



City of Minneapolis
Financial Status Report as of 2nd Quarter 2006
Prepared by the
City of Minneapolis Finance Department
August 14, 2006

City of Minneapolis

Interim Financial Report Index for the 2nd Quarter of 2006

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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, 2006.

BUSINESS LINE REVIEW

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

Governmental Funds

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

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund began 2006 with a fund balance of \$53.6 million and an operating budget of \$284 million. Through June of this year, the fund has spent 48% of its appropriations with 50% of the year elapsed. If the fund continues on this same trajectory, it will end the year within its spending authority. Several items of note are Franchise Fee revenues which have greatly exceeded expectations and Fines and Forfeits which are considerably below budget thus far. Midyear projections indicate the only department that may overspend their budget is the Police Department. The reasons given for the potential overspending are increased overtime costs; primarily related to Downtown Safe-Zone activities.

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

The Convention Center's 2006 operating budget, with a 2005 carryover of \$.8 million plans for a loss of \$1.4 million and first quarter results show the fund is tracking very close to plan with revenues and expenses at 51% and 48% 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:

Enterprise Funds						
(In Thousands)						
Fund	2006 Budget to Actual through 6-30-06 (Incl. Depreciation)					
	Revenue Budget	Revenue Actual	% of Actual To Budget	Expense Budget	Expense Actual	% of Actual To Budget
Sanitary Sewer	37,898	17,180	45%	37,797	17,901	47%
Stormwater	32,472	14,277	44%	24,744	12,463	50%
Solid Waste	28,967	13,991	48%	29,520	12,780	43%
Water Utility	69,273	26,566	38%	57,981	24,191	42%
Parking	76,683	38,567	50%	73,990	34,054	46%

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

Sewer Utility Fund accounts for sewage interceptor and treatment services and the storm management activities including the Combined Sewer Overflow program. The Sewer Fund was split into two funds in 2005: Stormwater and Sanitary. The Stormwater Fund through first quarter has received 44% of its annual operating revenues and has spent 53% of its annual operating expense budget. The Sanitary Sewer fund has received 45% of its revenue and spent 47% of its budgeted expenses so far. Both funds have positive cash and net assets but the cash balances will continue dwindling because of the permanent effect of stormwater credits and lower water consumption. The funds combined cash reserve is 80% of the stated requirement.

Solid Waste Fund accounts for the City’s solid waste collection, disposal, and recycling operations. Currently the fund has received 49% of its annual operating revenues and spent 43% of its annual operating expense budget. The fund has positive net assets and cash reserves in excess of the stated requirement.

Water Utility Fund accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. The Water Fund had a \$.12 rate increase in 2006. It has received 39% of its annual operating revenues and spent 43% of its annual operating

expense budget. Like the Sewer Funds it has a cash problem. The funds current cash reserve is at 35% of the stated requirement. The erosion of the funds' cash balance can be attributed to several factors: 1) the one-time refund to the Joint Water Commission of \$3.6 million; 2) large annual debt service commitments; 3) a decline in water consumption over the last several years.

Parking Fund accounts for the operation and maintenance of parking ramps, lots, on street parking meters, a municipal impound lot, and traffic/parking control. Prior to 2001, revenue performance had been better than budgeted, but since September 2002, revenue has dropped. This is primarily due to economic conditions, high office vacancy rates, and increasing transfers to other funds. In June 2004, the City Council adopted a financial and operational workout plan for the Parking Services Fund that is expected to restore the funds' solvency by 2010. For 2006, the fund is not meeting its revenue targets but has also spent below its budget; these two factors have combined to create a financial impact of (\$.5) million through second quarter. The parking business is quite volatile and may not 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:

Internal Service Funds (In Thousands)						
2006 Budget to Actual through 6-30-06 (Incl. Depreciation)						
Fund	Revenue Budget	Revenue Actual	% of Actual to Budget	Expense Budget	Expense Actual	% of Actual to Budget
Engineering, Mat, and Testing	3,650	586	16%	4,335	730	17%
Equipment Fund	47,192	19,460	41%	45,633	18,520	41%
Property Services	15,751	7,231	46%	17,236	8,148	47%
Public Works Stores	3,423	1,974	58%	1,839	974	53%
Intergovernmental Fund	35,995	22,306	62%	35,792	20,155	56%
Self Insurance	69,872	41,485	59%	65,782	36,319	55%

The **Intergovernmental Service Fund** is operating at a level called for in its financial workout plan. Through second quarter, the fund is on track with both its revenue and expense goals. Depreciation expense continues to pose a challenge for the fund because it is not recovered through the rate model.

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

The **Self-Insurance Fund** is at 59% and 55% of revenue and expense targets for the year. The larger than expected results for second quarter are because health & welfare revenues and expenses were budgeted lower than the assumed 20% increase from 2005. This will be corrected for the third quarter report. Workers compensation costs are projected to be \$2.7 million lower than expected while liability costs are projected to be \$1.8 million higher than budgeted.

The **Property Services Fund** has received 46% of annual revenues and has spent 47% of budgeted expenses through first quarter. It has positive net assets but its cash reserves are well below the stated requirement. This fund's financial performance is hindered by depreciation expense. Similar to BIS, it is not recovering for depreciation in its rental rates and this will continue to adversely affect the fund.

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

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.

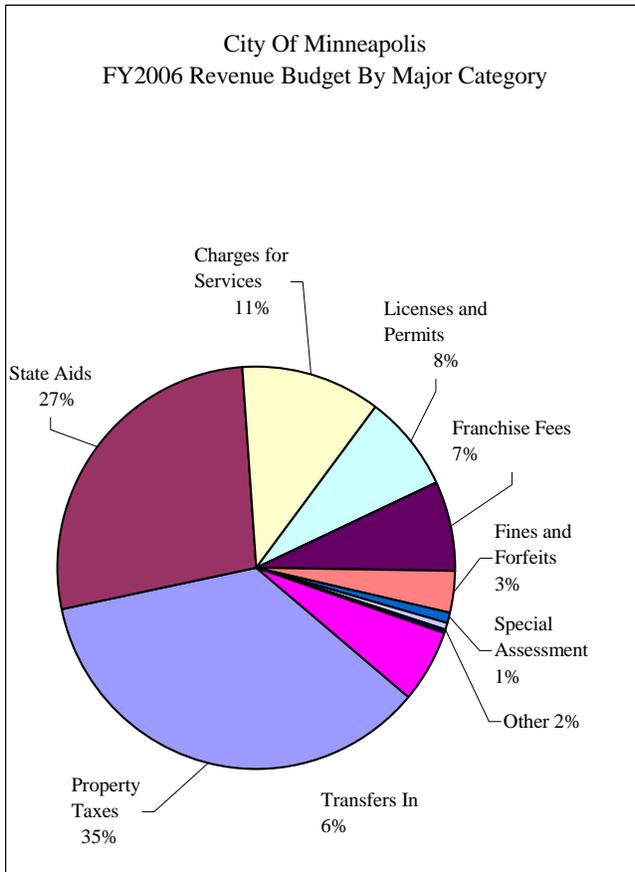
Financial Performance

The fund balance for the General Fund at fiscal year-end 2005 was \$53.6 million. The original budget for 2006 included a one-time reappropriation of \$1.8 million from the 2005 year-end fund balance. Based on the current revenue and expenditure trends, we are expecting the fund balance at year-end to be about \$60.2 million. The City's practice is to maintain a minimum fund balance of 15% of the following year's revenue budget; the projected fund balance of \$60.2 million is well above the \$49.0 million requirement.

While financial results for the second quarter are strongly positive, any projection of year-end results should be considered to be only an estimate.

<u>Projected 2006 Fund Balance</u>	
Fund Balance January 1, 2006	\$ 53.6 million
Re-appropriation of Fund Balance	(1.8) million
2006 Projected Increase in Fund Balance	<u>8.4 million</u>
Fund Balance Projected, December 31, 2006	<u>\$ 60.2 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 (35%), are expected to meet the budget of \$112.7 million at the end of the year. A tax abatement transfer of \$389,746 will be paid to the Community Planning and Economic Development agency for the Downtown Light Rail Transit Station from property tax revenue received in 2006.

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

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

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

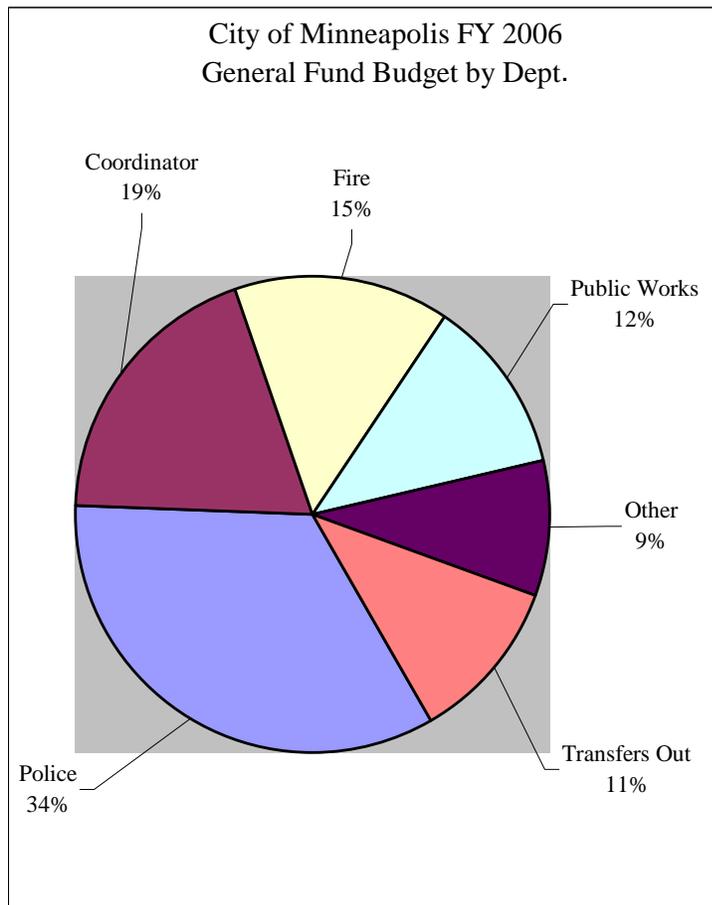
Franchise fees, the fifth major source of revenue (7%), are expected to be about 39%, or \$8.7 million, over the current budget of \$22.3 million, primarily due to increased natural gas franchise fees.

