	50,000	-	-	50,000
Health & Family Support	860	Southside Family Nurturing Center	50,000	-	-	50,000
Health & Family Support	860	St Stephens Human Services	50,000	-	-	50,000
Health & Family Support	860	Way to Grow	296,000	-	-	296,000
Public Works	607	Graffiti Removal on Public Property	91,400	-	-	91,400
Civil Rights	300	Multi Cultural & Native American Indian	132,800	2,948	2,948	129,852
		Subtotal Public Service Grants	<u>2,072,633</u>	<u>14,742</u>	<u>14,742</u>	<u>2,057,891</u>
<b>Administrative Grants:</b>						
CPED	890	Citizen Participation	242,700	-	-	242,700
CPED	890	Planning - Administration	878,000	60,477	60,477	817,523
CPED	890	Program Admin	103,000	-	-	103,000
Health & Family Support	860	Grant Administration	71,900	6,219	6,219	65,681
Health & Family Support	860	Legal Aid Society	35,000	-	-	35,000
Health & Family Support	860	Neighborhood Services	74,900	10,157	10,157	64,743
Health & Family Support	860	Way to Grow Administration	27,000	-	-	27,000
Finance	820	Finance Administration	205,000	-	-	205,000
Grants & Special Projects	800	Grants & Special Projects	244,900	13,680	13,680	231,220
Grants & Special Projects	800	Housing Discrimination Law Project-Legal Aid	56,900	-	-	56,900
Civil Rights	300	Civil Rights Dept Fair Housing	205,000	-	-	205,000
Non-Departmental	123	MPH Citizen Participation	70,900	-	-	70,900
Non-Departmental	123	YCB Administration	64,900	-	-	64,900
		Subtotal Administrative Grants	<u>2,280,100</u>	<u>90,533</u>	<u>90,533</u>	<u>628,920</u>
	123	Block E Deficit Reduction	0	-	-	0
		<b>GRAND TOTAL</b>	<u>\$ 13,828,033</u>	<u>126,743</u>	<u>126,743</u>	<u>\$ 12,140,643</u>

Source : Period 6, July 14, 2007 G101M

**CDBG Program Year 32**  
**Beginning June 1, 2006**  
**June 30, 2007**

Department	Agy	Project	Adopted	Council	Program	Revised	2007	Grant to Date	Remaining
			Budget	Action		Budget	Expenditures	Expenditures	Grant Budget
<b>Capital Grants:</b>									
CPED	890	Adult Training, Placement and Retention	\$ 580,000	\$ (32,500)		547,500	\$ 199,181	\$ 483,053	\$ 64,447
CPED	890	High density corridor housing	1,000,000	(56,100)		943,900	783	783	943,117
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	34,086	68,573	16,377
CPED	890	Multi-Family/Affordable Housing	4,999,000	(299,000)		4,700,000	174,075	174,075	4,525,925
CPED	890	NEDF/CEDF	136,000	(7,630)		128,370			128,370
CPED	890	NonProfit MF Rental Development Assistance	226,000	(12,679)		213,321			213,321
CPED	890	Vacant & Boarded Housing <sup>3</sup>	1,154,000	(64,725)	2,000,000 <sup>2</sup>	3,089,275	934,177	1,676,476	1,412,799
Health & Family Support	860	Childcare Facilities Loan/Grant	292,000	(16,381)		275,619			275,619
Regulatory Services	835	Lead Reduction	163,000	(9,144)		153,856	70,667	153,856	0
Regulatory Services	835	Vacant & Boarded Housing-249 Lis <sup>2</sup>	-	-		-	(7,612)	-	-
Regulatory Services	835	Problem Properties Board Bldg	54,900	0		54,900		54,900	0
Police	400	Problem Properties Police	64,050	0		64,050			64,050
Fire	280	Problem Properties Fire	18,300	0		18,300			18,300
City Attorney	140	Problem Properties Attorneys	45,750	0		45,750	14,936	14,936	30,814
Non-Departmental	123	General Housing Rehabilitation-MPHA	282,000	(15,820)		266,180	138,176	138,176	128,004
		Subtotal Capital Grants	<u>9,542,000</u>	<u>(543,629)</u>	<u>2,000,000</u>	<u>10,998,371</u>	<u>1,558,468</u>	<u>2,764,827</u>	<u>8,233,544</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	0
CPED	890	Youth Employment & Training	506,000	(29,000)		477,000	155,547	166,720	310,280
Health & Family Support	860	Advocacy (Housing)	100,000	(5,610)		94,390	45,054	94,390	0
Health & Family Support	860	Block Nurse Program	62,000	(3,478)		58,522	21,379	54,763	3,759
Health & Family Support	860	Minneapolis Urban League	24,000	(1,346)		22,654	13,466	22,318	336
Health & Family Support	860	Curfew/Truancy Center	98,000	0		98,000		98,000	0
Health & Family Support	860	Early Childhood School Rediness	19,000	(1,066)		17,934	6,876	15,846	2,088
Health & Family Support	860	GMDCA Child Care	135,000	(7,573)		127,427	4,932	19,936	107,491
Health & Family Support	860	Lao Advancement Organization of America	47,000	(2,637)		44,363	22,632	44,363	0
Health & Family Support	860	Minneapolis Medical Research Foundation	43,000	(2,412)		40,588	5,304	20,461	20,127
Health & Family Support	860	MPS Teenage Parenting & Pregnancy Program	80,000	(4,488)		75,512	51,991	51,991	23,521
Health & Family Support	860	Native American Community Clinic	26,000	(1,459)		24,541	5,008	15,643	8,898
Health & Family Support	860	MELD	38,000	(2,132)		35,868			35,868
Health & Family Support	860	Child Dental Services	10,000	(561)		9,439		9,439	0
Health & Family Support	860	Cardondelet Life Care	71,000	(3,983)		67,017	16,505	49,973	17,044
Health & Family Support	860	New American Community Services	47,000	(2,637)		44,363	13,133	36,885	7,478
Health & Family Support	860	Southside Community Health Services	47,000	(2,637)		44,363	22,183	44,363	0
Health & Family Support	860	Westside Community Health Services	38,000	(2,132)		35,868	7,789	26,965	8,903
Health & Family Support	860	YWCA Day Care Scholarships	28,000	(1,571)		26,429	4,361	21,276	5,153
Health & Family Support	860	Neighborhood Healthcare Services	135,000	(7,573)		127,427	48,704	127,427	0
Health & Family Support	860	Little Earth Residents Association	33,000	(1,851)		31,149	7,286	23,872	7,277
Health & Family Support	860	Way to Grow	296,000			296,000	73,863	257,224	38,776
Public Works	607	Graffiti Removal on Public Property	97,000	(5,500)		91,500		39,663	51,837
		Subtotal Public Service Grants	<u>2,198,000</u>	<u>(102,646)</u>	<u>44,224</u>	<u>2,139,578</u>	<u>526,013</u>	<u>1,490,742</u>	<u>648,836</u>
<b>Administrative Grants:</b>									
CPED	890	Citizen Participation	303,000	(17,000)		286,000	143,014	163,866	122,134
CPED	890	Planning - Administration	1,146,800	(105,907)		1,040,893	455,115	1,011,075	29,818
CPED	890	Program Admin	8,900	41,100		50,000	27,890	28,031	21,969
Health & Family Support	860	Grant Administration	90,000	(5,005)		84,995	17,745	84,995	0
Health & Family Support	860	Legal Aid Society	44,000	(2,903)		41,097	10,275	34,248	6,849
Health & Family Support	860	Neighborhood Services	94,000	(5,269)		88,731	64,027	88,718	13
Health & Family Support	860	Way to Grow Administration	34,000	(2,244)		31,756	9,750	28,275	3,481
Finance	820	Finance Administration	255,000	(14,025)		240,975	21,341	21,341	219,635
Grants & Special Projects	800	Grants & Special Projects	206,000	(17,335)		188,665	137,195	188,665	0
Grants & Special Projects	800	Homeless Initiative	100,000			100,000			100,000
Grants & Special Projects	800	Housing Discrimination Law Project-Legal Aid	71,000	(3,751)		67,249	16,815	56,043	11,206
Grants & Special Projects	800	Metro Fair Housing-Multi Jurisdictional	16,000	(16,000)		0			0
Civil Rights	300	Civil Rights Dept Fair Housing	255,000	(14,025)		240,975	17,790	17,850	223,125
Civil Rights	300	Multi Cultural & Native American Indian	165,300	(9,320)		155,980	60,660	155,914	66
Non-Departmental	123	Administration YCB	57,000	0		57,000		56,350	650
Non-Departmental	123	Citizen Participation MPHA	88,000	(4,895)		83,105			83,105
		Subtotal Administrative Grants	<u>2,934,000</u>	<u>(176,579)</u>	<u>0</u>	<u>2,757,421</u>	<u>981,616</u>	<u>1,935,370</u>	<u>822,051</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>\$ 2,044,224</u>	<u>\$ 15,895,370</u>	<u>\$ 3,066,096</u>	<u>\$ 6,190,939</u>	<u>\$ 9,704,431</u>

<sup>1</sup> Council Action 2006R-14c

<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 spendi

Source : Period 6, July 14, 2007 G101M

**CDBG Program Year 31**  
**Beginning June 1, 2005**  
**June 30, 2007**

Department	Agy	Project	Adopted Budget	Council Agency Actions	Revised Budget	2007 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>								
CPED	890	Adult Training, Placement and Retention	\$ 610,878		\$ 610,878	\$ 136,706	\$ 338,568	\$ 272,310
CPED	890	High density corridor housing	953,008		953,008	1,021	1,298	951,710
CPED	890	Homeownership Program (GMMHC)	439,174		439,174		0	439,174
CPED	890	Industry Cluster Program (Living Wage Jobs)	94,348		94,348	10,835	39,247	55,101
CPED	890	Multi-Family/Affordable Housing	4,898,461		4,898,461	2,077,485	4,207,468	690,993
CPED	890	NEDF/CEDF	142,951		142,951		0	142,951
CPED	890	NonProfit MF Rental Development Assistance	238,252		238,252	40,000	40,000	198,252
CPED	890	Residential Loan/Grant	571,805		571,805	2,600	142,371	429,434
CPED	890	Vacant & Boarded Housing	1,200,000		1,200,000	9,669	1,200,000	0
Health & Family Support	860	Childcare Facilities Loan/Grant	306,869		306,869		23,444	283,425
Regulatory Services	835	Lead Reduction	171,541		171,541		171,541	0
Regulatory Services	835	Problem Properties Board Bldg	49,557	23,825	73,382		44,966	28,416
Police	400	Problem Properties Police	71,476		71,476			71,476
Fire	280	Problem Properties Fire	23,825	(23,825)	0		0	0
City Attorney	140	Problem Properties Attorneys	47,650		47,650	10,625	47,650	0
Non-Departmental	123	General Housing Rehabilitation-MPHA	297,338		297,338	147,487	255,203	42,135
		Subtotal Capital Grants	<u>10,117,133</u>	<u>0</u>	<u>10,117,133</u>	<u>2,436,428</u>	<u>6,511,756</u>	<u>3,605,377</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	16,208	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)	75,165		75,165	0
Health & Family Support	860	GMDCA Child Care	142,500	14,568	157,068	1,052	121,521	35,547
Health & Family Support	860	HIV/AIDS	45,000	(1,939)	43,061		43,061	0
Health & Family Support	860	Lao Advancement Organization of America	50,000	(41)	49,959		49,959	(0)
Health & Family Support	860	Minneapolis Community Clinics	335,561	5,455	341,016	7,476	333,492	7,524
Health & Family Support	860	MPS Teenage Parenting & Pregnancy Program	85,000		85,000	25,445	85,000	0
Health & Family Support	860	MUL-Mental Health	25,000	(2,623)	22,377		22,377	0
Health & Family Support	860	New American Community Services	50,000	(173)	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
		Subtotal Public Service Grants	<u>2,316,382</u>	<u>(0)</u>	<u>2,316,382</u>	<u>50,180</u>	<u>2,273,311</u>	<u>43,071</u>
<b>Administrative Grants:</b>								
CPED	890	Citizen Participation	328,788		328,788	9,356	312,772	16,016
CPED	890	Planning - Administration	1,230,400		1,230,400	13,490	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	2,058	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)	46,983	20,326	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)	249,414	102,955	249,414	0
Grants & Special Projects	800	Grants & Special Projects	219,192	(46,005)	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		0	17,154
Civil Rights	300	Fair Housing Initiative/Davis Bacon Compliance	257,312		257,312	89,136	256,788	524
Civil Rights	300	Multi Cultural & Native American Indian	166,776		166,776		166,776	0
Non-Departmental	123	Administration YCB	56,227		56,227		51,000	5,227
Non-Departmental	123	Citizen Participation MPHA	93,395		93,395		28,582	64,813
		Subtotal Administrative Grants	<u>3,009,027</u>	<u>(123,187)</u>	<u>2,885,840</u>	<u>237,322</u>	<u>2,515,620</u>	<u>370,220</u>
	123	Block E Deficit Reduction	0	123,187	123,187	0	0	123,187
		<b>GRAND TOTAL</b>	<u>\$ 15,442,542</u>	<u>\$ (0)</u>	<u>\$ 15,442,542</u>	<u>\$ 2,723,930</u>	<u>\$ 11,300,687</u>	<u>\$ 4,141,855</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.

**CDBG Program Year 30**  
**Beginning June 1, 2004**  
**June 30, 2007**

Department	Agy	Project	Adopted 2003R-610	Amended Budget	Council Action 2005R-618	Revised Budget	2007 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
<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	377,714	796,712	201,452
CPED	890	Home Ownership Program (GMMHC)	465,000	464,146		464,146			464,146
CPED	890	Industrial Cluster Training (Living Wage Jobs)	99,000	98,818		98,818		98,818	0
CPED	890	Multi Family Affordable Housing	5,390,000	5,380,106		5,380,106	43,866	4,742,063	638,043
CPED	890	Neighborhood/Commercial Economic Dev Fd	150,000	149,725		149,725			149,725
CPED	890	Residential Loan / Grant	444,000	443,185		443,185	38,948	418,924	24,261
CPED	890	Vacant/Boarded Housing Program	1,000,000	998,164		998,164		998,164	0
CPED	890	VHR Distressed	393,000	392,279		392,279	229,355	229,711	162,568
Health & Family Support	860	GMDCA- Child care facilities	323,000	322,407		322,407		322,407	0
Inspections Department	850	Hud Lead Program	180,000	34,353		34,353		34,353	0
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	1,259	132,373	12,944
Non Departmental	123	General Housing Rehabilitation-MPHA	313,000	312,425		312,425		312,425	0
		Subtotal Capital Grants	<u>10,600,000</u>	<u>10,580,541</u>	<u>-</u>	<u>10,580,541</u>	<u>691,142</u>	<u>8,924,382</u>	<u>1,656,159</u>
<b>Public Service Grants:</b>									
CPED	890	Mortgage Foreclosure Program	250,000	249,541		249,541		249,541	0
CPED	890	Youth Employment & Training	568,000	566,957		566,957		566,957	0
Health & Family Support	860	Advocacy	110,000	86,033		86,033		86,033	0
Health & Family Support	860	Block Nurse prg	66,000	65,879		65,879		65,879	0
Health & Family Support	860	Child Dental Services	11,000	10,980		10,980		10,980	0
Health & Family Support	860	Curfew Truancy Center	104,000	103,809		103,809		103,809	0
Health & Family Support	860	Domestic Abuse Prevention	58,000	57,894		57,894		57,894	0
Health & Family Support	860	GMDCA- Child care sliding fee	301,000	300,447		300,447		300,447	0
Health & Family Support	860	Head Start	66,000	65,879		65,879		65,879	0
Health & Family Support	860	Minnesota Aids Project	23,000	22,958		22,958		22,958	0
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	0
Health & Family Support	860	Volunteers of America	80,000	79,853		79,853		79,853	0
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	0
Public Works	607	Graffiti Removal	107,000	106,804		106,804		106,804	0
Civil Rights	300	American Indian Advocacy	0	23,765		23,765		23,765	0
Park & Recreation Board	127	Teamworks	15,000	14,972		14,972		14,972	0
		Subtotal Public Service Grants	<u>2,450,000</u>	<u>2,445,503</u>	<u>-</u>	<u>2,445,503</u>	<u>0</u>	<u>2,437,222</u>	<u>8,281</u>
<b>Administrative Grants:</b>									
CPED	890	Citizen (Resident) Participation	346,000	345,365		345,365		345,365	0
CPED	890	Neighborhood Business Association	174,000	173,681		173,681		173,681	0
CPED	890	Planning Administration	1,213,000	1,210,773		1,210,773	784	976,128	234,645
CPED	890	Program Administration	75,000	74,862		74,862		74,862	0
Health & Family Support	860	Grant Administration	100,000	99,816		99,816		99,816	0
Health & Family Support	860	Legal Aid Services	49,000	48,910		48,910		48,910	0
Health & Family Support	860	Neighborhood Services Administration	162,000	161,703	(79,096)	82,607		82,607	0
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	0
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	0
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	0
Civil Rights	300	Fair Housing Initiative	190,000	189,651		189,651		189,651	0
Civil Rights	300	Multicultural Services	101,749	101,529		101,529		101,529	0
Non Departmental	123	Citizen (Resident) Participation-MPHA	98,000	97,820		97,820		71,020	26,800
Non Departmental	123	Youth Coordinating Board (YCB)	59,000	58,892		58,892		49,000	9,892
		Subtotal Administrative Grants	<u>3,293,000</u>	<u>3,286,956</u>	<u>(194,135)</u>	<u>3,092,821</u>	<u>784</u>	<u>2,814,173</u>	<u>278,649</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>\$ 691,926</u>	<u>\$ 14,175,777</u>	<u>\$ 2,137,223</u>

**CDBG Program Year 29  
Beginning June 1, 2003  
June 30, 2007**

Department	Agy	Project	Budget	Reprogram Reduction	Council Action 2005R-618	Program Income	Revised Budget	2007 Expenditures	Grant To Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>										
MCDA/CPED	340/890	Multi Family Affordable Housing	5,056,241				5,056,241	5,620	5,016,489	39,752
MCDA/CPED	340/890	Vacant/Boarded Housing Program	3,035,000			2,319,859	5,354,859	29,709	5,352,336	2,523
Public Works	680	Public Works Community Center Operations	42,000				42,000		11,235	30,765
		Subtotal Capital Grants	<u>\$ 8,133,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,319,859</u>	<u>\$ 10,453,100</u>	<u>\$ 35,329</u>	<u>\$ 10,380,060</u>	<u>\$ 73,040</u>
	123	Block E Deficit Reduction		273,936	50,139		324,075			324,075
		GRAND TOTAL	<u>\$ 8,133,241</u>	<u>\$ 273,936</u>	<u>\$ 50,139</u>	<u>\$ 2,319,859</u>	<u>\$ 10,777,175</u>	<u>\$ 35,329</u>	<u>\$ 10,380,060</u>	<u>\$ 397,115</u>

Note: MCDA/CPED Grants identified above are accounted for in fund FBG0

Source : Period 6, July 14, 2007 G101M

**CDBG Program Year 28  
Beginning June 1, 2002  
June 30, 2007**

Department	Agy	Project	Budget	2006R-477 5/17/2002	2002R-328	Program Income	Revised Budget	2007 Expenditures	Grant To Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>										
Public Works	680	Public Works Community Center Operations	\$ 42,000				\$ 42,000	\$ -	\$ 4,600	\$ 37,400
CPED	890	Adult Training, Placement & Retention	441,000	124,185			565,185		441,000	124,185
MCDA/CPED	340/890	Asst NHS	0			183,091	183,091	30,000	30,000	153,091
MCDA/CPED	340/890	GMMHC-Homeownership Recycling Program	628,000				628,000	440,853	485,847	142,153
MCDA/CPED	340/890	Last Resort	250,000		(250,000)	400,000	400,000	5,000	391,213	8,788
MCDA/CPED	340/890	Multi Family Rental/Housing Program	3,308,000		250,000		3,558,000	5,000	3,558,000	0
MCDA/CPED	340/890	Neighborhood/Commercial Economic Dev Fd	398,000	(124,185)			273,815	7,394	187,258	86,557
MCDA/CPED	340/890	Regular Deferred Loan & Grant Program	1,214,000			550,000	1,764,000	179,094	1,536,053	227,947
MCDA/CPED	340/890	Vacant/Boarded Housing Program	2,640,000	200,000		713,138	3,553,138	104	3,553,138	0
MCDA/CPED	340/890	Rehabilitation Incentive Fund	390,000	(200,000)			190,000		3,024	186,976
		Subtotal Capital Grants	<u>\$ 9,311,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,846,229</u>	<u>\$ 11,157,229</u>	<u>\$ 667,445</u>	<u>\$ 10,190,133</u>	<u>\$ 967,096</u>

Note: MCDA/CPED Grants identified above are accounted for in fund FBG0

Source : Period 6, July 14, 2007 G101M

**CDBG Programs Year 27 and Prior**  
**Program Years Beginning on June 1, 1996 through 2001**  
**June 30, 2007**

Department	Agy	Grant	Budget	Reprogram 2006-R477	Revised Budget	2007 Expenditures	Grant To Date Expenditures	Remaining Grant Budget
<b>Capital Grants:</b>								
Park & Recreation Board	127	Hosmer	\$ 33,537		\$ 33,537		\$ 32,807	\$ 730
Park & Recreation Board	127	Discovery Gardens	25,000		25,000			25,000
Non Departmental	123	Relocation	325,000		325,000	23,428	311,734	13,266
MCDA/CPED	380/890	Plan 96/97	1,167,049		1,167,049		1,167,022	26
MCDA/CPED	340/890	Lead Abatement	11,695		11,695			11,695
MCDA/CPED	340/890	Multifamily Housing	6,318,836		6,318,836		6,273,947	44,889
MCDA/CPED	340/890	NHBD Assc 96	174,343		174,343		174,201	142
MCDA/CPED	340/890	Rehab Incent	525,376		525,376		221,392	303,984
MCDA/CPED	340/890	Vacant 96/97	5,476,312		5,476,312		5,473,944	2,368
MCDA/CPED	340/890	YWCA	1,760		1,760			1,760
MCDA/CPED	340/890	Hi Lead	450,000		450,000		416,214	33,787
MCDA/CPED	340/890	H/Own SF 96	16,887		16,887		0	16,887
MCDA/CPED	340/890	CAMDEN 96/97	130,233		130,233			130,233
MCDA/CPED	340/890	Non-Prof ADM	41,450		41,450		28,783	12,668
MCDA/CPED	340/890	ASST NHS 96	306,163		306,163		184,450	121,713
MCDA/CPED	340/890	38 & Cedar 96	52		52		0	52
Subtotal Capital Grants			<u>\$ 15,003,693</u>	<u>\$ -</u>	<u>\$ 15,003,693</u>	<u>\$ 23,428</u>	<u>\$ 14,284,493</u>	<u>\$ 719,200</u>

Note: MCDA/CPED Grants identified above are accounted for in fund FBG0

Source : Period 6, July,14 2007 G101M

**City of Minneapolis**  
**2007 CDBG Administration Appropriation Analysis**  
**June 30, 2007**

	Agy	Original Appropriation	Yr 33 Spent	Yr 32 Spent	Yr 31 Spent	Yr 30 Spent	2007 Spent	Remaining Appropriation
<b>Administrative Grants:</b>								
<b>Various Departments</b>								
Civil Rights	300	\$ 205,000	\$ -	\$ 17,790	\$ 89,136	\$ -	\$ 106,926	\$ 98,074
Subtotal Civil Rights		<u>\$ 205,000</u>	<u>\$ -</u>	<u>\$ 17,790</u>	<u>\$ 89,136</u>	<u>\$ -</u>	<u>\$ 106,926</u>	<u>\$ 98,074</u>
Grants and Special Projects	800	244,900	13,680	137,195	0	0	150,875	94,025
Subtotal Grants & Special Projects		<u>\$ 244,900</u>	<u>\$ 13,680</u>	<u>\$ 137,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,875</u>	<u>\$ 94,025</u>
Finance Department	820	205,000	0	21,341	102,955	0	124,296	80,704
Subtotal Finance		<u>\$ 205,000</u>	<u>\$ -</u>	<u>\$ 21,341</u>	<u>\$ 102,955</u>	<u>\$ -</u>	<u>\$ 124,296</u>	<u>\$ 80,704</u>
<b>Health &amp; Family Support</b>								
Grant Administration	860	71,900	6,219	17,745	2,058	0	26,022	45,878
Neighborhood Services	860	74,900	10,157	64,027	20,326	0	94,509	(19,609) <sup>1</sup>
Subtotal Health & Family Support		<u>\$ 146,800</u>	<u>\$ 16,376</u>	<u>\$ 81,771</u>	<u>\$ 22,384</u>	<u>\$ -</u>	<u>\$ 120,532</u>	<u>\$ 26,268</u>
<b>CPED</b>								
Program Administration	890	103,000	0	27,890	0	0	27,890	75,110
Planning Administration	890	878,000	60,477	455,115	13,490	784	529,866	348,134
Subtotal CPED		<u>\$ 981,000</u>	<u>\$ 60,477</u>	<u>\$ 483,005</u>	<u>\$ 13,490</u>	<u>\$ 784</u>	<u>\$ 557,756</u>	<u>\$ 423,244</u>
<b>External Contracts (Administrative Grants not Subject to Reprogramming)</b>								
<b>Non-departmental</b>								
Youth Coordinating Board (YCB)	123	64,900	0	0	0	0	0	64,900
Citizen (Resident) Participation-MPHA	123	70,900	0	0	0	0	0	70,900
<b>Health &amp; Family Support</b>								
Way To Grow Administration	860	27,000	0	9,750	0	0	9,750	17,250
Legal Aid Services	860	35,000	0	10,275	0	0	10,275	24,725
<b>Office of Grants &amp; Special Projects</b>								
Housing Discrimination Law Project	800	56,900	0	16,815	0	0	16,815	40,085
<b>CPED</b>								
Citizen (Resident) Participation	890	242,700	0	143,014	9,356	0	152,371	90,329
Subtotal Outside Administrative Grants		<u>\$ 497,400</u>	<u>\$ -</u>	<u>\$ 179,854</u>	<u>\$ 9,356</u>	<u>\$ -</u>	<u>\$ 189,211</u>	<u>\$ 308,189</u>
Total Administrative Grants		<u>\$ 2,280,100</u>	<u>\$ 90,533</u>	<u>\$ 920,956</u>	<u>\$ 237,322</u>	<u>\$ 784</u>	<u>\$ 1,249,595</u>	<u>\$ 1,030,505</u>