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

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 \$52.6 million (49% of current budget); their projected expenditures could exceed their budget by about \$1.8 million at the end of the year primarily because of increased overtime expenditures for Downtown Safe Zone activities/presence.

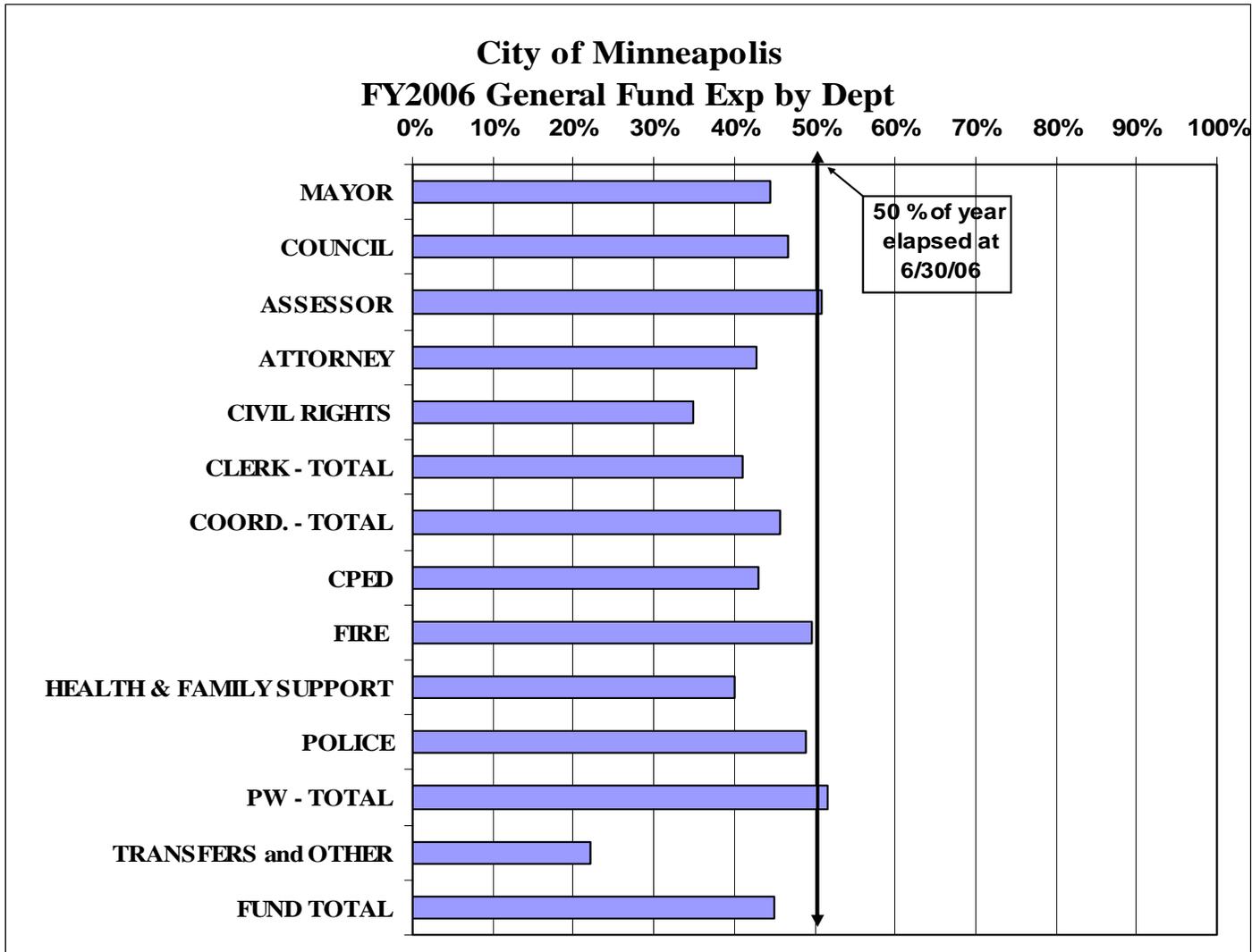
The expenditures of the next major department, Coordinator, are currently running about 4% under budget as of the end of the second quarter; currently, their projected expenditures are expected to be within their budget at the end of the year.

The expenditures for the next major department, Fire, are expected to be about \$300,000 under their current budget at the end of the year.

The expenditures for the Public Works department are presently 1.5%, over budget; however, the department is currently evaluating their service activities and developing a course of action to endeavor to end the year within budget.

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 has spent slightly over half of its budget, but is expected to be within its budget by the end of the year. Because

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

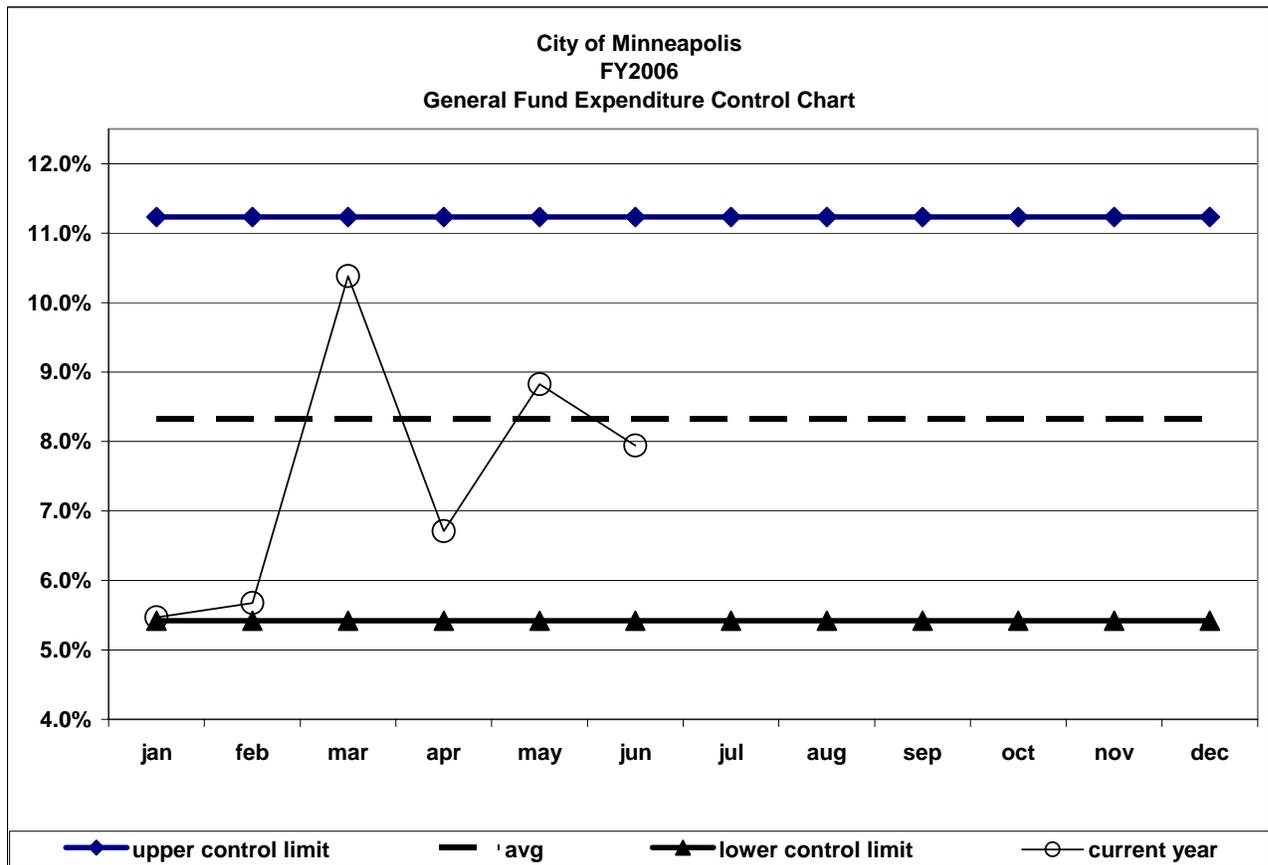


A detailed financial schedule of the General Fund is shown below:

City of Minneapolis					
General Fund					
June 30, 2006					
	Original Budget	Revised Budget	Actuals Thru June	Projected YE Totals	Projected YE Actual as Percent of Revised Budget
Revenues:					
Property Taxes*	112,688,883	112,688,883	37,759,848	112,688,883	100%
State Aids**	86,419,620	86,419,620	4,332,552	86,419,620	100%
Charges for Services	36,455,999	36,515,129	13,171,428	36,515,129	100%
Licenses and Permits	24,864,409	24,864,409	10,896,307	24,864,409	100%
Franchise Fees	22,310,000	22,310,000	15,138,476	31,000,000	139%
Fines and Forfeits	10,384,877	10,384,877	3,828,442	8,384,877	81%
Special Assessments*	2,762,585	2,762,585	1,067,586	2,762,585	100%
Investment Income	1,860,029	1,860,029	372,499	1,300,000	70%
Other Shared Taxes	781,394	781,394	611,896	781,394	100%
Other Miscellaneous	755,092	755,092	388,050	755,092	100%
Contributions	297,500	297,500	8,389	297,500	100%
Charges for Sales	42,700	42,700	77,440	77,440	181%
Total Revenues	299,623,088	299,682,218	87,652,913	305,846,929	102%
Transfers In	18,849,750	18,849,750	9,401,075	18,849,750	100%
Revenues and Other Sources	318,472,838	318,531,968	97,053,987	324,696,679	102%
Expenditures :					
Police	107,525,757	107,525,757	52,638,042	109,325,757	102%
Coordinator - Total	61,616,974	61,878,252	28,353,994	61,878,252	100%
Fire	47,162,463	47,162,463	23,453,466	46,862,448	99%
Public Works - Total	37,289,877	37,889,877	19,531,991	37,889,877	100%
Attorney	5,954,338	5,954,338	2,538,927	5,954,338	100%
Health & Family Support	3,701,245	3,701,245	1,483,971	3,701,245	100%
CPED	3,579,473	3,579,473	1,538,647	3,579,473	100%
City Clerk - Total	3,152,650	3,216,650	1,316,758	3,216,650	100%
Assessor	3,176,666	3,176,666	1,616,600	3,176,666	100%
City Council	2,940,198	3,070,898	1,430,417	3,070,898	100%
Civil Rights	2,493,846	2,515,186	880,256	2,315,186	92%
Contingency	2,279,462	2,279,462	60,000	180,000	8%
Mayor	1,146,314	1,171,314	520,860	1,171,314	100%
Non-Department	936,400	836,400	345,673	836,400	100%
Unfunded Pension Liabilities	-	-	(513,441)	(1,027,000)	-
Total Expenditures	282,955,663	283,957,981	135,196,161	282,131,504	99%
Transfers Out	35,617,175	35,927,175	18,752,089	35,927,175	100%
Expenditures and Other Uses	318,572,838	319,885,156	153,948,250	318,058,679	99%
Change in Fund Balance	(100,000)	(1,353,188)	(56,894,263)	6,638,000	12%
Fund Balance - January 1, 2006				53,562,000	
Fund Balance - December 31, 2005				60,200,000	