Source : Period 6, July 14, 2007 G101M

<sup>1</sup> The negative appropriation balance for this grant program is offset by the positive balance in the Grants Administration allocation. The appropriation is based on the Year 33 grant allocations for 2007, however there are available grant balance that can be charged from prior years that exceed the amount appropriated for this program in 2007. The analysis is based on looking at the total for the Department.

**City of Minneapolis  
Engineering, Materials, and Testing  
For the Second Quarter ending June 30, 2007**

Fund 6000	2007 Budget	2007 2nd Quarter	Remaining Budget	% of Actual To Budget
<b>Revenue including Transfers</b>	4,381,000	652,684	3,728,316	14.9%
<b>Expenses</b>	4,439,307	825,497	3,613,810	18.6%
<b>Revenue over(under) Expenses</b>	(58,207)	(172,813)		

**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. Currently, an asphalt storage silo distribution facility is used to distribute asphalt to City departments. 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 primary customer and the demand for products is seasonal beginning in April and concluding in late November. Revenues through the second quarter are \$652,684, or 14.9% of the budgeted amount of \$4,381,000. Revenues are primarily dependent on the construction season which does not begin until late spring. The fund incurred a \$172,813 loss for the six months ending June 30, 2007.

**Expenses:**

Total expenditures for period ending second quarter are \$825,497 or 18.6% of the \$4,439,307 budget. The spending levels fluctuate due to the customer's seasonal requirements for products and services. For the second quarter, procurement of Hot-Mix Asphalt and Ready-Mix Concrete materials accounted for 33.7% of the total expenditures compared to 70.0% of the total expenditures by year end 2006.

**Transfers:**

The fund has a 2007 non-operating budget transfer of \$42,000 related to debt service for the MERF unfunded liability.

**Net Assets:**

This fund maintained a favorable position related to net assets for many years. The equity was stable throughout the City Council's Adopted Thirty Year Paving Program. Once this program concluded in the mid 1990's, significant fluctuations for products and services occurred. In 2003, the City Council's decision to suspend operations of the Asphalt Plant indefinitely effective December 31, 2003 resulted in an extraordinary loss of \$777,000 from the disposal of this fixed asset. The 2006 year end net asset balance is \$267,046 which represents a decrease of \$103,811 from the 2005 ending balance of \$370,857.

City of Minneapolis, Minnesota  
Engineering, Materials and Testing Fund  
Statement of Revenues and Expenses  
For Second Quarter/Years Ending 2007, 2006, and 2005

	Budget Current Year 2007	Projected Year Ending 2007	For Period Ending 30-Jun-07	For Year Ending 2006	For Period Ending 30-Jun-06	For Year Ending 2005	For Period Ending 30-Jun-05
<b>Operating Revenues:</b>							
Asphalt / Cement	3,381,000	3,381,000	455,936	3,179,554	288,960	3,312,419	737,582
Inspection revenue	1,000,000	1,000,000	196,748	828,035	297,406	868,124	232,326
Total Operating Revenues	4,381,000	4,381,000	652,684	4,007,589	586,366	4,180,543	969,908
<b>Operating Expenses:</b>							
Personnel	962,386	962,386	361,683	781,657	397,468	799,845	394,360
Contractual	518,195	518,195	114,684	330,072	149,672	384,768	164,238
Materials/Other	2,802,611	2,802,611	271,073	2,903,923	146,142	3,110,509	497,557
Rent	96,378	96,378	48,189	55,160	27,580	40,472	20,236
Depreciation	17,737	17,737	8,869	19,352	9,629	14,919	7,424
Total Operating Expenses	4,397,307	4,397,307	804,497	4,090,164	730,491	4,350,513	1,083,815
<b>Operating Margin</b>	(16,307)	(16,307)	(151,813)	(82,575)	(144,125)	(169,970)	(113,907)
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers in (out)	(42,000)	(42,000)	(21,000)	(22,123)	-	(61,182)	(30,591)
Gains (Losses)			-	-	-	(534)	-
Total Non-Operating Revenues (Expenses)	(42,000)	(42,000)	(21,000)	(22,123)	-	(61,716)	(30,591)
<b>Net Income</b>	(58,307)	(58,307)	(172,813)	(104,698)	(144,125)	(231,686)	(144,498)
<b>Significant Balance Sheet Items</b>							
Cash			113,542	293,940	201,531	652,042	862,885
Accounts Receivable			-	-	1,133	1,133	591
Reserve for renewal			639,673	639,673	639,673	639,673	639,673
<b>Significant Cash Flow Items</b>							
Capital Outlay			-	-	-	43,633	-
Accounts Payable			-	36,949	1,170	307,244	-

**City of Minneapolis  
Equipment Services Division  
For the Second Quarter ending June 30, 2007**

<b>Fund 6100</b>	<b>2007 Budget</b>	<b>2007 2nd Quarter</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
<b>Revenue including Transfers</b>	46,140,500	21,144,584	24,995,916	45.8%
<b>Expenses</b>	44,406,308	19,007,149	25,399,159	42.8%
<b>Revenue Over (Under) Expenses</b>	1,734,192	2,137,436		

**Program Description:**

The Equipment 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 2007, the revenue through the second quarter is \$21,144,584 and closely matches the expenses of \$19,007,149. Revenue earned through the first two quarters of 2007 increased 8.7% over the revenue earned in 2006 during the same period. This increase is primarily due to an increase in rates for equipment and operators. An increase in usage of snow equipment in 2007 increased the revenue for services and sales over 2006.

**Expenses:**

Personnel expenditures through the second quarter 2007 are 40.1% 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 2.6% higher than the same period in 2006. The increase in expenditures is primarily due to timing differences in the recording of expenditures for labor and materials for the repair of equipment.

**Transfers:**

This fund receives a transfer in of \$4.18 million in 2007 from the general fund in accordance with the accepted workout plan. An equal transfer amount occurred in 2006.

**Net Assets:**

Net assets for the year ending 2006 are \$18.4 million which is an increase of \$3.0 million from 2005 net asset balance of \$15.4. The fund has a workout 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 \$39.1 million in bonds that are currently outstanding. The workout plan for this fund eliminates the sale of bonds to support the equipment purchases.

City of Minneapolis  
Equipment Fund  
Statement of Revenue and Expenses  
For Second Quarter / Years Ending 2007, 2006, and 2005

	Budget Current Year 2007	Projected Year Ending 2007	For Period Ending 30-Jun-07	For Year Ending 2006	For Period Ending 30-Jun-06	For Year Ending 2005	For Period Ending 30-Jun-05
<b>Operating Revenues:</b>							
Charges for Services and Sales	15,260,000	18,661,000	7,838,005	14,757,349	5,982,442	13,050,734	5,649,048
Rent Public Works and Other	26,500,000	22,987,000	10,804,673	23,137,121	11,229,514	22,575,697	9,984,437
<b>Total Operating Revenue</b>	<b>41,760,000</b>	<b>41,648,000</b>	<b>18,642,679</b>	<b>37,894,470</b>	<b>17,211,956</b>	<b>35,626,431</b>	<b>15,633,485</b>
<b>Operating Expenditures:</b>							
Personal Services	18,644,587	15,225,707	7,612,854	14,726,580	7,767,002	15,677,189	7,636,115
Contractual Services	9,148,007	6,893,338	3,446,669	8,931,206	3,291,187	7,561,635	3,042,321
Materials, supplies, services and other	4,833,444	4,114,982	2,057,491	3,017,217	1,508,572	3,422,441	1,628,947
Rent	980,092	980,092	490,046	964,030	482,015	580,520	290,260
Cost of Stores Issuance	4,065,827	4,065,827	2,032,914	4,166,254	2,028,958	3,625,261	1,586,256
Depreciation	4,669,451	4,669,451	2,334,726	5,517,018	2,402,450	4,877,186	2,323,036
<b>Total Operating Expenses</b>	<b>42,341,408</b>	<b>35,949,398</b>	<b>17,974,699</b>	<b>37,322,305</b>	<b>17,480,184</b>	<b>35,744,232</b>	<b>16,506,935</b>
<b>Operating Margin</b>	<b>(581,408)</b>	<b>5,698,602</b>	<b>667,980</b>	<b>572,165</b>	<b>(268,228)</b>	<b>(117,801)</b>	<b>(873,450)</b>
<b>Non-Operating Revenues/(Expenses):</b>							
Interest Revenue	500	235	117	1,384	899	1,375	799
Interest on Bonds	(1,732,900)	(1,732,900)	(866,450)	(1,949,950)	(974,975)	(1,942,962)	(966,275)
Gains/Losses on disposal of fixed assets	200,000	817,363	408,681	100,151	117,036	402,812	(144,243)
Damages/Losses recovered	-	6,214	3,107	45,958	39,706	-	-
Other Revenue	-	-	-	-	-	-	-
<b>Total Non-Operating Revenues(Expenses)</b>	<b>(1,532,400)</b>	<b>(909,088)</b>	<b>(454,544)</b>	<b>(1,802,457)</b>	<b>(817,334)</b>	<b>(1,538,775)</b>	<b>(1,109,719)</b>
<b>Operating Transfers in (out)</b>							
Transfers from other fund	4,180,000	4,180,000	2,090,000	4,180,000	2,090,000	4,180,000	2,090,000
Transfers to other fund	(332,000)	(332,000)	(166,000)	(130,669)	(65,335)	(375,564)	(131,469)
<b>Total Operating Transfers</b>	<b>3,848,000</b>	<b>3,848,000</b>	<b>1,924,000</b>	<b>4,049,331</b>	<b>2,024,665</b>	<b>3,804,436</b>	<b>1,958,531</b>
<b>Net Income</b>	<b>1,734,192</b>	<b>8,637,514</b>	<b>2,137,436</b>	<b>2,819,039</b>	<b>939,103</b>	<b>2,147,860</b>	<b>(24,638)</b>
<b>Significant Balance Sheet Items</b>							
Fleet Purchases			1,927,020	6,646,400	2,491,885	3,991,512	1,844,267
Operating Cash			4,211,406	2,036,301	4,047,680	1,250,860	(641,473)
Net Building Value			25,524,147	25,821,732	26,124,550	26,422,039	26,724,648
Net Fleet Value			25,788,108	27,859,227	24,811,220	27,125,003	24,465,233
Bonds Payable			39,136,041	39,136,041	44,967,054	44,967,054	49,469,078
<b>Significant Cash Flow Items</b>							
Bond Proceeds			-	-	-	5,540,000	5,540,000
Principal on Work out Bonds	(5,235,000)	(5,235,000)	(2,617,500)	(5,405,000)	(6,377,700)	(2,472,300)	(2,472,300)
Principal on Facilities Bonds	(395,000)	(395,000)	(197,500)	(335,000)	(1,312,250)	(3,875,250)	(3,875,250)
<b>Total Cash Flow Items</b>			<b>(2,815,000)</b>	<b>(5,740,000)</b>	<b>(7,689,950)</b>	<b>(807,550)</b>	<b>(807,550)</b>

**City of Minneapolis  
Property Services Division  
For the Second Quarter ending June 30, 2007**

<b>Fund 6200</b>	<b>2007 Budget</b>	<b>2007 2<sup>nd</sup> Quarter</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
<b>Revenue including Transfers</b>	16,154,000	8,673,418	7,480,582	53.7%
<b>Expenses</b>	16,866,355	9,657,252	7,202,918	57.3%
<b>Revenue over(under) Expenses</b>	(712,355)	(983,835)		

**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 second quarter 2007 is \$8,673,418, an increase of 20.0 % over the same period in 2006. This increase is primarily due to fluctuations in demand for maintenance services provided to other departments. In addition, rate increases for 2007 property service rents increased an average of 2%. Some property service rents included the addition of utility service costs in 2007.

**Expenses:**

The operating expenditures through the second quarter are \$9,657,252, an increase of 18.5% over the same period in 2006. Personnel expenses provide labor used to maintain property and account for approximately 41.2% of operating expenditures. Contractual expenditures increased 38.4% in the first two quarters as compared to the same period in 2006. This is primarily due to an increase in demand for services provided to other departments.

**Transfers:**

Property Services is responsible for paying \$350,000 per year in debt service. In 2007 the debt service consists of \$615,000 in principal payment and \$357,363 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 2007, the transfer amount is \$622,363. This fund also has a one time transfer out of \$500,000 to pay for the remodel of Hamilton School to be used by the Police Department and Regulatory Services.

**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 2006, the fund has a net asset position of \$28.6 million a decrease of \$1.0 million from the 2005 balance of \$29.6 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 Second Quarter / Years Ending 2007, 2006, and 2005

	Budget Current Year 2007	Projected Year Ending 2007	For Period Ending 30-Jun-07	For Year Ending 2006	For Period Ending 30-Jun-06	For Year Ending 2005	For Period Ending 30-Jun-05
<b>Operating Revenues:</b>							
Charges for Services And Sales	7,647,500	11,761,000	4,594,692	8,428,660	3,285,128	10,355,991	3,399,062
Rents Public Works and Other	7,853,500	7,504,445	3,752,223	7,266,776	3,523,818	6,542,120	3,107,036
<b>Total Operating Revenue</b>	<b>15,501,000</b>	<b>19,265,445</b>	<b>8,346,915</b>	<b>15,695,436</b>	<b>6,808,946</b>	<b>16,898,111</b>	<b>6,506,098</b>
<b>Operating Expenses:</b>							
Personal Services	7,518,512	7,571,695	3,785,848	7,561,286	3,744,820	7,323,047	3,506,548
Contractual Services	4,672,731	8,746,157	3,873,078	6,561,024	2,797,456	6,213,645	2,079,406
Materials, Supplies, Services and Other	2,328,436	2,149,977	824,988	1,593,335	682,266	1,499,770	647,172
Rent	197,703	197,703	98,852	194,038	97,019	174,261	87,130
Depreciation	1,222,610	1,222,610	611,305	1,243,378	619,829	1,348,730	465,392
<b>Total Operating Expenses</b>	<b>15,939,992</b>	<b>19,888,142</b>	<b>9,194,071</b>	<b>17,153,061</b>	<b>7,941,390</b>	<b>16,559,453</b>	<b>6,785,648</b>
<b>Operating Margin</b>	<b>(438,992)</b>	<b>(622,697)</b>	<b>(847,156)</b>	<b>(1,457,625)</b>	<b>(1,132,444)</b>	<b>338,658</b>	<b>(279,550)</b>
<b>Non-Operating Revenues/(Expenses):</b>							
Interest Revenue	-	6	3	20	4	39	
Interest on Bonds	(357,363)	(357,363)	(178,681)	(383,563)	(191,781)	(409,163)	(204,581)
<b>Total Non-Operating Revenues(Expenses)</b>	<b>(357,363)</b>	<b>(357,357)</b>	<b>(178,678)</b>	<b>(383,543)</b>	<b>(191,777)</b>	<b>(409,124)</b>	<b>(204,581)</b>
<b>Operating Transfers in(out)</b>							
Transfers from other fund	653,000	653,000	326,500	843,600	421,800	811,613	405,807
Transfers to other fund	(569,000)	(569,000)	(284,500)	(31,089)	(15,545)	(85,976)	(42,988)
<b>Total Operating Transfers</b>	<b>84,000</b>	<b>84,000</b>	<b>42,000</b>	<b>812,511</b>	<b>406,255</b>	<b>725,637</b>	<b>362,819</b>
<b>Net Income</b>	<b>(712,355)</b>	<b>(896,054)</b>	<b>(983,835)</b>	<b>(1,028,657)</b>	<b>(917,966)</b>	<b>655,171</b>	<b>(121,312)</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash			(1,494,507)	37,714	284,121	1,689,344	(1,051,789)
Bonds Payable			(8,896,144)	(8,896,144)	(9,569,783)	(9,569,783)	#####
<b>Significant Cash Flow Items</b>							
Bond Principle payments	(615,000)	(615,000)	(307,500)	(655,000)	(163,750)	(640,000)	(160,000)

**City of Minneapolis  
Public Works Stores  
For the Second Quarter ending June 30, 2007**

Fund 6300	2007 Budget	2007 2nd Quarter	Remaining Budget	% of Actual To Budget
<b>Revenue including Transfers</b>	3,589,500	2,412,629	1,176,871	67.2%
<b>Expenditures</b>	3,608,007	2,228,224	1,379,783	61.8%
<b>Revenue over(under) Expenses</b>	(18,507)	184,405		

**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:**

For the first two quarters of 2007, revenues totaled \$2,412,629 or 67.2% of the \$3,589,500 annual budget for 2007. Traffic Stores account for 84% of the total quarter's revenue although the 2007 budgeted amount is 51.8% of the \$3,589,500 total. This increase in revenue for the first two quarters is attributed to the sale of traffic signal controller components for assembly for future transportation projects. Central Stores revenues total \$378,556 or 22% of their \$1,729,500 budget.

**Expenses:**

The total of personnel, contractual, material, and rent expenditure, \$441,538, is approximately 28% under the budgeted quarterly amount of \$306,212. Cost of Stores Issuance at \$1,781,186, exceeded the two quarter budget amount due to the increased sales at Traffic Stores.

**Transfers:**

The 2007 non-operating transfers total \$11,000 for payment of debt related to the MERF unfunded 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 2006 of \$3,369,575, an increase of \$325,896 from the 2005 ending balance of \$3,043,679.

The fund has a negative cash balance of (\$846,860) for the second quarter. The value of the inventory is \$4,441,857 which is a 35.7% increase over the same period in 2006. An inverse relationship exists between the cash balance and the inventory balance. As the value of the inventory decreases, the cash balance increases. The cash balance is close to zero when the inventory has an approximate value of \$3.2 million.

City of Minneapolis, Minnesota  
Public Works Stores  
Statement of Revenues and Expenses  
For the Second Quarter/Years Ending 2007, 2006, and 2005

	Budget Current Year 2007	Projected Year End 2007	For Period Ending 30-Jun-07	For Year Ending 2006	For Period Ending 30-Jun-06	For Year Ending 2005	For Period Ending 30-Jun-05
<b>Operating Revenues:</b>							
Central Stores	1,729,500	757,112	378,556	1,507,113	637,708	1,717,815	654,601
Traffic Stores	1,860,000	4,068,146	2,034,073	2,890,375	1,336,620	3,188,324	1,400,871
<b>Total Operating Revenues</b>	<b>3,589,500</b>	<b>4,825,258</b>	<b>2,412,629</b>	<b>4,397,488</b>	<b>1,974,328</b>	<b>4,906,139</b>	<b>2,055,472</b>
<b>Operating Expenses:</b>							
Personnel	669,553	675,315	337,657	618,339	299,553	577,077	281,462
Contractual	288,645	176,056	88,028	229,538	115,927	216,583	141,832
Materials/Other	241,497	6,552	3,276	92,184	28,512	98,870	13,105
Rent	25,154	25,154	12,577	68,376	34,188	65,112	32,556
Cost of Stores Issuance	2,372,158	3,562,371	1,781,186	3,061,633	1,360,504	3,520,139	1,456,514
Depreciation	-	-	-	-	-	316	314
<b>Total Operating Expenses</b>	<b>3,597,007</b>	<b>4,445,448</b>	<b>2,222,724</b>	<b>4,070,070</b>	<b>1,838,684</b>	<b>4,478,097</b>	<b>1,925,783</b>
<b>Operating Margin</b>	<b>(7,507)</b>	<b>379,810</b>	<b>189,905</b>	<b>327,418</b>	<b>135,644</b>	<b>428,042</b>	<b>129,689</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers in (out)	(11,000)	(11,000)	(5,500)	-	-	-	-
Net Interest Income (Expense)	-	-	-	757	-	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(11,000)</b>	<b>(11,000)</b>	<b>(5,500)</b>	<b>757</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Income</b>	<b>(18,507)</b>	<b>368,810</b>	<b>184,405</b>	<b>328,174</b>	<b>135,644</b>	<b>428,042</b>	<b>129,689</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash			(846,860)	(877,261)	(55,925)	91,610	105,804
Accounts Receivable			9,421	24,384	15,331	16,928	4,134
Inventories			4,441,857	5,009,908	3,272,387	3,104,057	3,375,567
Accounts Payable			(3,536)	722,112	3,709	111,631	0
Salaries Payable			37,273	45,705	40,913	37,630	0

**City of Minneapolis  
Intergovernmental Service Fund  
For the Second Quarter ending June 30, 2007**

<b>Fund 6400</b>	<b>2007 Budget</b>	<b>2007 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Revenue including Transfers	50,276,806	26,512,430	23,764,376	53%
Expenditures	35,446,179	18,694,468	16,751,711	53%
Revenue Over (Under) Expenditures	14,830,627	7,817,962		

**Program Description:**

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

**Revenue:**

Operating revenue through the second quarter of 2007 is \$17.1 million, or 49% of the annual 2007 budget. Revenue sources include mailing and copying services, telecom charges, Project Management Operation (PMO) projects, and BIS charges based on the rate model. The revenue for BIS-Telecom is driven by rates charged for services and customers' technology needs. The BIS-Telecom rate model uses the expense budget, depreciation, and overhead to determine technology rates. Second quarter revenues include a transfer from the general fund of \$3.5 million for an interfund loan payment to the Convention Center. The fund also receives debt service transfers based on the deficit reduction plan for the fund.

**Expenses:**

Operating expenses through the second quarter are \$18.6 million, or 53% of the annual budget. The actual expenditures were close to budgeted expenditures for all cost centers except BIS-PMO. As projects are added to the BIS-PMD cost center, the budget increases as funding for projects is provided by the customer. Interest payments on bonded debt will total \$1.7 million for the fiscal year.

**Financial:**

The Intergovernmental Services Fund is tracking positively to increase its net asset position. The net asset balance for 2006 is a deficit of \$23.8 million which is an increase in net assets of \$10.4 million from the deficit of \$34.2 million in 2005. Net assets have increased due to use of a rate model to determine charges for service, a transfer from the General Fund 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 Second Quarter/Years Ending 2007, 2006 and 2005