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

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



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

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

Rules for interpreting the control chart:

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

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

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

Convention Center Special Revenue Fund 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 the Greater Minneapolis Convention and Visitors Association. With the exception of entertainment tax, all of the tax revenue received by the Convention Center is used to support the Convention Center's capital and operating activities. For the second quarter of 2006, tax proceeds came in lower than second quarter 2005 levels by 4% overall. Lodging increased by 9%, while Sales, Entertainment, Food, and Liquor tax all saw decreases. Consumer first quarter spending habits can be attributed to the decline. 2006 second quarter tax revenue has achieved 55% of the 2006 budget. Entertainment tax revenue is transferred to the City's General Fund and the Arena Reserve Fund.

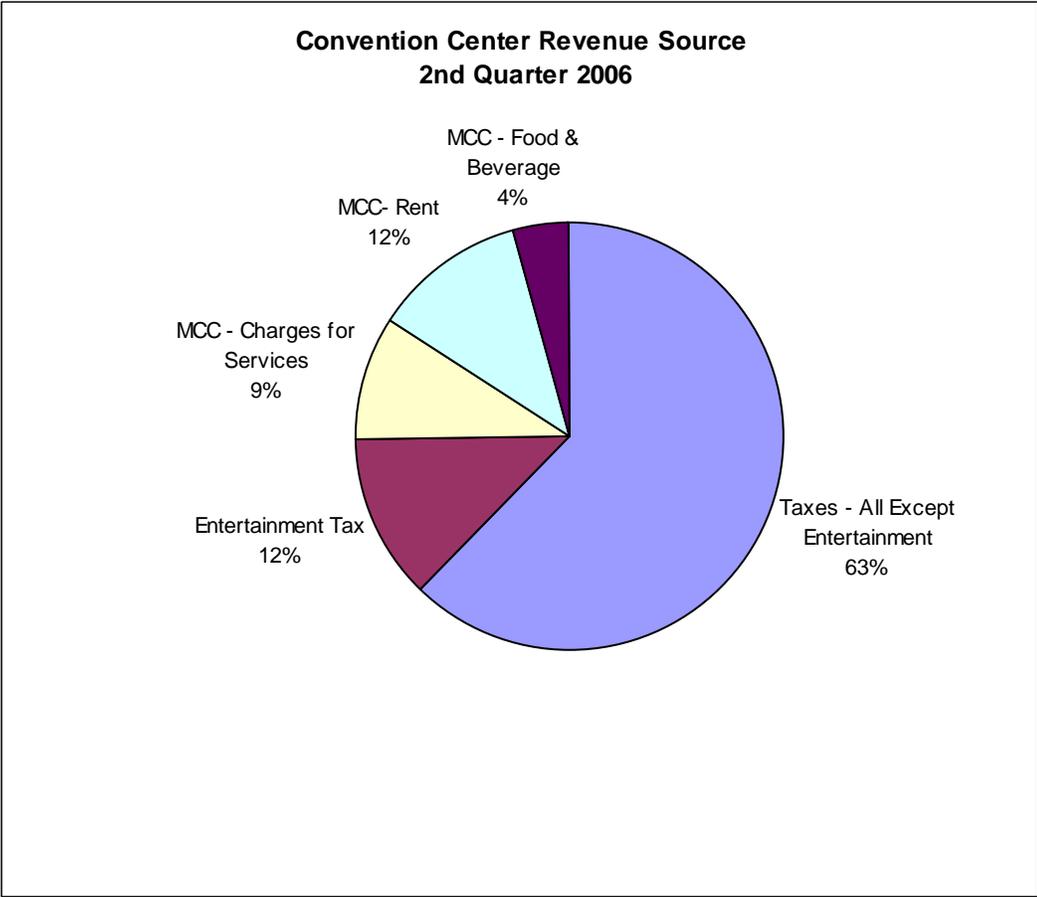
Tax	June 2006	June 2005	Variance	% Change
Sales	13,712,575	14,513,118	(800,853)	(6)%
Entertainment	4,447,409	4,527,289	(79,880)	(2)%
Food	4,467,357	4,676,790	(209,433)	(4)%
Liquor	1,676,697	1,779,962	(103,265)	(6)%
Lodging	2,497,684	2,290,016	207,668	9%
Total	\$26,801,722	\$27,787,175	\$(985,453)	(4)%

Interest Revenue

2005 interest revenue came in much higher than expected. Interest revenue was budgeted at \$215,000 and finished the year at \$927,757. Interest revenue isn't expected to be at the 2005 levels, but the Convention Center still expects very good 2006 returns. Through June of 2006, interest revenue came in at \$303,209 or nearly 72% of budget.

Operating Revenue

Operational revenue is derived directly from the Convention Center. Cash deposits for space rental are required in advance of the actual event. Equipment rental and the Tallmadge Building (a Class C multi-story office building managed by the Convention Center due to its proximity) space rental, account for the other sources of rental income. Charges for services to exhibitors or shows include audio visual service to clients, labor charges, cleaning services, coat check fees, parking proceeds, security services, fire marshalling services, medical related services, utilities, and commissions on wireless internet services. In 2005, the Convention Center hosted some large revenue producing events, such as the Microsoft World Partners Conference. While operating revenue for 2006 remains strong, 2006 operating revenue is expected to be slightly lower than 2005 as a result of not hosting events of that size and caliber. Second quarter 2006 charges for services had the strongest start and has achieved 60% of budget. Rents and commissions and catering commissions came in at 58% and 59% of the 2006 budget respectively. Convention Center operating revenues for the Second quarter of 2006 achieved 59% of the 2006 budget overall.



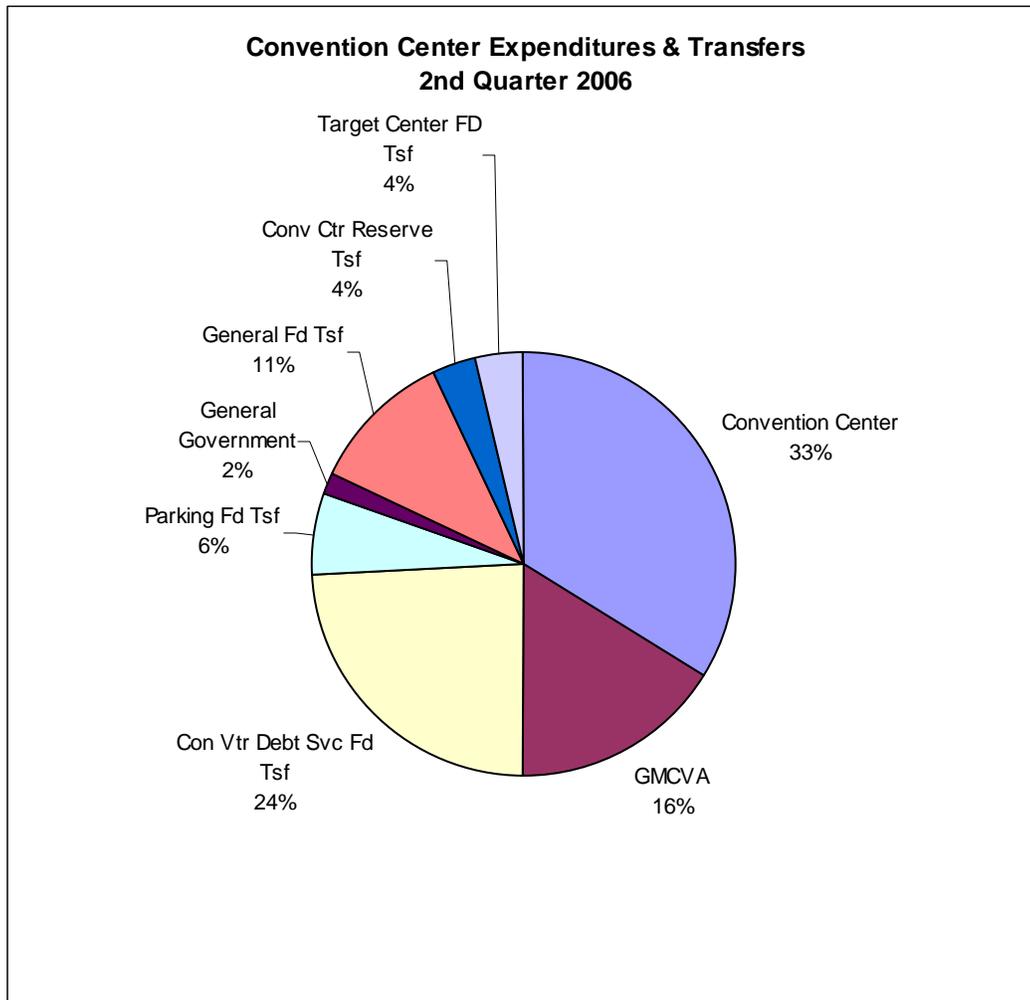
In the second quarter of 2006, the Convention Center in partnership with the GMCVA began selling video signage advertising revenue at the Convention Center. The specific deals are still under discussion between the Convention Center and the GMCVA.

Operating Expenditures

2006 operating expenditures were budgeted slightly higher than they were in 2005, primarily as a result of higher personnel related costs, capital, and contractual services. Second quarter 2006 operating expenditures were at 41% of the 2006 budget. There were numerous capital improvements in 2005. Among those improvements were: Meeting room sound and lighting system upgrades, office remodeling, meeting room wall fabric, floor boxes, a voicemail upgrade, and an inside security monitoring system. In 2006, the Visitor Center was completed and partnered the Convention Center and GMCVA to combine the Convention Center’s concierge, restaurant booth, TC TIX, and welcoming functions in one permanent Convention Center location. The Visitor Center project began in 2005. Furthermore, additional improvements and additions are budgeted in 2006 with meeting room lighting controls, wall fabric, Terrazzo floor, an energy efficiency monitoring system, rental equipment upgrades, stage refinishing, facility equipment replacement, floor boxes, and escalator repair and maintenance. The Terrazzo floor is the most significant improvement with \$4 million budgeted for this purpose. The Terrazzo floor will replace the failing existing floor in Convention Center public lobby spaces. The testing methods are completed and RFP development is currently underway. It’s anticipated that the \$4 million budget will not be fully expended in 2006 and expenditures will continue in 2007. At this time, project completion is undetermined and depends on work scheduling during off hours and between Convention Center events.

The Convention Center faces significant and on-going challenges in 2006 and beyond. Some of the challenges include: Supply and demand/competitiveness, funding, security concerns, keeping up with technology, customer

service expectations, revenue development, cost containment, the economic environment, labor workforce recruiting and retention, work environment/climate, branding/identity/image, and event infrastructure.



Transfers

The Convention Center Fund annually transfers a share of its tax revenue to several other funds. In 2006, transfers will be made to the General Fund, Convention Center Facilities Reserve Fund, the Arena Reserve Fund, the Parking Fund, and to service debt. Scheduled transfers are underway, and all budgeted transfers are expected to be completed in 2006. The Convention Center is anticipating the debt service transfer to increase by nearly \$2 million over 2005 levels or \$19.1 million. The \$19.1 million represents the current year liability for the Convention Center Bond issue.

Fund Balance

Based on the current revenue and expenditure trends, the 2006 fund balance is expected to be \$35.9 million, which is a small increase from the 2006 beginning fund balance.

Convention Facilities Reserve Fund

The Convention Facilities Reserve Fund was established as a holding fund for future capital needs of the existing Convention Center. Approximately \$1 million has been transferred annually from the Convention Center Fund for this purpose. In 2006, a net transfer to the Convention Center of nearly \$1.9 million is expected to be completed.

Arena Reserve

As with the Convention Facilities Reserve Fund, the Arena Reserve fund was established as a holding fund for the acquisition and capital maintenance costs of the Target Center as determined by the Target Center Finance Plan. Transfers to debt service are made annually from the fund. Fund revenues are generated by transfers from other City funds for Target Center related activities. In 2006, \$1.2 million will be transferred from Convention Center Operations.

CONVENTION CENTER SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 For the fiscal quarter ending June 30, 2006

CITY OF MINNEAPOLIS, MINNESOTA

	2006		Percent of Total	Year End Projection	2005 Actual
	Budget	Actual			
REVENUES:					
Taxes:					
Sales and use tax	27,701,000	13,712,575	50%	28,000,000	27,404,343
Entertainment tax	9,109,000	4,447,409	49%	9,100,000	9,193,151
Food tax	9,248,000	4,467,357	48%	9,250,000	9,474,456
Liquor tax	3,606,000	1,676,697	46%	3,600,000	3,486,477
Lodging tax	5,147,000	2,497,684	49%	5,000,000	5,505,791
Total taxes	54,811,000	26,801,722	49%	54,950,000	55,064,219
Charges for services and sales	5,660,000	3,412,425	60%	5,660,000	6,219,718
Interest	422,371	303,209	72%	600,000	927,757
Investment Income	-	(1,422)	-	-	(109,107)
Miscellaneous revenues:					
Rents and commissions	7,090,000	4,215,101	59%	7,090,000	6,560,555
Tallmadge	325,000	118,015	36%	240,000	306,676
Catering Commissions	2,550,000	1,496,582	59%	2,550,000	3,106,215
Other	20,000	4,017	20%	8,000	14,932
Total miscellaneous revenues	9,985,000	5,833,715	58%	9,888,000	9,988,378
Total revenues	70,878,371	36,349,650	51%	71,098,000	72,090,964
CURRENT EXPENDITURES:					
General government:					
General Fund Overhead	1,211,300	605,649	50%	1,211,300	1,177,360
Coordinator-Human resources:	64,391	24,763	38%	64,391	61,069
Total general government	1,275,691	630,412	49%	1,275,691	1,238,429
Economic development:					
Convention and visitors association:	7,080,000	5,531,901	78%	7,080,000	7,238,614
Convention center:	28,375,106	11,554,508	41%	27,200,000	24,441,003
Total economic development	35,455,106	17,086,409	48%	34,280,000	31,679,616
Total expenditures	36,730,797	17,716,820	48%	35,555,691	32,918,045
Excess of revenues over (under) expenditures	34,147,574	18,632,829	55%	35,542,309	39,172,918
OTHER FINANCING SOURCES (USES):					
General Fund Transfer	(7,481,750)	(3,740,875)	50%	(7,481,750)	(7,248,775)
Arena Reserve Fund Transfer	(1,200,000)	(1,200,000)	100%	(1,200,000)	(1,432,975)
Convention Center Reserve Fund Transfer	1,881,000	1,881,000	100%	1,881,000	1,150,000
Convention Ctr Debt Service Transfer	(19,142,000)	(8,269,986)	43%	(19,142,000)	(17,440,938)
Other Debt Service Transfer	(13,913)	-	0%	(13,913)	(14,945)
Municipal Parking Enterprise Fund Transfer	(9,565,097)	(2,102,672)	22%	(9,565,097)	(8,243,573)
Total other financing sources (uses)	(35,521,760)	(13,432,533)	38%	(35,521,760)	(33,231,206)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,374,186)	5,200,297		20,549	5,941,713
Fund balance - January 1	35,866,192	-		35,866,192	29,924,479
Ending Fund balance	34,492,006	-		35,886,741	35,866,192
Ending Cash balance	NA	2,983,678		NA	15,886,535

ARENA RESERVE SPECIAL REVENUE FUND				
STATEMENT OF REVENUES, EXPENDITURES, AND				
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL				
For the fiscal quarter ending June 30, 2006				
	2006			
			Year End	2005
	Budget	Actual	Projection	Actual
REVENUES:				
Interest	\$ -	12,932	-	93,555
Investment Income	\$ -	(17)	-	3,894
Total revenues	-	12,915	-	97,449
OTHER FINANCING SOURCES (USES):				
General Fund Transfer	91,500	45,750	91,500	91,500
Transfer to Debt Service	(5,500,000)	-	(5,500,000)	(5,030,516)
Muni Parking Enterprise Fund	1,921,000	-	1,921,000	1,768,000
Convention Ctr Opers Transfer	1,200,000	-	1,200,000	1,432,975
Total other financing sources (uses)	(2,287,500)	45,750	(2,287,500)	(1,738,041)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	(2,287,500)	58,665	(2,287,500)	(1,640,592)
Fund balance - January 1	996,963	996,963	996,963	2,637,556
Ending Fund balance	\$ (1,290,537)	1,055,628	(1,290,537)	996,963

CONVENTION FACILITIES RESERVE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the fiscal quarter ending June 30, 2006

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

SPECIAL REVENUE FUNDS
Federal, CDBG, and Other State and Local Grants
Quarter Ending June 30, 2006

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

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

Federal Grants Fund (0300)

The City accounts of its federal grant activity in fund 0300. As of June 30, 2006, total expenditures were \$10,293,868. As of the 2005 second quarter the total expenditures were \$5,731,459. The majority of the increase is due to homeland security initiatives as well as economic development.

CDBG Fund (0400)

The Community Development Block Grant (CDBG) is the City's largest single grant and is accounted for in fund 0400 with three other Housing and Urban Development (HUD) Programs. These programs are the Emergency Shelter Grant Program (ESG), HOME Investment Partnerships Program and Housing Opportunities for Persons with AIDS (HOPWA). Most of these programs are operated jointly with CPED where the City is the grant recipient and CPED is reimbursed for its expenditures through transfers from the City. Beginning in 2004, CPED began to transition the CDBG and ESG activity out of fund FBG0 and FGO0 into fund 0400 eliminating the need for these transfers and increasing expenditures in fund 0400. As of June 30, 2006 and 2005, expenditures were \$8,920,790 and \$8,267,731, respectively.

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 \$3,637,026 and \$2,878,993, as of June 30, 2006 and 2005, respectively.