	Budget Current Year 2007	Projected Year 2007	For Period Ending 30-Jun-07	For Year Ending 2006	For Period Ending 30-Jun-06	For Year Ending 2005	For Period Ending 30-Jun-05
<b>Operating Revenues:</b>							
Charges for Service:							
BIS - PMO	11,518,948	18,812,844	7,706,422	14,523,182	7,310,274	14,101,016	2,369,325
BIS-Telecom	5,223,572	4,793,186	2,396,593	6,382,488	3,115,827	3,021,721	1,437,264
BIS - Operating-other	17,159,684	12,653,370	6,326,685	12,836,673	6,082,016	14,437,083	7,166,514
CC-Mailing Services	395,860	513,054	256,527	461,425	180,526	57,840	38,114
CC-Copy Services	605,742	729,406	364,703	914,431	289,563	803,649	321,682
<b>Total Operating Revenues</b>	<b>34,903,806</b>	<b>37,501,860</b>	<b>17,050,930</b>	<b>35,118,198</b>	<b>16,978,206</b>	<b>32,421,309</b>	<b>11,332,899</b>
<b>Operating Expenses:</b>							
BIS - PMO	11,577,811	18,906,376	9,453,188	15,206,006	7,233,450	13,162,684	2,744,726
BIS - Telecom	2,120,671	1,554,718	777,359	1,628,910	811,153	1,740,151	876,227
BIS - Operating-other	20,253,454	15,438,108	7,719,054	17,742,917	8,441,688	16,245,487	7,370,992
CC-Mailing Services	530,548	602,430	301,215	455,598	204,124	173,308	84,853
CC-Copy Services	625,418	662,744	331,372	790,217	373,671	659,611	235,185
Human resources	202,277	88,560	44,280	195,437	106,041	166,065	68,216
<b>Total Operating Expenses</b>	<b>35,310,179</b>	<b>37,252,936</b>	<b>18,626,468</b>	<b>36,019,085</b>	<b>17,170,127</b>	<b>32,147,306</b>	<b>11,380,199</b>
<b>Operating Margin</b>	<b>(406,373)</b>	<b>248,924</b>	<b>(1,575,538)</b>	<b>(900,887)</b>	<b>(191,921)</b>	<b>274,003</b>	<b>(47,300)</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers in (out)	15,237,000	15,237,000	9,393,500	10,512,844	5,327,801	10,562,122	3,861,832
Gains (Losses)	-	-	-	(31,852)	(44,707)	(304,473)	-
Depreciation	(2,393,160)	(2,393,160)	(1,196,580)	(3,962,907)	(1,922,958)	(6,510,263)	(3,177,673)
Interest on Bonded Debt	(1,666,963)	(1,666,963)	(833,482)	(2,038,485)	(1,017,209)	(2,064,478)	(1,035,725)
Other Non Operating Income (Expense)	-	-	-	(4,041)	-	514,075	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>11,176,877</b>	<b>11,176,877</b>	<b>7,363,439</b>	<b>4,475,559</b>	<b>2,342,927</b>	<b>2,196,983</b>	<b>(351,566)</b>
<b>Net Income</b>	<b>10,770,504</b>	<b>11,425,801</b>	<b>5,787,901</b>	<b>3,574,672</b>	<b>2,151,006</b>	<b>2,470,986</b>	<b>(398,866)</b>
<b>Significant Balance Sheet Items</b>							
Cash			(7,794,028)	(1,661,324)	(2,814,565)	338,775	(1,161,514)
Accounts Receivable			7,718	1,658	6,975	63,622	5,116
Work-in-progress			21,127,142	13,040,241	15,197,314	13,040,241	554,383
Interfund Loans			(10,921,467)	(14,548,952)	(12,372,059)	(14,548,952)	(12,800,000)
Bonds Payable			(35,888,877)	(35,775,000)	(39,969,843)	(34,275,000)	(44,875,000)
Deferred Income			(5,209,467)	(5,755,117)	(5,694,843)	(5,949,886)	(2,967,612)
<b>Significant Cash Flow Items</b>							

**City of Minneapolis  
Self-Insurance Fund  
For the Second Quarter Ending June 30, 2007**

<b>Fund 6900</b>	<b>2007 Budget</b>	<b>2007 2nd Quarter</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Revenue including Transfers	88,656,640	42,530,767	46,125,873	48.0%
Expenditures	83,894,933	37,788,786	46,106,147	45.0%
Revenue Over (Under) Expenses	4,761,707	4,741,981		

**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 second quarter 2007, total revenues are \$42,530,767, an increase of 4.5% over the revenue earned second quarter 2006. 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 2007 is \$595,099. 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, approximately 75.9%, is payment of employee fringe benefits included in the Health and Welfare account. Worker's Compensation and Tort Liability expenditures include the payments for liability and the costs of administering the plans. 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 second quarter 2007 are \$37,705,786, an increase of 4.0% over the operating expenditures for the same period in 2006. Expenditures related to Health and Welfare (employee benefits) increased 8.2% over the same period in 2006. 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 increase in expenditures for employee benefits was offset by 28.3% decrease in payments related to liability and settlements. 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.

**Transfers:**

In 2007, this fund receives an interfund transfer of \$4,750,000 from the General Fund to assist with payment of bond principal and interest. In 2006, 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 2006 is a deficit of \$29.3 million which is a reduction of \$6.7 million from the net asset ending balance of \$36.0 million in 2005. 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 \$32.2 million at the end of 2006. The net asset deficit is tracking close to the Deficit Reduction Plan.

The ending cash balance for first quarter 2007 is \$7.7 million and the 2006 balance of \$2.8 million due from other funds was received by this fund.

City of Minneapolis, Minnesota  
Self Insurance Fund  
Statement of Revenues and Expenses  
For Second Quarter/Years Ending 2007, 2006 and 2005

	Budget Current Year 2007	Projection Year 2007	For Period Ending 30-Jun-07	For Year Ending 2006	For Period Ending 30-Jun-06	For Year Ending 2005	For Period Ending 30-Jun-05
<b>Operating Revenues:</b>							
Health & Welfare (employee benefits)	63,780,431	59,363,058	29,681,529	54,719,946	27,372,586	48,255,288	24,622,294
Workers Compensation	7,562,803	8,104,276	4,052,138	8,786,419	3,990,545	8,521,189	3,802,988
Liability - Subrogation	9,370,060	11,443,014	5,721,507	8,590,318	4,311,160	8,291,921	4,130,534
Attorney Office Services	30,000	30,000	1,504	43,668	17,278	16,633	7,389
Human Resources Services	1,110,538	1,043,946	521,973	857,723	428,862	785,576	397,253
Finance-Employment Services	2,052,808	595,099	177,116	559,295	201,075	271,258	63,945
<b>Total Operating Revenues</b>	<b>83,906,640</b>	<b>80,579,393</b>	<b>40,155,767</b>	<b>73,557,369</b>	<b>36,321,506</b>	<b>66,141,865</b>	<b>33,024,403</b>
<b>Operating Expenses:</b>							
Health & Welfare (employee benefits)	63,533,567	58,823,233	29,511,167	53,987,035	27,279,748	47,309,404	23,564,005
Workers Compensation	7,562,803	6,432,852	2,990,937	6,041,860	2,856,723	6,519,557	2,979,912
Liability & Settlements	3,978,312	4,052,816	1,600,877	6,350,799	2,233,339	4,728,586	2,072,751
City Attorney/Civil Division-Litigation	5,463,479	4,782,876	2,305,282	4,845,994	2,481,792	4,986,364	2,253,041
Risk Management - WC/Risk	2,053,620	1,771,075	801,320	1,963,442	935,725	1,476,400	632,376
Human Resource - Employee Benefits	1,137,152	1,374,222	496,203	1,089,526	460,517	961,133	287,842
<b>Total Operating Expenses</b>	<b>83,728,933</b>	<b>77,237,074</b>	<b>37,705,786</b>	<b>74,278,656</b>	<b>36,247,844</b>	<b>65,981,444</b>	<b>31,789,927</b>
<b>Operating Margin</b>	<b>177,707</b>	<b>3,342,320</b>	<b>2,449,981</b>	<b>(721,287)</b>	<b>73,662</b>	<b>160,421</b>	<b>1,234,476</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Transfers from other fund	4,750,000	4,750,000	2,375,000	8,745,047	4,372,524	3,869,703	1,879,568
Transfers to other fund	(97,000)	(97,000)	(48,500)	(45,349)	(22,675)	(125,412)	(62,706)
Interest on Bonded Debt	(69,000)	(69,000)	(34,500)	(114,061)	(57,031)	(159,723)	(79,862)
Other Non Operating Income (Exp)	-	-	-	(166,930)	(4,669)	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>4,584,000</b>	<b>4,584,000</b>	<b>2,292,000</b>	<b>8,418,707</b>	<b>4,288,150</b>	<b>3,584,568</b>	<b>1,737,001</b>
<b>Net Income</b>	<b>4,761,707</b>	<b>7,926,320</b>	<b>4,741,981</b>	<b>7,697,420</b>	<b>4,361,812</b>	<b>3,744,989</b>	<b>2,971,477</b>
<b>Significant Balance Sheet Items</b>							
Cash Balance over (under)			7,744,244	5,541,017	3,063,244	1,797,175	628,405
Accounts Receivable			7,349	5,001	23,602	61,892	98,967
Due from Other Funds			-	2,823,000	704,201	181,930	84,554
Bonds Payable			(1,380,000)	(1,380,000)	(2,315,000)	(5,395,000)	(6,285,000)
Due to other funds			-	-	-	-	(2,478,353)
Compensated Absences			(283,437)	(283,437)	-	-	(28,398,941)
Unpaid Claims			(32,245,631)	(32,245,631)	(31,101,030)	(28,938,187)	-
Net Assets			-	(29,314,935)	(36,040,033)	(37,979,554)	(37,956,208)
<b>Significant Cash Flow Items</b>							
Paid Principal on Debt			(160,000)	(4,015,000)	(2,007,500)	(890,000)	(445,000)

**City Of Minneapolis  
Sanitary Sewer Fund  
For the Second Quarter Ending June 30, 2007**

<b>Fund 7100</b>	<b>2007 Budget</b>	<b>30-June-07 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	38,915,254	18,411,691	20,503,563	47%
Operating Expenditures	37,657,284	19,829,959	17,827,325	53%
Operating Margin	1,257,970	(1,418,268)		
Net Income	(140,208)	(2,111,369)		

**Program Description:**

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

**Revenue:**

Sanitary sewer revenue of \$18.4 million at the end of the first quarter is at 47% of the budget compared to 45% through June of 2006. This has exceeded the second quarter revenue of 2006 by \$1.3 million, or 7%. At this rate, it is projected that 95% of the estimated revenue will be realized in 2007. The increase in revenue for the quarter is primarily due to increased revenues from Utility Charges. Inspection Services revenues related to SAC charges are lower compared to the second quarter of 2006 by \$700,000, or almost 50%, primarily due to reduction in new construction works.

**Expenses:**

The Sanitary Sewer fund's operating expenditures of \$19.8 million through the second quarter is at 53% of the budget. Compared to \$17.3 million for 2006, this is an increase of 6%. However, this 2006 figure was under stated by \$2.5 million as payments to Met Council Environmental services were applied to Stormwater Fund instead of Sanitary Sewer.

**Transfers:**

The transfer from this Fund is for MERF unfunded liability and \$86,000 of the budgeted \$171,000 is accounted for through the quarter.

**Debt Service:**

This fund did not have any debt service in the past but, starting from 2007, there are capital projects which are bond-funded that total \$6.2 million. As bonds are sold, the Fund will have its share of the debt service schedule.

**Other Financial Items:**

The current operating cash balance is \$6 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 \$10 million, which results in a shortfall of \$4 million.

City of Minneapolis, Minnesota  
Sanitary Sewer Fund  
Statement of Revenues and Expenses  
For Second Quarter/Years Ending 2007, 2006, 2005

	Budget Year 2007	Projected Year 2007	For Period Ending 06/30/07	Year Ending 2006	For Period Ending 06/30/06	Year Ending 2005	For Period Ending 06/30/05
<b>Operating Revenues:</b>							
Sewage Disposal	35,924,571	39,315,394	17,722,267	34,483,121	15,680,783	34,030,332	15,204,938
Other Services Provided	605,841	545,257	(6,540)	147,604	60,566	186,884	17,182
Inspection Services	2,384,842	2,275,096	695,965	3,856,433	1,368,508	2,685,275	689,975
Interest				121,336	32,817	11,071	(853)
<b>Total Operating Revenues</b>	<b>38,915,254</b>	<b>42,135,747</b>	<b>18,411,691</b>	<b>38,608,494</b>	<b>17,142,674</b>	<b>36,913,562</b>	<b>15,911,242</b>
<b>Operating Expenses:</b>							
Sewer Design	397,297	78,749	24,645	91,742	39,236	248,215	49,205
Sewer Maintenance	6,057,982	5,307,193	2,599,017	5,470,737	2,831,379	5,140,759	2,374,423
Met Council Env. Svcs.	31,202,005	37,314,775	17,206,298	32,927,301	14,427,380	30,785,678	14,902,293
<b>Total Operating Expenses</b>	<b>37,657,284</b>	<b>42,700,717</b>	<b>19,829,959</b>	<b>38,489,780</b>	<b>17,297,996</b>	<b>36,174,652</b>	<b>17,325,921</b>
<b>Operating Margin</b>	<b>1,257,970</b>	<b>(564,970)</b>	<b>(1,418,268)</b>	<b>118,714</b>	<b>(155,322)</b>	<b>738,910</b>	<b>(1,414,679)</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers (out)	(171,000)	(171,000)	(85,500)		36,924	(203,236)	-
Non-Oper Expenses				(42,752)	-		-
Depreciation	(1,199,528)	(1,199,528)	(597,013)	(1,216,303)	(602,921)	(1,228,780)	(610,138)
Special Assessments			(875)	3,934	-		-
Net Interest Income (Exp)	(27,650)	(27,650)	(9,713)	(9,116)	-		-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(1,398,178)</b>	<b>(1,398,178)</b>	<b>(693,101)</b>	<b>(1,264,236)</b>	<b>(565,997)</b>	<b>(1,432,016)</b>	<b>(610,138)</b>
<b>Net Income</b>	<b>(140,208)</b>	<b>(1,963,148)</b>	<b>(2,111,369)</b>	<b>(1,145,522)</b>	<b>(721,319)</b>	<b>(693,106)</b>	<b>(2,024,817)</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash	-		6,002,495	7,591,344	5,892,090	6,180,902	1,644,980
Accounts Receivable	-		2,451,173	2,706,241	2,148,854	2,827,233	1,854,955
<b>Significant Cash Flow Items</b>							
Capital Outlay	6,250,000	6,250,000	403,184	185,449	35,017		9,369
Bond Principle payments	17,000	17,000	-	72,000	-		138,794

**City Of Minneapolis  
Stormwater Fund  
For the Second Quarter Ending June 30, 2007**

<b>Fund 7300</b>	<b>2007 Budget</b>	<b>30-June-07 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	31,485,253	15,480,953	16,004,300	49%
Operating Expenditures	19,193,832	7,760,360	11,433,472	40%
Operating Margin	12,291,421	7,720,593		
Net Income	9,079,963	5,177,719		

**Program Description:**

The Sewer fund was split in 2005 into two funds, Stormwater and Sanitary Sewer. The Stormwater fund accounts for 15% of the treatment work done through Met Council Environmental Services. The fund also accounts for storm water activities which include Combined Sewer Overflow (CSO) program, Street Cleaning, Sewer Design and Sewer Maintenance.