Special Revenue Funds
Grant Funds
Quarter Ending June 30, 2006

	Federal Grants 0300	CDBG Grants 0400	Grants Other 0600	Total
Assets				
Cash and cash equivalents	\$377,835	(\$1,054,492)	\$4,389,554	\$3,712,897
Accounts - net	26,795		168,493	195,288
Intergovernmental Receivables				0
Loans receivable-net	2,870,040		5,756,350	8,626,390
Deposits with Fiscal Agents				0
Prepaid Expense			659	659
Due From Other Funds		50,000	59,904	109,904
Total Assets	<u>\$3,274,670</u>	<u>(\$1,004,492)</u>	<u>\$10,374,960</u>	<u>\$12,645,138</u>
Liabilities				
Salaries payable	\$170,311	\$191,200	\$225,991	\$587,502
Accounts payable	125,439	218,884	48,469	392,792
Use Taxes Payable	(1,598)		(5,943)	(7,541)
Due to Other Funds	22,526	84,656		107,182
Inter Governmental Payables				0
Deferred revenue & Contracts	2,870,040		5,921,106	8,791,146
Total Liabilities	<u>3,186,718</u>	<u>494,740</u>	<u>6,189,623</u>	<u>9,871,082</u>
Fund Balance	<u>\$87,952</u>	<u>¹ (\$1,499,332)</u>	<u>\$4,185,337</u>	<u>\$2,773,957</u>
Total Liabilities and Fund Balance	<u>\$3,274,670</u>	<u>(\$1,004,592)</u>	<u>\$10,374,960</u>	<u>\$12,645,038</u>
Revenue				
Taxes			\$119,058	\$119,058
Grants and Shared Revenues	\$ 10,331,645	\$7,420,548	5,083,252	22,835,445
Private Contributions			732,665	732,665
Charges for Services			180,772	180,772
Interest	44,474		406,478	450,952
Loan Recapture	5,703		589,114	594,817
Loan Origination Fees				0
Lands & Buildings				0
Equipment			2,560	2,560
Miscellaneous Revenue		910	137,812	138,722
Transfer from General Fund				0
Transfer within Special Revenue Fund			(365)	(365)
Total Revenue	<u>\$10,381,822</u>	<u>\$7,421,458</u>	<u>\$7,251,346</u>	<u>\$25,054,626</u>
Expenditures	<u>\$10,293,868</u>	<u>\$8,920,790</u>	<u>\$3,637,026</u>	<u>\$22,851,684</u>
Revenues Over (Under) Expenditures	<u>\$87,954</u>	<u>(\$1,499,332)</u>	<u>\$3,614,320</u>	<u>\$2,202,942</u>

¹ 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 32
Beginning June 1, 2006
June 30, 2006

Department	Agy	Project	Adopted Budget	Council Action 2006R-093	Revised Budget	2006 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
Capital Grants:								
CPED	890	Adult Training, Placement and Retention	\$ 580,000	(32,500)	\$ 547,500	\$ -	\$ -	\$ 547,500
CPED	890	High density corridor housing	1,000,000	(56,100)	943,900	-	-	943,900
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	-	-	84,950
CPED	890	Multi-Family/Affordable Housing	4,999,000	(299,000)	4,700,000	-	-	4,700,000
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	1,154,000	(64,725)	1,089,275	-	-	1,089,275
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	-	-	153,856
Regulatory Services	835	Problem Properties Board Bldg	54,900	-	54,900	9,638	9,638	45,262
Police	400	Problem Properties Police	64,050	-	64,050	-	-	64,050
Fire	280	Problem Properties Fire	18,300	-	18,300	-	-	18,300
City Attorney	140	Problem Properties Attorneys	45,750	-	45,750	-	-	45,750
Non-Departmental	123	General Housing Rehabilitation-MPHA	282,000	(15,820)	266,180	-	-	266,180
		Subtotal Capital Grants	<u>\$ 9,542,000</u>	<u>\$ (543,629)</u>	<u>\$ 8,998,371</u>	<u>\$ 9,638</u>	<u>\$ 9,638</u>	<u>\$ 8,988,733</u>
Public Service Grants:								
CPED	890	Mortgage Foreclosure Prevention Program	218,000	(13,000)	205,000	\$ -	\$ -	\$ 205,000
CPED	890	Youth Employment & Training	506,000	(29,000)	477,000	8,710	8,710	468,290
Health & Family Support	860	Advocacy (Housing)	100,000	(5,610)	94,390	-	-	94,390
Health & Family Support	860	Block Nurse Program	62,000	(3,478)	58,522	-	-	58,522
Health & Family Support	860	Minneapolis Urban League	24,000	(1,346)	22,654	-	-	22,654
Health & Family Support	860	Curfew/Truancy Center	98,000	-	98,000	-	-	98,000
Health & Family Support	860	Early Childhood School Rediness	19,000	(1,066)	17,934	-	-	17,934
Health & Family Support	860	GMDCA Child Care	135,000	(7,573)	127,427	-	-	127,427
Health & Family Support	860	Lao Advancement Organization of America	47,000	(2,637)	44,363	-	-	44,363
Health & Family Support	860	Minneapolis Medical Research Foundation	43,000	(2,412)	40,588	-	-	40,588
Health & Family Support	860	MPS Teenage Parenting & Pregnancy Program	80,000	(4,488)	75,512	-	-	75,512
Health & Family Support	860	Native American Community Clinic	26,000	(1,459)	24,541	-	-	24,541
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
Health & Family Support	860	Cardondelet Life Care	71,000	(3,983)	67,017	-	-	67,017
Health & Family Support	860	New American Community Services	47,000	(2,637)	44,363	-	-	44,363
Health & Family Support	860	Southside Community Health Services	47,000	(2,637)	44,363	-	-	44,363
Health & Family Support	860	Westside Community Health Services	38,000	(2,132)	35,868	-	-	35,868
Health & Family Support	860	YWCA Day Care Scholarships	28,000	(1,571)	26,429	-	-	26,429
Health & Family Support	860	Nighborhood Healthcare Services	135,000	(7,573)	127,427	-	-	127,427
Health & Family Support	860	Little Earth Residents Association	33,000	(1,851)	31,149	-	-	31,149
Health & Family Support	860	Way to Grow	296,000	-	296,000	-	-	296,000
Public Works	607	Graffiti Removal on Public Property	97,000	(5,500)	91,500	490	490	91,010
		Subtotal Public Service Grants	<u>\$ 2,198,000</u>	<u>\$ (102,646)</u>	<u>\$ 2,095,354</u>	<u>\$ 9,199</u>	<u>\$ 9,199</u>	<u>\$ 2,019,138</u>
Administrative Grants:								
CPED	890	Citizen Participation	303,000	(17,000)	286,000	\$ -	\$ -	\$ 286,000
CPED	890	Planning - Administration	1,146,800	(105,907)	1,040,893	18,223	18,223	1,022,670
CPED	890	Program Admin	8,900	41,100	50,000	-	-	50,000
Health & Family Support	860	Grant Administration	90,000	(5,005)	84,995	-	-	84,995
Health & Family Support	860	Legal Aid Society	44,000	(2,903)	41,097	-	-	41,097
Health & Family Support	860	Neighborhood Services	94,000	(5,269)	88,731	177	177	88,554
Health & Family Support	860	Way to Grow Administration	34,000	(2,244)	31,756	-	-	31,756
Finance	820	Finance Administration	255,000	(14,025)	240,975	-	-	240,975
Grants & Special Projects	800	Grants & Special Projects	206,000	(17,335)	188,665	-	-	188,665
Grants & Special Projects	800	Homelessness Initiative	100,000	-	100,000	-	-	100,000
Grants & Special Projects	800	Housing Discrimination Law Project	71,000	(3,751)	67,249	-	-	67,249
Grants & Special Projects	800	Metro Fair Housing	16,000	(16,000)	-	-	-	-
Civil Rights	300	Fair Housing Initiative/Davis Bacon Compliance	255,000	(14,025)	240,975	-	-	240,975
Civil Rights	300	Multi Cultural & Native American Indian	165,300	(9,320)	155,980	-	-	155,980
Non-Departmental	123	Administration YCB	57,000	-	57,000	-	-	57,000
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>\$ 2,757,421</u>	<u>\$ 18,400</u>	<u>\$ 18,400</u>	<u>\$ 2,739,021</u>
Office of Grants & Special Projects		Block E Deficit Reduction	\$ -	\$ -	-	\$ -	\$ -	-
		GRAND TOTAL	<u>\$14,674,000</u>	<u>\$ (822,854)</u>	<u>\$ 13,851,146</u>	<u>\$ 37,238</u>	<u>\$ 37,238</u>	<u>\$ 13,746,891</u>

Source : Period 6, July 15, 2006 G101M

CDBG Program Year 31
Beginning June 1, 2005
June 30, 2006

Department	Agy	Project	Adopted Budget	Council Action 2005R-618	Revised Budget	2006 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
Capital Grants:								
CPED	890	Adult Training, Placement and Retention	\$ 610,878		\$ 610,878	\$ 211,165	\$ 555,360	\$ 55,518
CPED	890	High density corridor housing	953,008		953,008	-	-	953,008
CPED	890	Homeownership Program (GMMHC)	439,174		439,174	-	-	439,174
CPED	890	Industry Cluster Program (Living Wage Jobs)	94,348		94,348	16,552	16,552	77,796
CPED	890	Multi-Family/Affordable Housing	4,898,461		4,898,461	9,732	9,732	4,888,729
CPED	890	NEDF/CEDF	142,951		142,951	-	-	142,951
CPED	890	NonProfit MF Rental Development Assistance	238,252		238,252	-	-	238,252
CPED	890	Residential Loan/Grant	571,805		571,805	-	-	571,805
CPED	890	Vacant & Boarded Housing	1,200,000		1,200,000	614,961	763,929	436,071
Health & Family Support	860	Childcare Facilities Loan/Grant	306,869		306,869	4,208	4,208	302,661
Regulatory Services	835	Lead Reduction	171,541		171,541	109,233	141,582	29,959
Regulatory Services	835	Problem Properties Board Bldg	49,557		49,557	35,974	24,982	24,575
Police	400	Problem Properties Police	71,476		71,476	-	-	71,476
Fire	280	Problem Properties Fire	23,825		23,825	-	-	23,825
City Attorney	140	Problem Properties Attorneys	47,650		47,650	11,638	11,638	36,012
Non-Departmental	123	General Housing Rehabilitation-MPHA	297,338		297,338	-	-	297,338
		Subtotal Capital Grants	<u>\$ 10,117,133</u>	<u>\$ -</u>	<u>\$ 10,117,133</u>	<u>\$ 1,013,463</u>	<u>\$ 1,527,982</u>	<u>\$ 8,589,151</u>
Public Service Grants:								
CPED	890	Mortgage Foreclosure Prevention Program	238,252		238,252	\$ -	\$ 238,252	\$ -
CPED	890	Youth Employment & Training	541,309		541,309	11,151	497,508	43,801
Health & Family Support	860	Advocacy (Housing)	104,831		104,831	61,739	87,975	16,856
Health & Family Support	860	Block Nurse Program	66,000		66,000	37,460	65,889	111
Health & Family Support	860	Child Dental Services	11,000		11,000	-	9,428	1,572
Health & Family Support	860	Curfew/Truancy Center	99,113		99,113	-	99,113	-
Health & Family Support	860	Early Childhood School Rediness	90,412		90,412	24,571	63,908	26,504
Health & Family Support	860	GMDCA Child Care	142,500		142,500	-	-	142,500
Health & Family Support	860	HIV/AIDS	45,000		45,000	17,557	33,283	11,717
Health & Family Support	860	Lao Advancement Organization of America	50,000		50,000	16,045	40,712	9,288
Health & Family Support	860	Minneapolis Community Clinics	335,561		335,561	104,503	271,253	64,308
Health & Family Support	860	MPS Teenage Parenting & Pregnancy Program	85,000		85,000	47,437	47,437	37,563
Health & Family Support	860	MUL-Mental Health	25,000		25,000	8,800	8,800	16,200
Health & Family Support	860	New American Community Services	50,000		50,000	12,325	39,791	10,209
Health & Family Support	860	School Success Programs	35,000		35,000	15,455	23,274	11,726
Health & Family Support	860	Way to Grow	295,432		295,432	159,806	250,800	44,632
Public Works	607	Graffiti Removal on Public Property	101,972		101,972	38,018	101,972	-
		Subtotal Public Service Grants	<u>\$ 2,316,382</u>	<u>\$ -</u>	<u>\$ 2,316,382</u>	<u>\$ 554,867</u>	<u>\$ 1,879,395</u>	<u>\$ 436,987</u>
Administrative Grants:								
CPED	890	Citizen Participation	328,788		328,788	\$ (42,145)	\$ 118,531	\$ 210,257
CPED	890	Planning - Administration	1,230,400		1,230,400	477,506	974,439	255,961
CPED	890	Program Admin	13,657		13,657	-	13,657	-
Health & Family Support	860	Grant Administration	95,301		95,301	78,915	86,861	8,440
Health & Family Support	860	Legal Aid Society	46,697		46,697	12,250	38,530	8,167
Health & Family Support	860	Neighborhood Services	101,972	(54,989)	46,983	16,464	24,742	22,241
Health & Family Support	860	Way to Grow Administration	34,308		34,308	15,534	30,534	3,774
Finance	820	Finance Administration	271,607	(22,193)	249,414	40,528	40,528	208,886
Grants & Special Projects	800	Grants & Special Projects	219,192	(46,005)	173,187	72,393	72,393	100,794
Grants & Special Projects	800	Housing Discrimination Law Project	76,241		76,241	40,548	56,468	19,773
Grants & Special Projects	800	Metro Fair Housing	17,154		17,154	-	-	17,154
Civil Rights	300	Fair Housing Initiative/Davis Bacon Compliance	257,312		257,312	132,699	132,699	124,613
Civil Rights	300	Multi Cultural & Native American Indian	166,776		166,776	131,716	164,521	2,255
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>\$ 976,407</u>	<u>\$ 1,833,485</u>	<u>\$ 1,052,355</u>
Office of Grants & Special Projects		Block E Deficit Reduction	\$ -	\$ 123,187	123,187	\$ -	\$ -	123,187
		GRAND TOTAL	<u>\$ 15,442,542</u>	<u>\$ -</u>	<u>\$ 15,442,542</u>	<u>\$ 2,544,737</u>	<u>\$ 5,240,862</u>	<u>\$ 10,201,680</u>

Source : Period 6, July 15, 2006 G101M

CDBG Program Year 30
Beginning June 1, 2004
June 30, 2006

Department	Agy	Project	Council			Revised Budget	2006 Expenditures	Grant to Date Expenditures	Remaining Grant Budget
			Adopted 2003R-610	Amended Budget	Action 2005R-618				
Capital Grants:									
CPED	890	Adult Training, Placement & Retention	\$ 641,000	\$ 639,823	\$ -	639,823	\$ 34,653	\$ 618,993	\$ 20,830
CPED	890	High Density Corridor Housing	1,000,000	998,164		998,164	71,288	190,386	807,778
CPED	890	Home Ownership Program GMMHC	465,000	464,146		464,146		-	464,146
CPED	890	Industrial Cluster Training	99,000	98,818		98,818	29,653	95,575	3,243
CPED	890	Multi Family Affordable Housing	5,390,000	5,380,106		5,380,106	2,814,177	4,401,305	978,801
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	-	222,039	221,146
CPED	890	Vacant/Boarded Housing Program	1,000,000	998,164		998,164	4,540	997,999	165
CPED	890	VHR Distressed	393,000	392,279		392,279	-	-	392,279
Health & Family Support	860	GMDCA- Child care facilities	323,000	322,407		322,407	209,209	319,236	3,171
Inspections Department	850	Hud Lead Program	180,000	34,353		34,353		34,353	-
Licenses & Consumer Services	835	Boarded Building Demolition	202,000	201,629		201,629	51,906	198,608	3,021
Regulatory Services	835	Hud Lead Program		145,317		145,317	13,220	123,488	21,829
Non Departmental	123	General Housing Rehabilitation-MPHA	313,000	312,425		312,425	76,336	169,872	142,553
		Subtotal Capital Grants	<u>\$ 10,600,000</u>	<u>\$ 10,580,541</u>	<u>\$ -</u>	<u>\$ 10,580,541</u>	<u>\$ 3,304,982</u>	<u>\$ 7,371,854</u>	<u>\$ 3,208,687</u>
Public Service Grants:									
CPED	890	Mortgage Foreclosure Program	\$ 250,000	\$ 249,541	\$ -	249,541	\$ -	\$ 249,541	\$ -
CPED	890	Youth Employment & Training	568,000	566,957		566,957	-	564,162	2,795
Health & Family Support	860	Advocacy	110,000	86,033		86,033	-	86,033	-
Health & Family Support	860	Block Nurse prg	66,000	65,879		65,879	-	65,879	-
Health & Family Support	860	Child Dental Services	11,000	10,980		10,980	-	10,980	-
Health & Family Support	860	Curfew Truancy Center	104,000	103,809		103,809	-	103,809	-
Health & Family Support	860	Domestic Abuse Prevention	58,000	57,894		57,894	-	57,894	-
Health & Family Support	860	GMDCA- Child care sliding fee	301,000	300,447		300,447	62,679	300,447	-
Health & Family Support	860	Head Start	66,000	65,879		65,879	-	65,879	-
Health & Family Support	860	Minnesota Aids Project	23,000	22,958		22,958	-	22,958	-
Health & Family Support	860	MPLS Community Clinics	261,000	260,521		260,521	-	256,951	3,570
Health & Family Support	860	Senior Services	61,000	60,888		60,888	-	56,178	4,710
Health & Family Support	860	Tubman Family Alliance	41,000	40,925		40,925	-	40,925	-
Health & Family Support	860	Volunteers of America	80,000	79,853		79,853	-	79,853	-
Health & Family Support	860	Way To Grow	311,000	310,429		310,429	-	310,428	1
Regulatory Services	835	Groundworks	17,000	16,969		16,969	-	16,969	-
Public Works	607	Graffiti Removal	107,000	106,804		106,804	-	106,804	-
Civil Rights	300	American Indian Advocacy	-	23,765		23,765	-	23,765	-
Park & Recreation Board	127	Teamworks	15,000	14,972		14,972	-	14,972	-
		Subtotal Public Service Grants	<u>\$ 2,450,000</u>	<u>\$ 2,445,503</u>	<u>\$ -</u>	<u>\$ 2,445,503</u>	<u>\$ 62,679</u>	<u>\$ 2,434,427</u>	<u>\$ 11,076</u>
Administrative Grants:									
CPED	890	Citizen (Resident) Participation	\$ 346,000	\$ 345,365	\$ -	345,365	\$ 3,732	\$ 334,445	\$ 10,920
CPED	890	Neighborhood Business Association	174,000	173,681		173,681	-	173,681	-
CPED	890	Planning Administration	1,213,000	1,210,773		1,210,773	684	975,344	235,429
CPED	890	Program Administration	75,000	74,862		74,862	-	74,862	-
Health & Family Support	860	Grant Administration	100,000	99,816		99,816	-	99,816	-
Health & Family Support	860	Legal Aid Services	49,000	48,910		48,910	-	48,910	-
Health & Family Support	860	Neighborhood Services Administration	162,000	161,703	(79,096)	82,607	-	82,607	-
Health & Family Support	860	New Arrivals	18,251	18,251		18,251	-	18,251	-
Health & Family Support	860	Way To Grow Administration	36,000	35,934		35,934	-	35,934	-
Finance Department	820	General Administration Finance	343,000	342,370	(89,801)	252,569	94,516	252,569	0
Grants and Special Projects	800	Administration	230,000	229,579	(25,238)	204,341	49,960	204,342	(1)
Grants and Special Projects	800	Fair Housing Initiatives Council	18,000	17,967		17,967	-	-	17,967
Grants and Special Projects	800	Legal Aid Housing Disparities	80,000	79,853		79,853	-	79,853	-
Civil Rights	300	Fair Housing Initiative	190,000	189,651		189,651	-	189,651	-
Civil Rights	300	Multicultural Services	101,749	101,529		101,529	-	101,529	-
Non Departmental	123	Citizen (Resident) Participation-MPHA	98,000	97,820		97,820	10,506	43,588	54,232
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>#####</u>	<u>\$ 3,092,821</u>	<u>\$ 159,399</u>	<u>\$ 2,764,381</u>	<u>\$ 328,440</u>
Office of Grants & Special Projects		Block E Deficit Reduction	\$ -	\$ -	\$ 194,135	\$ 194,135	\$ -	\$ -	\$ 194,135
		GRAND TOTAL	<u>\$ 16,343,000</u>	<u>\$ 16,313,000</u>	<u>\$ -</u>	<u>\$ 16,313,000</u>	<u>\$ 3,527,060</u>	<u>\$ 12,570,662</u>	<u>\$ 3,742,337</u>