**Revenue:**

The Stormwater revenue of \$15.5 million through second quarter stands at 49% of the budget. It is an increase of \$1.2 million or 8% over second quarter of 2006. The increase is due to revenues from fees. With \$14.4 million in fee revenues and State grants fully realized, the overall pace is on track to meet the 2007 budget. Engineering Services revenue is at 22% of the budget but, as design expenses are charged to capital projects, revenues are projected to meet the estimated of \$1.1 million for the year.

**Expenses:**

Stormwater fund expenses ended at 40% of the budget through the second quarter. Expenses through the second quarter totaled \$7.8 million compared \$9.9 million for 2006. This is a decrease of \$2.1 million or 21%. The primary reason for higher 2006 figure is the Met Council Environment Services payments. Only 15% of the Met Council payments were to be paid out Stormwater Fund and the rest from Sanitary Sewer Fund. This 2006 expenditure figure includes \$2 million which should have been classified as Sanitary Sewer. It was properly accounted for in the fourth quarter of 2006.

**Transfers:**

The transfer of \$171,000 is for the MERF pension's unfunded liability and \$86,000 has been recognized through the quarter.

**Debt Service:**

The debt service payments through the quarter totaled \$5.1 million of which \$3.8 million went towards the principal and \$1.3 million were paid out to cover interests. These payments are primarily for bonds sold to finance the (CSO) and Flood Mitigation programs.

**Other Financial Items:**

The operating cash balance for quarter ended was \$3.8 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 \$4.8 million, which results in a shortfall of \$1 million.

City of Minneapolis, Minnesota  
Stormwater Fund  
Statement of Revenues and Expenses  
For Second Quarter/Years Ending 2007, 2006 and 2005

	Budget Year 2007	Projected Year 2007	For Period Ending 06/30/07	For Year Ending 2006	For Period Ending 06/30/06	For Year Ending 2005	For Period Ending 06/30/05
<b>Operating Revenues:</b>							
State Grants	671,441	743,625	738,536	671,526	677,562	569,414	556,501
County Grants	288,165	288,165	144,083	205,934	160,147	160,147	-
Sewage Disposal	29,441,279	28,688,602	14,363,291	27,869,040	13,212,991	26,081,247	13,750,394
Other Services Provided	1,084,368	1,035,262	235,044	1,031,806	223,276	1,038,718	522,811
<b>Total Operating Revenues</b>	<b>31,485,253</b>	<b>30,755,655</b>	<b>15,480,953</b>	<b>29,778,306</b>	<b>14,273,977</b>	<b>27,849,526</b>	<b>14,829,706</b>
<b>Operating Expenses:</b>							
Sewer Design	3,007,338	2,601,925	1,244,929	2,634,627	1,073,520	2,424,051	1,331,927
Stormwater Management CSO	1,172,591	1,151,955	560,023	1,206,966	557,227	1,210,158	617,935
Street Cleaning	6,796,011	8,083,032	3,400,738	7,211,034	3,439,508	6,354,645	2,316,093
Sewer Maintenance	3,204,576	2,233,870	826,570	2,100,924	655,864	2,205,230	943,520
Met Council Env. Svcs.	5,013,316	4,610,378	1,728,101	4,480,344	4,148,911	4,740,411	2,235,227
<b>Total Operating Expenses</b>	<b>19,193,832</b>	<b>18,681,160</b>	<b>7,760,360</b>	<b>17,633,895</b>	<b>9,875,030</b>	<b>16,934,496</b>	<b>7,444,702</b>
<b>Operating Margin</b>	<b>12,291,421</b>	<b>12,074,495</b>	<b>7,720,593</b>	<b>12,144,411</b>	<b>4,398,947</b>	<b>10,915,030</b>	<b>7,385,004</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers in (out)	(171,000)	(171,000)	(85,500)	(147,696)	(36,924)	(261,845)	(123,255)
Depreciation	(3,303,533)	(3,303,533)	(1,651,767)	(3,651,631)	(1,815,384)	(3,665,814)	(1,819,403)
Special Assessments	115,000	210,553	57,500	157,622	3,810	263,484	24,280
Net Interest Income (Exp)	(2,544,474)	(2,544,474)	(1,272,237)	(2,482,657)	(735,919)	(2,352,144)	(813,231)
Other Non Operating Income (Exp)	3,000,000	3,000,000	409,130	(1,529,659)	-	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(2,904,007)</b>	<b>(2,808,454)</b>	<b>(2,542,874)</b>	<b>(7,654,021)</b>	<b>(2,584,417)</b>	<b>(6,016,319)</b>	<b>(2,731,608)</b>
<b>Net Income</b>	<b>9,387,414</b>	<b>9,266,040</b>	<b>5,177,719</b>	<b>4,490,390</b>	<b>1,814,530</b>	<b>4,898,711</b>	<b>4,653,396</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash			3,832,937	(1,316,044)	4,211,473	4,858,839	7,826,817
Construction Cash	-	-	1,245,875	1,209,787	1,572,700	7,383,600	-
Accounts Receivable	-	-	335,096	6,697,637	2,955,611	2,827,233	6,527,622
Bonds Payable	-	-	15,045,426	15,045,426	20,067,483	41,060,909	38,167,000
<b>Significant Cash Flow Items</b>							
Capital Outlay	10,418,000		2,227,521	7,669,863	3,405,724	12,960,277	3,857,548
Bond principle payments	7,793,000		3,896,500	8,360,000	-	9,609,000	1,500,000

**City of Minneapolis  
Water Fund  
For the Second Quarter Ending June 30, 2007**

<b>Fund 7400</b>	<b>2007 Budget</b>	<b>30-June-07 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	65,421,544	26,862,265	38,559,279	41%
Operating Expenditures	43,306,735	20,274,000	23,032,735	47%
Operating Margin	22,114,809	6,588,265		
Net Income (Loss)	7,276,197	1,040,493		

**Program Description:**

This Fund accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. The City sells water directly to seven cities including Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal, and Edina. Currently, the City is constructing two, multi-year capital projects including the Supervisor Control and Data Acquisition (SCADA) and the Ultrafiltration Membrane Plant. The SCADA program monitors and partially automates the water treatment process and is expected to be completed in 2007 at a projected total cost of \$17.0 million. The Ultrafiltration Membrane Plant will be accomplished in two phases. Phase one is a newly constructed 70 MGD Columbia Heights Membrane Filtration Plant that was completed at a cost of \$63.3 million. The new plant is currently operating in a testing and confirmation phase and began distributing water into the Minneapolis system in the fall of 2005. The second phase, a 95-MGD Fridley Membrane Filtration Plant, is in the design phase. The projected cost of the Fridley Plant is \$88 million. The new 34 MG Hilltop Reservoir, at a cost of \$20.0 million, was completed in 2005.

In 2007, 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 a holistic system rehabilitation in project areas. Distribution improvements also include replacement of watermain where conductive soils have caused a number of watermain breaks.

**Revenue:**

For the year 2007, there was a 1.9% increase in the water rate raising the cost of 100 cubic feet from \$2.62 to \$2.67 per unit. The 2007 operating revenue of \$26,862,265 represents a 1.9% increase over the same period in 2006.

The first quarter 2007 operating margin is \$6,588,265 or 4.6% less than the same period of 2006. The net income for the second quarter 2007 decreased from \$2,374,054 in 2006 to \$1,040,493 in 2007 due to an increase in depreciation expense from \$2,800,215 for the second quarter in 2006 to \$3,568,046 for the same period in 2007. This increase of 21.5% in depreciation expense results from the addition of \$84.6 million in completed capital projects to the fixed asset accounts in 2005. The primary addition is the capitalization of the new Columbia Heights Membrane Filtration Plant at \$63.3 million.

**Expenditures:**

Through the second quarter of 2007, operating expenditures are \$20,274,000 or 4.2%, greater than for the same period in 2006. This increase is primarily due to an increase in operational cost of chemicals for treatment of water for distribution into the Minneapolis water works system. In addition, the government service fee, included in the Contribution to Other Funds, increased from \$2.07 million in 2006 to \$2.18 million in 2007. The government service fee is predominantly based on the fund's asset value.

**Transfers:**

The MERF (Minneapolis Employee Retirement Fund) pension debt service payment is budgeted at \$278,219.

**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 second quarter of 2007 is \$2.78 million compared to \$4.04 million for the same period in 2006. The objective is to have a cash balance equal to or greater than 3 months of operating expenses.

City of Minneapolis, Minnesota  
Water Fund  
Statement of Revenues and Expenses  
For Second Quarter/Years Ending 2007, 2006, 2005

	Budget Current Year 2007	Projected Ending 2007	For Period Ending 30-Jun-07	For Year Ending 2006	For Period Ending 30-Jun-06	For Year Ending 2005	For Period Ending 30-Jun-05
<b>Operating Revenues:</b>							
Federal Grants	-	-	-	36,036	-	-	-
Licenses & Permits	1,000	741	406	728	388	1,009	590
Charges For Services	64,085,444	65,181,158	26,644,526	63,223,867	25,995,662	59,897,682	24,341,490
Charges For Sales	1,315,000	916,025	216,730	1,702,574	346,569	829,696	223,720
Interest	-	787	343	289	155	990	332
Other Misc Revenues	20,100	20,100	260	27,918	27,888	1,251	1,147
<b>Total Operating Revenues</b>	<b>65,421,544</b>	<b>66,118,810</b>	<b>26,862,265</b>	<b>64,991,412</b>	<b>26,370,662</b>	<b>60,730,628</b>	<b>24,567,279</b>
<b>Operating Expenses:</b>							
Security	-	-	-	642,091	309,614	911,559	605,231
Water Design	1,178,044	753,649	355,867	675,654	288,399	657,732	340,403
Contribution To Other Funds	8,486,330	8,653,220	4,243,166	5,760,399	3,079,660	6,300,932	2,810,768
Administration & Permits	1,055,175	1,285,927	599,239	1,152,765	538,287	1,202,302	559,121
Treatment	13,458,090	13,141,767	5,708,689	14,607,515	6,487,870	13,134,777	5,577,545
Treatment Maintenance	7,472,824	7,721,064	3,560,968	7,261,963	3,334,878	7,477,241	3,463,293
Distribution	7,906,604	7,778,030	3,684,529	8,184,004	3,743,273	7,762,956	3,804,086
Major Repairs & Replacement	3,749,668	3,749,668	2,121,542	7,656,719	1,683,003	4,929,336	1,822,119
<b>Total Operating Expenses</b>	<b>43,306,735</b>	<b>43,083,326</b>	<b>20,274,000</b>	<b>45,941,111</b>	<b>19,464,984</b>	<b>42,376,835</b>	<b>18,982,566</b>
<b>Operating Margin</b>	<b>22,114,809</b>	<b>23,035,484</b>	<b>6,588,265</b>	<b>19,050,301</b>	<b>6,905,678</b>	<b>18,353,793</b>	<b>5,584,713</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers in (out)	(664,000)	(664,000)	(332,000)	(274,517)	(137,259)	(689,005)	(105,402)
Depreciation	(9,542,576)	(9,542,576)	(3,568,046)	(6,846,284)	(2,800,215)	(6,450,504)	(2,842,802)
Special Assessments	-	337,954	33,859	628,894	46,930	825,321	103,787
Net Interest Income (Exp)	(4,632,036)	(4,632,036)	(1,342,432)	(4,371,899)	(1,387,664)	(4,077,976)	(1,270,515)
Other Non-Operating Income	2,000,000	549,805	127,027	603,376	147,698	336,960	73,219
Other Non Operating (Expense)	(2,000,000)	(2,000,000)	(466,180)	(1,000,818)	(401,115)	(791,522)	(375,042)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(14,838,612)</b>	<b>(15,950,853)</b>	<b>(5,547,772)</b>	<b>(11,261,248)</b>	<b>(4,531,624)</b>	<b>(10,846,725)</b>	<b>(4,416,754)</b>
<b>Net Income</b>	<b>7,276,197</b>	<b>7,084,631</b>	<b>1,040,493</b>	<b>7,789,053</b>	<b>2,374,054</b>	<b>7,507,068</b>	<b>1,167,959</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash			2,777,052	2,541,860	4,037,393	1,555,548	1,413,985
Construction Cash			-	-	396,123	452,337	6,400,725
Accounts Receivable			5,290,002	4,876,827	4,621,844	8,382,482	4,307,599
Bonds & Notes Payable			92,016,728	92,028,999		84,407,486	95,236,953
<b>Significant Cash Flow Items</b>							
Capital Outlay	40,531,642	40,531,642	2,747,124	13,486,869	5,541,659	18,549,576	10,352,942
Bond & Note Principle payments	7,927,436	7,927,436	-	8,658,552	-	10,829,467	-
<b>Total Cash Flow Items</b>	<b>48,459,078</b>	<b>48,459,078</b>	<b>2,747,124</b>	<b>22,145,421</b>	<b>5,541,659</b>	<b>29,379,043</b>	<b>10,352,942</b>