Source : Period 6, July 15, 2006 G101M

CDBG Program Year 29
Beginning June 1, 2003
June 30, 2006

Department	Agy	Grant	Budget	Reprogram Reduction	Council Action 2005R-618	Program Income	Revised Budget	2006 Expenditures	Grant To Date Expenditures	Remaining Grant Budget
Capital Grants:										
Health & Family Support/CPED	860/890	Adult Training, Placement & Retention	641,000				641,000	87	641,000	-
Health & Family Support/CPED	860/890	Industrial Cluster Training	99,000				99,000	269	99,000	-
MCDA/CPED	340/890	Multi Family Affordable Housing	5,056,241				5,056,241	162,597	4,939,763	116,478
MCDA/CPED	340/890	Neighborhood/Commercial Economic Dev Fd	300,000				300,000	-	-	300,000
MCDA/CPED	340/890	Vacant/Boarded Housing Program	3,035,000			2,319,859	5,354,859	157,963	5,354,858	1
Public Works	680	Public Works Community Center Operations	42,000				42,000	-	11,235	30,765
		Subtotal Capital Grants	<u>\$ 9,173,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>#####</u>	<u>\$ 11,493,100</u>	<u>\$ 320,916</u>	<u>\$ 11,045,856</u>	<u>\$ 447,244</u>
Public Service Grants:										
MCDA/CPED	340/890	Citizen (Resident) Participation	345,510				345,510	5,995	343,618	1,892
		Subtotal Administrative Grants	<u>\$ 345,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 345,510</u>	<u>\$ 5,995</u>	<u>\$ 343,618</u>	<u>\$ 1,892</u>
Office of Grants & Special Projects		Block E Deficit Reduction		\$ 273,936	\$ 50,139		324,075			324,075
		GRAND TOTAL	<u>\$ 9,518,751</u>	<u>\$ 273,936</u>	<u>\$ 50,139</u>	<u>#####</u>	<u>\$ 12,162,685</u>	<u>\$ 326,911</u>	<u>\$ 11,389,474</u>	<u>\$ 773,211</u>

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

Source : Period 6, July 15, 2006 G101M

CDBG Program Year 28
Beginning June 1, 2002
June 30, 2006

Department	Agy	Grant	Budget	2002R-328	Program Income	Revised Budget	2006 Expenditures	Grant To Date Expenditures	Remaining Grant Budget
Capital Grants:									
Public Works	680	Public Works Community Center Operations	42,000			42,000	-	4,600	37,400
Health & Family Support/CPED	860/890	Industrial Cluster Training	83,000			83,000	2,800	83,000	-
MCDA/CPED	340/890	Asst NHS	50,000		133,091	183,091	-	-	183,091
MCDA/CPED	340/890	GMMHC-Homeownership Recycling Program	628,000			628,000	-	-	628,000
MCDA/CPED	340/890	Last Resort	400,000			400,000	332,068	332,068	67,933
MCDA/CPED	340/890	Multi Family Rental/Housing Program	3,308,000	250,000		3,558,000	280,000	3,298,481	259,519
MCDA/CPED	340/890	Neighborhood/Commercial Economic Dev Fd	398,000			398,000	-	75,175	322,825
MCDA/CPED	340/890	Regular Deferred Loan & Grant Program	764,000			764,000	323,154	626,979	137,021
MCDA/CPED	340/890	Mortgage Foreclosure	250,000	(250,000)		-	-	-	-
MCDA/CPED	340/890	Rehabilitation Incentive Fund	190,000			190,000	-	3,024	186,976
		Subtotal Capital Grants	<u>\$ 6,113,000</u>	<u>\$ -</u>	<u>\$ 133,091</u>	<u>\$ 6,246,091</u>	<u>\$ 938,021</u>	<u>\$ 4,423,327</u>	<u>\$ 1,822,764</u>

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

Source : Period 6, July 15, 2006 G101M

CDBG Programs Year 27 and Prior
Program Years Beginning on June 1, 1996 through 2001
June 30, 2006

Department	Agy	Grant	Budget	2006 Expenditures	Grant To Date Expenditures	Remaining Grant Budget
Park & Recreation Board	127	Hosmer	\$ 33,537	\$ -	\$ 32,807	\$ 730
Park & Recreation Board	127	Discovery Gardens	25,000	-	-	25,000
Non Departmental	123	Relocation	325,000	2,504	254,632	70,368
MCDA/CPED	340/890	Lead Abatement	11,695	-	-	11,695
MCDA/CPED	340/890	Multifamily Housing	6,318,836	-	6,273,947	44,889
MCDA/CPED	340/890	NHBD Assc 96	174,343	200	174,201	142
MCDA/CPED	340/890	Rehab Incent	525,376	-	221,392	303,984
MCDA/CPED	340/890	Vacant 96/97	5,476,312	208,274	5,473,944	2,369
MCDA/CPED	340/890	YWCA	1,760	-	-	1,760
MCDA/CPED	340/890	Hi Lead	450,000	(26,386)	416,214	33,787
MCDA/CPED	340/890	Ell Pk NRSP96	66,000	-	-	66,000
MCDA/CPED	340/890	H/Own SF 96	16,887	-	-	16,887
MCDA/CPED	340/890	Last Resort 96	681,672	4,000	681,672	-
MCDA/CPED	340/890	Jordan NRP	337,612	-	152,365	185,247
MCDA/CPED	340/890	CAMDEN 96/97	130,233	-	-	130,233
MCDA/CPED	340/890	NEDF/CEDF 96	2,300,944	201,277	2,025,047	275,897
MCDA/CPED	340/890	Non-Prof ADM	41,450	-	28,783	12,667
MCDA/CPED	340/890	ASST NHS 96	306,163	-	184,450	121,713
MCDA/CPED	340/890	38 & Cedar 96	52	-	-	52
Subtotal Capital Grants			<u>\$ 17,222,871</u>	<u>\$ 389,869</u>	<u>\$ 15,919,453</u>	<u>\$ 1,303,418</u>

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

Source : Period 6, July 15, 2006 G101M

City of Minneapolis
2006 CDBG Administration Appropriation Analysis
June 30, 2006

	Agy	Original Appropriation	Adjustments	Current Appropriation	Yr 32 Spent	Yr 31 Spent	Yr 30 Spent	Yr 29 Spent	2006 Spent	Remaining Appropriation
Administrative Grants:										
Various Departments										
Civil Rights	300	\$ 255,000	\$ (14,025)	\$ 240,975	\$ -	\$ 132,699	\$ -		\$ 132,699	\$ 108,276
Multicultural Affairs	300	\$ 165,300	\$ (9,320)	\$ 155,980	\$ -	\$ 131,716	\$ -		131,716	\$ 24,264
Subtotal Civil Rights		\$ 420,300	\$ (23,345)	\$ 396,955	\$ -	\$ 264,414	\$ -	\$ -	\$ 264,414	\$ 132,541
Grants and Special Projects	800	206,000	(17,335)	\$ 188,665	-	72,393	49,960		\$ 122,353	\$ 66,312
Homelessness	800	100,000		100,000	-				-	\$ 100,000
Subtotal Grants & Special Projects		\$ 306,000	\$ (17,335)	\$ 288,665	\$ -	\$ 72,393	\$ 49,960	\$ -	\$ 122,353	\$ 166,312
Finance Department	820	255,000	(14,025)	240,975	-	40,528	94,516		\$ 135,044	105,931
Subtotal Finance		\$ 255,000	\$ (14,025)	\$ 240,975	\$ -	\$ 40,528	\$ 94,516	\$ -	\$ 135,044	\$ 105,931
Health & Family Support										
Grant Administration	860	\$ 90,000	\$ (5,005)	\$ 84,995	\$ -	\$ 78,915	\$ -	\$ -	\$ 78,915	\$ 6,081
Neighborhood Services	860	94,000	(5,269)	88,731	177	16,464	-		16,641	72,090
Subtotal Health & Family Support		\$ 184,000	\$ (10,274)	\$ 173,726	\$ 177	\$ 95,378	\$ -	\$ -	\$ 95,555	\$ 78,171
CPED										
Program Administration	890	\$ 8,900	\$ 41,100	\$ 50,000	\$ -	\$ -	\$ -		\$ -	\$ 50,000
Planning Administration	890	1,146,800	(105,907)	1,040,893	18,223	477,506	684		496,413	544,480
Subtotal CPED		\$ 1,155,700	\$ (64,807)	\$ 1,090,893	\$ 18,223	\$ 477,506	\$ 684	\$ -	\$ 496,413	\$ 594,480
External Contracts (Administrative Grants not Subject to Reprogramming)										
Non-departmental										
Youth Coordinating Board (YCB)	123	\$ 57,000		\$ 57,000	\$ -	\$ -	\$ -		\$ -	\$ 57,000
Citizen (Resident) Participation-MPHA	123	88,000	(4,895)	83,105	-	-	10,506		10,506	77,494
Health & Family Support										
Way To Grow Administration	860	34,000	(2,244)	31,756	-	15,534	-		15,534	18,466
Legal Aid Services	860	44,000	(2,903)	41,097	-	12,250	-		12,250	31,750
Office of Grants & Special Projects										
Housing Discrimination	800	71,000	(3,751)	67,249	-	40,548	-		40,548	30,452
Metro Fair Housing	800	16,000	(16,000)	-					-	-
CPED										
Citizen (Resident) Participation	890	303,000	(17,000)	286,000	-	(42,145)	3,732	5,995	(32,417)	335,417
Subtotal Outside Administrative Grants		\$ 613,000	\$ (46,793)	\$ 566,207	\$ -	\$ 26,187	\$ 14,239	\$ 5,995	\$ 46,421	\$ 550,579
Total Administrative Grants		\$ 2,934,000	\$ (176,579)	\$ 2,757,421	\$ 18,400	\$ 976,407	\$ 159,399	\$ 5,995	\$ 1,160,201	\$ 1,628,013

Source : Period 6, July 15, 2006 G101M

**City of Minneapolis
Engineering, Materials, and Testing
For the Second Quarter ending June 30, 2006**

Fund 6000	2006 Budget	2006 2nd Quarter	Remaining Budget	% of Actual To Budget
Revenue including Transfers	3,650,000	586,366	3,063,634	16.0%
Expenditures	4,335,493	730,490	3,605,003	16.8%
Revenue over(under) Expenses	(685,493)	(144,124)		

Program Description:

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

Public Works is currently reviewing various options for supplying Asphalt, which included the 2005 purchase of an asphalt storage silo distribution facility for Street Maintenance that became operational last September.