**City of Minneapolis  
Municipal Parking Fund  
For the Second Quarter Ending June 30, 2007**

<b>Fund 7500*</b>	<b>2007 Original Budget</b>	<b>2007 2nd Quarter Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Revenue	50,087,953	26,280,304	23,807,649	52%
Expenditures	33,200,346	14,311,139	18,889,207	43%
Operating Margin	16,887,607	11,969,165		
Net Income (Loss)	2,912,755	7,486,926		

\* 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 twenty-four ramps and with the expiration of the Ritz Lot lease on December 31, 2006 the City has 5 lots. The City Council has approved the sale of eight ramps. After the closings on these ramps the parking system will have sixteen ramps and 5 lots.

**Revenues:**

The second quarter revenues for 2007 increased by \$1.5 million, or 6.3%, \$26.2 million compared to \$24.7 million for 2006. Off-street parking revenue accounts for the entire \$1.5 million of increase which includes a \$1.0 million payment by Ames and Fischer toward the purchase of the 10<sup>th</sup> and Washington Ramp. This increase is in spite of the expiration of the Ritz Lot lease.

**Expenditures:**

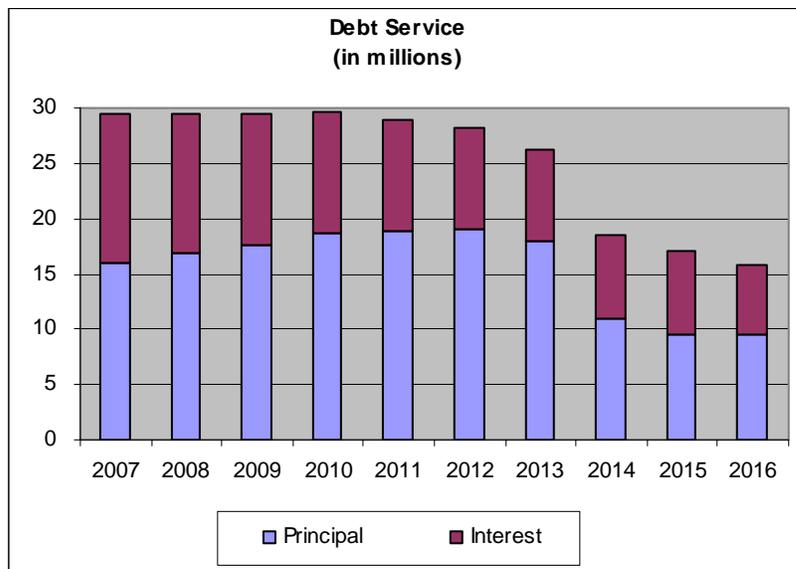
The expenditures, at \$14.3 million for 2007 increased by \$1.1 million, or 8.6%, compared to \$13.2 million in 2006. Expenditures for off-street parking increased by \$900,000, towing increased by \$200,000 and on-street parking remained the same.

**Transfers to and from other funds:**

The 2007 transfers into the Parking Fund include \$2.0 million from sales tax revenue for Convention Center debt, \$5.6 million from CPED Tax Increment. Transfers out to other funds for the year are budgeted for a total of \$11.9 million with \$9.6 million to the General Fund, \$2.1 million to the Target Center Arena and \$.2 million to other funds. The 2007 Target Center Arena transfer is \$2.1 million and it is projected to reach \$5.8 million by 2014, based on the updated payment schedule. There were \$6.0 million in transfers out during the first two quarters of 2007.

**Debt Service:**

The debt service payments through the second quarter totaled \$12.7 million, with \$6.6 million of principal payments and another \$6.1 million in interest. The total budgeted debt service from 2007 is \$29.4 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 \$29.7 million by 2010.



The total amount of outstanding bonds in the Parking Fund increased by \$1.7 million in 2006 with the sale of additional bonds to fund facilities repairs and improvements. There is currently \$261 million in outstanding bonds.

**Other Financial Items:**

The current operating cash balance is \$(7.7) 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 \$6.2 million, which results in a shortfall of \$13.9 million. Due to increased transfers into the Fund and the \$1.0 payment for the 10<sup>th</sup> and Washington Ramp, the net income for the second quarter has increased by \$3.1 million over the same period in 2006; however, it is still not sufficient to cover the debt service thereby resulting in negative cash flow.

## **Parking Fund Workout Plan:**

A financial workout plan, as adopted by the City Council, approved parking initiatives to cut costs and increase revenues. Based on actual figures through the year end of 2007, the current update to the Workout Plan and specific performance include:

### **Revenues:**

- **Off-Street Parking and Enhanced Parking Ramp Marketing Activities:** Projections indicate that revenue is exceeding last year's overall performance by over \$1.5 million which represents an improvement of nearly 8%. This is encouraging considering loss of the Ritz Lot that generated \$409,000 last year. Our Early Bird and rate adjustment strategies continue to generate additional revenue particularly at the Leamington, Gateway and Jerry Haaf Ramps.
- **On-Street Parking and Parking Meter Management Plan:** Additional meter installations and rate adjustments, as part of new meter management plan, have continued to be implemented and generate revenues of \$7.2 million, or 101% of budgeted amounts. Focus on the expansion of the parking meter smart card program is ongoing, with research into securing a dependable supply of cards underway, which provides customers with additional purchase and payment options.
- **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. The City has implemented a pilot program with a collections firm for additional collection activities for unpaid towing and storage fees that will be tested over the next 12 months. The auction of abandoned vehicles process is currently being evaluated and refined, and we are now selling vehicle contents that are abandoned through a separate process that should generate additional revenues. The tow management software is in the process of being upgraded to allow for some additional automated processing of bill of sale and auction information, and will be installed next year. At \$7.45 million in projected revenue, total revenue generated from the Impound lot operations through the year is projected to exceed the budgeted figures by \$330,000, or 4.6%.

## Expenditures:

The status of the various expense reduction initiatives:

- Through the first half (50%) of the year, expenses in the off-street parking area are 41.6% of budgeted. Compared to our overall budget, projected expenses are up \$215,000. This is not unusual and consistent with 2006 when considering the cost of utilities and invoices for winter season expenses that are submitted during early second quarter.
- Salaries and wages have increased slightly due to continuing efforts toward reorganization and centralization, compliance with the living wage, the carpool monitors and service attendants added earlier this.
- Utilities expense lines continue to appear high. We should see greater recovery in the 2<sup>nd</sup> half of this year.
- Supply costs for the 2<sup>nd</sup> Quarter were at a more reasonable level of approximately \$90,000. The first quarter expenses are still being reviewed.
- Finally sales tax expenses have increased along side of increased revenue.
- Enhance Wayfinding Program: estimated expenditure of \$205,000, currently three new installations completed in 2006; three more currently in progress for 2007 (Hilton, Hennepin @ 10<sup>th</sup> and Leamington).
- Repair & Maintenance Program: estimated expenditure of \$204,000 in debt service; the program is being implemented in the current year and includes revenue control equipment and systems upgrade at two facilities (Hilton and Hennepin @ 10<sup>th</sup>)
- Greater Oversight through Increased Staffing Level: estimated expenditure of \$254,000; Parking Services is scheduling interviews for a Business Applications Manager, Operations Analyst and Parking Systems Analyst positions which will assist in achieving the realignment of activities and will help to improve the oversight of three business areas. Hiring of these positions should be completed in early third quarter of 2007.

Off-Street Parking projected expenditures exceeded budget by \$215,100 or 0.8%. Impound Lot projected expenditures exceeded budget by \$571,955 or 10.8%, due to additional costs for the back-to-back snow emergencies this spring. On-Street Parking expenditures were less than budget by \$600,000 or 38.0% of budget.

The following table presents a summary of the various business line actual figures, projections and variances for the first quarter of 2007.

<b>Revenue* And Expense Categories</b>	<b>2007 Original Budget</b>	<b>2007 2<sup>nd</sup> Quarter Actual</b>	<b>Projection 2007 Based on Actual</b>	<b>Variance Budget Vs Projection</b>
Off-Street Parking	35,816,284	18,852,158	35,822,107	5,823
On-Street Parking	7,155,532	3,520,656	7,196,465	40,933
Impound Lot	7,116,137	3,907,490	7,445,238	329,101
<b>Total Revenue</b>	<b>50,087,953</b>	<b>26,280,304</b>	<b>50,463,809</b>	<b>375,856</b>
Off-Street Parking	26,303,028	10,951,265	26,518,128	215,100
On-Street Parking	1,590,627	459,484	994,385	(596,242)
Impound Lot	5,306,691	2,900,390	5,878,646	571,955
<b>Total Expenditures</b>	<b>33,200,346</b>	<b>14,311,139</b>	<b>33,391,159</b>	<b>190,813</b>
<b>Operating Margin</b>	<b>16,887,607</b>	<b>11,969,165</b>	<b>17,072,650</b>	<b>185,043</b>

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

**Summary:**

Based on the annual data, revenue projections exceed the budget by \$375,856 or 1.4% and expenditure projections exceed the budget by \$190,813 or 0.6% thereby resulting in an overall projected excess profit of \$185,043 or 1.1% more than the annual budget.

City of Minneapolis, Minnesota  
Municipal Parking Fund  
Statement of Revenues and Expenditures  
For Second Quarter/Years Ending 2007, 2006, and 2005

	Current Budget Year 2007	Projected Year Ending 2007	For Period Ending 30-Jun-07	For Year Ending 2006	For Period Ending 30-Jun-06	For Year Ending 2005	For Period Ending 30-Jun-05
<b>Operating Revenues:</b>							
Off-Street Parking: City Owned	35,816,284	35,822,107	17,851,115	35,052,251	17,365,495	33,542,380	16,812,653
Off-Street Parking: State Owned	8,454,052	8,715,469	4,104,103	8,232,233	3,931,921	8,039,838	3,731,870
Towing	7,116,137	7,445,238	3,907,490	7,554,067	3,814,311	6,912,995	3,765,694
On-Street Meters	7,155,532	7,196,465	3,520,656	7,235,050	3,551,711	6,702,950	3,267,936
Total Operating Revenues	58,542,005	59,179,279	29,383,364	58,073,601	28,663,438	55,198,164	27,578,153
<b>Operating Expenses:</b>							
Off-Street Parking: City Owned-Direct Expenses	20,014,346	23,351,497	9,512,487	22,481,314	8,748,980	20,232,560	8,610,068
Off-Street Parking: State Owned-Direct Expenses	8,154,885	8,826,287	3,974,208	7,540,909	3,904,182	7,365,075	2,819,390
Towing	5,306,691	5,878,646	2,900,390	5,474,639	2,734,215	5,573,381	2,716,028
On-Street Meters	1,266,089	868,100	459,484	795,003	445,041	3,462,187	1,726,938
Other Operating Expenses	6,613,220	3,292,916	1,368,146	3,261,349	1,244,737	2,847,773	1,279,504
Total Operating Expenses	41,355,231	42,217,446	18,214,715	39,553,214	17,077,155	39,480,976	17,151,929
<b>Operating Margin</b>	<b>17,186,774</b>	<b>16,961,833</b>	<b>11,168,649</b>	<b>18,520,387</b>	<b>11,586,283</b>	<b>15,717,187</b>	<b>10,426,225</b>
<b>Non-Operating Revenues/(Expenses)</b>							
General Fund Transfer Out	(9,618,000)	(9,618,000)	(4,809,000)	(10,618,000)	(5,309,000)	(8,800,000)	(4,400,000)
Arena Reserve Transfer Out	(2,078,000)	(2,078,000)	(1,039,000)	(1,921,000)	(19,275)	(1,768,000)	(884,000)
Debt Service Transfer Out	(73,000)	(73,000)	(36,500)	(38,500)	(960,500)	(390,704)	(172,750)
Internal Service Fund Transfer Out	-	-	-	-	-	(95,355)	-
Sanitation Transfer Out	(146,000)	(146,000)	(73,000)	(146,000)	(73,000)	(146,000)	(73,000)
Total Transfers Out	(11,915,000)	(11,915,000)	(5,957,500)	(12,723,500)	(6,361,775)	(11,200,058)	(5,529,750)
Convention Center related facility Transfer	9,856,000	9,856,000	4,928,000	9,565,097	4,782,549	8,243,573	4,121,787
TI and MCDA Transfers In	7,751,769	7,751,769	6,189,519	8,642,369	5,053,286	5,230,159	3,457,728
Arbitrage Fund and Other Transfers In	-	-	-	1,376,314	-	2,467,107	-
Total Transfers In	17,607,769	17,607,769	11,117,519	19,583,780	9,835,835	15,940,839	7,579,515
Depreciation	(6,986,940)	(6,986,940)	(3,493,470)	(7,045,340)	(3,526,920)	(6,551,682)	(3,210,862)
Special Assessments*	675,975	675,975	-	12,556,838	66,250	107,773	66,250
Interest	(13,356,656)	(13,356,656)	(6,148,788)	(12,623,204)	(7,079,423)	(12,058,392)	(7,043,433)
Other Non Operating Expenses	0	-	(70,632)	(33,353)	(8,822)	(32,980)	(24,045)
Other Non-Operating Income	0	-	1,001,043	150,032	2,178	136,897	26,380
Total Non-Operating Revenues (Expenses)	(13,974,852)	(13,974,852)	(3,551,828)	(134,747)	(7,072,677)	(13,657,603)	(8,135,944)
<b>Net Income+/( -)</b>	<b>3,211,922</b>	<b>2,986,981</b>	<b>7,616,821</b>	<b>18,385,640</b>	<b>4,513,607</b>	<b>2,059,584</b>	<b>2,290,280</b>

**City Of Minneapolis  
Solid Waste and Recycling Fund  
For the Second Quarter Ending June 30, 2007**

<b>Fund 7700</b>	<b>2007 Budget</b>	<b>06/30/07 Actual</b>	<b>Remaining Budget</b>	<b>% of Actual To Budget</b>
Operating Revenue	29,505,200	14,588,215	14,916,985	49%
Operating Expenditures	28,645,483	11,599,573	17,085,910	40%
Operating Margin	859,717	3,028,642		
Net Income/(Loss)	(720,892)	2,281,603		

**Program Description:**

The Solid Waste Fund accounts for City's solid waste collection, disposal and recycling operations. This includes trash and yard waste pickups on a weekly basis; and, on a biweekly basis, pickups are made for recycling and problem materials, such as appliances. The Fund is responsible, as well, for the operations of a solid waste transfer station which covers over 108,000 households. The Department also provides "clean city" activities such as neighborhood clean sweeps and litter/graffiti controls and removals in business districts. City crews provide approximately one-half of the solid waste collection services and the other half of the services are provided through a contract with a consortium of companies specializing in waste collection.

**Revenue:**

The operating revenues for the Fund through the quarter totaled \$14.6 million compared to \$13.9 million through the second quarter of 2006. This is an increase of \$700,000, or 5%, which can be attributed to increased revenues from solid waste fee and recyclable sales. 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 the second quarter ended at \$11.6 million compared to \$11.9 million in 2006. The decrease in expenditures of \$368,000, or 3%, over the same period in 2006, is mainly due to decrease in solid waste disposals just in terms of volume. The reduced cost per ton at the CHERC burner plant from \$41.85 to \$34, which went into effect in 2006, has also contributed to decrease in expenditures. Expenditures in Clean City program through the quarter was \$800,000 and is estimated to exceed the budget for the year.

**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. Half of these transfers have been recognized through second 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. For the quarter ending June 30<sup>th</sup>, half of the General Fund transfers have been recognized.

**Debt Service:**

This fund has no debt service.

**Other Financial Items:**

The fund's cash balance for the second quarter ended at \$17 million. Almost half of this fund balance, \$8.4 million, is in restricted reserve to be used for capital programs starting in 2007 leaving an unrestricted cash balance of \$8.7 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 \$6 million, which results in a surplus of \$2.7 million. The accounts receivable balance is \$3.2 million.

City of Minneapolis, Minnesota  
Solid Waste and Recycling Fund  
Statement of Revenues and Expenses  
For Second Quarter/Years Ending 2007, 2006, 2005

	Budget Year 2007	Projection Year 2007	For Period Ending 06/30/2007	For Year Ending 2006	For Period Ending 06/30/06	For Year Ending 2005	For Period Ending 06/30/05
<b>Operating Revenues:</b>							
County Grants	544,000	807,673	272,000	802,623	-	812,722	-
Solid Waste Fees	27,261,800	27,120,011	13,412,559	26,300,313	13,212,173	26,817,625	13,053,971
Recyclable Sales	1,699,400	1,924,557	903,656	1,497,204	685,488	1,857,841	894,057
Charges for Other Services	-	-	-	14,877	1,904	15,947	12,636
<b>Total Operating Revenues</b>	<b>29,505,200</b>	<b>29,852,241</b>	<b>14,588,215</b>	<b>28,615,018</b>	<b>13,899,565</b>	<b>29,504,135</b>	<b>13,960,664</b>
<b>Operating Expenses:</b>							
Collection	6,906,325	6,426,970	3,040,849	6,667,334	3,019,355	5,923,018	2,922,534
Recycling	3,332,166	3,237,210	1,544,080	3,264,125	1,486,406	3,018,837	1,505,134
Disposal	6,221,467	4,354,404	1,840,436	5,180,850	2,137,216	5,625,608	2,434,758
Yard Waste	1,890,441	1,542,980	682,018	1,381,365	575,909	1,293,060	604,006
Large Item/Problem Material	1,246,847	1,073,031	502,239	1,125,980	521,081	1,107,764	524,342
Transfer Stations	272,314	164,630	82,699	173,753	79,633	227,042	124,046
Administration	3,885,261	2,738,920	1,623,724	4,186,945	2,024,370	2,535,621	1,780,442
Customer Service	438,140	702,402	210,016	540,547	272,795	2,796,270	260,974
Clean City	1,407,160	1,940,151	769,969	1,412,747	570,714	1,006,259	392,186
Equipment	3,045,362	4,241,241	1,263,544	4,212,945	1,240,455	2,877,461	867,261
Human resources							-
<b>Total Operating Expenses</b>	<b>28,645,483</b>	<b>26,421,938</b>	<b>11,559,573</b>	<b>28,146,591</b>	<b>11,927,933</b>	<b>26,410,939</b>	<b>11,415,682</b>
<b>Operating Margin</b>	<b>859,717</b>	<b>3,430,303</b>	<b>3,028,642</b>	<b>468,426</b>	<b>1,971,632</b>	<b>3,093,196</b>	<b>2,544,982</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Net Transfers In	196,000	506,000	98,000	506,000	91,364	196,000	3,000
Net Transfers Out	(778,000)	(778,000)	(389,000)	(735,221)	(350,000)	(757,934)	0
Gains (Losses)							(1,544)
Depreciation	(998,609)	(998,609)	(473,086)	(1,034,312)	(502,086)	-	(236,905)
Special Assessments	-	45,404	17,047	15,281	-	75,528	2,170
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(1,580,609)</b>	<b>(1,225,204)</b>	<b>(747,039)</b>	<b>(1,248,252)</b>	<b>(760,722)</b>	<b>(486,406)</b>	<b>(233,279)</b>
<b>Net Income</b>	<b>(720,892)</b>	<b>2,205,099</b>	<b>2,281,603</b>	<b>(779,826)</b>	<b>1,210,910</b>	<b>2,606,790</b>	<b>2,311,703</b>
<b>Significant Balance Sheet Items</b>							
Operating Cash			17,113,373	15,497,282	15,717,389	14,956,440	14,068,007
Accounts Receivable			3,220,523	2,824,168	2,923,261	2,471,657	2,591,207

# 2007 Second 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 June 30, 2007, the City's current investment portfolio was valued at approximately \$306 million. The sector holdings and fund distributions are shown below. For the year-to-date period ending June 30, 2007, the portfolio outperformed its benchmark.

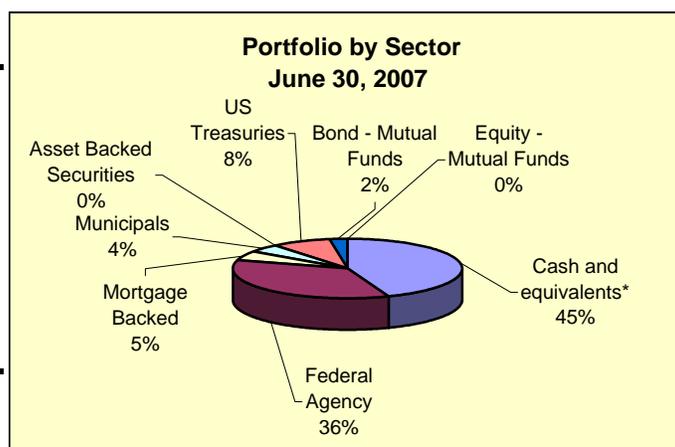
Investment Performance period ending June 30, 2007	City Portfolio	Custom Benchmark*
YTD Total Return	2.54%	2.36%
Credit Quality	AGY	AGY

\* 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 Market Value in millions	June 30 2007	% of port.	June 30 2006	% of port.
Cash and equivalents*	\$ 135.4	44%	\$ 125.2	37%
Federal Agency	\$ 107.5	35%	\$ 84.7	25%
Mortgage Backed	\$ 16.0	5%	\$ 27.3	8%
Municipals	\$ 13.7	4%	\$ 13.4	4%
Asset Backed Securities	\$ 0.4	0%	\$ 0.6	0%
US Treasuries	\$ 25.4	8%	\$ 31.5	9%
Bond - Mutual Funds	\$ 7.5	2%	\$ 7.1	2%
Investment Contracts	\$ -	0%	\$ 18.2	5%
Equity - Mutual Funds	\$ -	0%	\$ 27.2	8%
<b>Total Market Value</b>	<b>\$ 305.9</b>	<b>100%</b>	<b>\$ 335.2</b>	<b>100%</b>

\*Net of checks outstanding



## Funds

Performance Book Value in millions	June 30 2007	% of total funds	June 30 2006	% of total funds
Debt Service	\$ 41.2	14%	\$ 40.4	12%
Development	\$ 41.1	13%	\$ 40.3	12%
Enterprise Fund	\$ 26.6	9%	\$ 16.4	5%
General	\$ 31.9	10%	\$ 20.8	6%
Internal Service	\$ 1.9	1%	\$ (4.9)	-1%
Library	\$ (1.0)	0%	\$ (3.1)	-1%
Hilton Trust	\$ 22.0	7%	\$ 38.4	11%
NRP	\$ 34.9	11%	\$ 38.8	11%
Park Board	\$ (9.1)	-3%	\$ 2.2	1%
TIF	\$ 36.3	12%	\$ 39.2	11%
Convention Center	\$ 29.4	10%	\$ 18.3	5%
Other	\$ 20.9	7%	\$ 26.5	8%
<b>Sub Total City Op. Port.</b>	<b>\$ 276.1</b>	<b>91%</b>	<b>\$ 273.3</b>	<b>80%</b>
Bond Proceeds/Const.	\$ 28.7	9%	\$ 67.9	20%
<b>TOTAL Book Value</b>	<b>\$ 304.8</b>	<b>100%</b>	<b>\$ 341.2</b>	<b>100%</b>
Unrealized G/L & Acc int	\$ 1.1		\$ (6.0)	
<b>All Funds Mkt Value</b>	<b>\$ 305.9</b>		<b>\$ 335.2</b>	