Currently the asphalt storage silo is being used to distribute asphalt for all City departments.

Due to the decrease in capital expenditures, the construction season is starting later and is shorter every year.

Because of this, the expenses and revenues are significantly lower at this point this year, the construction season has not started yet.

Revenue:

The revenue sources for this Fund include the procurement of Hot-Mix Asphalt and Ready-Mix Concrete materials along with Inspection and Testing Services. Paving Construction is the primary customer and their work is seasonal starting in April and concluding in late November.

Expenses:

Total expenditures are \$730,490 or 16.8% of the \$4,335,493 Budget. The spending levels fluctuate due to the customer's seasonal requirements for products and services. When the construction season begins, the expenses will increase quickly, and the revenues will match the expenses.

Transfers:

No Non-Operating budget for 2006 transfers.

Net Assets:

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

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

	Budget Year 2006	Projection Year Ending 2006	For Period Ending 30-Jun-06	For Year Ending 2005	For Period Ending 30-Jun-05	For Year Ending 2004	For Period Ending 30-Jun-04
Operating Revenues:							
Asphalt / Cement	2,850,000	2,850,000	288,960	3,312,419	737,582	2,796,929	1,398,465
Inspection revenue	800,000	800,000	297,406	868,124	232,326	1,024,134	512,067
<hr/>							
Total Operating Revenues	3,650,000	3,650,000	586,366	4,180,543	969,908	3,821,063	1,910,532
Operating Expenses:							
Personnel	1,045,161	1,045,161	397,468	799,845	394,360	846,000	423,000
Contractual	488,601	488,601	149,672	384,768	164,238	299,000	149,500
Materials/Other	2,727,419	2,727,419	146,142	3,110,509	497,557	2,793,000	1,396,500
Rent	55,160	55,160	27,580	40,472	20,236	98,000	49,000
Depreciation	19,258	19,258	9,629	14,919	7,424	14,000	7,000
<hr/>							
Total Operating Expenses	4,335,599	4,335,599	730,490	4,350,513	1,083,815	4,036,000	2,025,000
<hr/>							
Operating Margin	(685,599)	(685,599)	(144,124)	(169,970)	(113,907)	(214,937)	(114,468)
<hr/>							
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)				(61,182)	(30,591)	(10,000)	(5,000)
Gains (Losses)				(534)	-	58,931	29,466
Total Non-Operating Revenues (Expenses)	-	-	-	(61,716)	(30,591)	34,931	24,466
<hr/>							
Net Income	(685,599)	(685,599)	(144,124)	(231,686)	(144,498)	(180,006)	(90,002)
<hr/>							
Significant Balance Sheet Items							
Cash			201,531	652,042	862,885	633,000	
Accounts Receivable			1,133	1,133	591	1,000	
Interfund receivable				-			
Reserve for renewal			639,673	639,673	639,673	639,672	
Deferred income				-		-	
<hr/>							
Significant Cash Flow Items							
Capital Outlay				43,633			
Inter fund loans and payments				-			
Accounts Payable			1,170	307,244			

**City of Minneapolis
Equipment Services Division
For the Second Quarter ending June 30, 2006**

Fund 6100	2006 Budget	2006 2nd Quarter	Remaining Budget	% of Actual To Budget
Revenue	47,192,110	19,459,598	27,732,512	41%
Expenditures	45,633,224	18,520,494	27,112,730	41%
Revenue Over (Under) Expenses	1,558,886	939,104		

Program Description:

Fund 6100, Equipment Services, handles the acquisition, maintenance and disposal of over 1300 pieces of equipment; primarily the City's fleet of vehicles, including police cars, fire trucks and snow plows. This fund also provides drivers and operators for equipment, and manages the dispatch of equipment and contractual rentals for equipment that the City does not own.

Revenue:

The revenues for this fund are charged to city departments (customers) for rental of equipment, maintenance of equipment and the sale of fuel. The rates that are charged are set at the beginning of the year to match the corresponding expenses, including overheads that need to be recovered in the rates. In 2006 the Revenues are matching the expenses.

Expenses:

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

Transfers:

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

Net Assets:

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

Workout Plan:

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

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

	Current Budget Year 2006	Projected Year Ending 2006	For Period Ending 6/30/2006	For Year Ending 2005	For Period Ending 6/30/2005	For Year Ending 2004	For Period Ending 6/30/2004
Operating Revenues:							
Charges for Services and Sales	14,944,262	11,964,885	5,982,442	13,050,734	5,649,048	11,598,134	5,010,282
Rents Public Works and Other	28,067,348	22,459,028	11,229,514	22,575,697	9,984,437	23,011,983	10,387,129
Total Operating Revenue	43,011,610	34,423,913	17,211,957	35,626,431	15,633,485	34,610,117	15,397,411
Operating Expenditures:							
Personal Services	18,594,023	15,534,004	7,767,002	15,677,189	7,636,115	15,220,114	7,543,601
Contractual Services	9,299,999	6,582,374	3,291,187	7,561,635	3,042,321	7,607,142	2,717,530
Materials, supplies, services and other	6,215,576	3,017,143	1,508,572	3,422,441	1,628,947	3,906,643	1,723,687
Rent	964,030	964,030	482,015	580,520	290,260	668,301	221,651
Cost of Stores Issuance	4,057,917	4,057,917	2,028,958	3,625,261	1,586,256	2,746,219	1,322,213
Depreciation	4,804,900	4,804,900	2,402,450	4,877,186	2,323,036	4,760,047	2,186,350
Total Operating Expenses	43,936,445	34,960,368	17,480,184	35,744,232	16,506,935	34,908,466	15,715,032
Operating Margin	(924,835)	(536,455)	(268,228)	(117,801)	(873,450)	(298,349)	(317,621)
Non-Operating Revenues/(Expenses):							
Interest Revenue	500	1,799	899	1,375	799	-	478
Interest on Bonds	(1,949,950)	(1,949,950)	(974,975)	(1,942,962)	(966,275)	(1,853,104)	(898,888)
Gains/Losses on disposal of fixed assets	-	234,071	117,036	402,812	(144,243)	110,025	63,752
Damages/Losses recovered	-	79,412	39,706	-	-	141,231	104,447
Other Rev	-	-	-	-	-	11,146	21,531
Total Non-Operating Revenues(Expenses)	(1,949,450)	(1,634,668)	(817,334)	(1,538,775)	(1,109,719)	(1,590,702)	(708,680)
Operating Transfers in (out)							
Transfers from other fund	4,180,000	4,180,000	2,090,000	4,180,000	2,090,000	2,542,709	1,090,000
Transfers to other fund	(130,669)	(130,669)	(65,335)	(375,564)	(131,469)	(71,232)	(31,000)
Transfers from component units	-	-	-	-	-	-	-
Total operating transfers	4,049,331	4,049,331	2,024,665	3,804,436	1,958,531	2,471,477	1,059,000
Change in Net Assets	1,175,046	1,878,208	939,104	2,147,860	(24,638)	582,426	32,699
Significant Balance Sheet Items							
Fleet Purchases			2,491,885	3,991,512	1,844,267	9,173,036	3,399,581
Operating Cash			4,047,680	1,250,860	(641,473)	1,752,082	(936,051)
Net Building Value			26,124,550	26,422,039	26,724,648	27,022,182	27,165,019
Net Fleet Value			24,811,220	27,125,003	24,465,233	26,486,386	19,839,641
Bonds Payable			44,967,054	44,967,054	49,469,078	42,490,000	42,490,000
Significant Cash Flow Items							
Bond Proceeds			-	5,540,000	5,540,000	5,450,000	5,450,000
Debt Service Work out Bonds			(6,377,700)	(2,472,300)	(2,472,300)	(1,687,237)	(1,571,275)
Debt Service (Bond Facilities & Equip)			(1,312,250)	(3,875,250)	(3,875,250)	(3,346,500)	(3,346,500)
Total Cash Flow Items			(7,689,950)	(807,550)	(807,550)	416,263	532,225

**City of Minneapolis
Property Services Division
For the Second Quarter ending June 30, 2006**

Fund 6200	2006 Budget	2006 2nd Quarter	Remaining Budget	% of Actual To Budget
Revenue including Transfers	15,750,600	7,230,750	8,519,850	46%
Expenditures	17,235,547	8,148,717	9,086,830	47%
Revenue over(under) Expenses	(1,484,947)	(917,966)		

Program Description:

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

Revenue:

This fund collects revenue from the City departments that use its goods and services (building space, ramp maintenance, janitorial and Radio services). The rate structure is set up so that the fund will charge the correct amount for its goods and services to match its expenses. Revenue is below the budget because some of this fund's activities are seasonal, therefore the revenue is expected to reach the budget by year end.

Expenses:

About half of the expenses for this fund are personnel costs. The rest of the costs are primarily contractual costs. Expenses are below the budget because some of this fund's activities are seasonal.

Transfers:

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

Net Assets:

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

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

	Budget Year 2006	Projection Year Ending 2006	For Period Ending 6/30/2006	For Year Ending 2005	For Period Ending 6/30/2005	For Year Ending 2004	For Period Ending 6/30/2004
Operating Revenues:							
Charges for Services And Sales	7,650,500	7,650,500	3,285,128	10,355,991	3,399,062	6,805,243	2,676,186
Rents Public Works and Other	7,256,500	7,256,500	3,523,818	6,542,120	3,107,036	6,468,067	3,120,816
Total Operating Revenue	14,907,000	14,907,000	6,808,946	16,898,111	6,506,098	13,273,310	5,797,002
Operating Expenses:							
Personal Services	7,517,063	7,489,640	3,744,820	7,323,047	3,506,548	6,389,176	3,118,664
Contractual Services	4,584,627	5,594,912	2,797,456	6,213,645	2,079,406	4,689,975	1,682,414
Materials, Supplies, Services and Other	3,292,354	1,864,533	682,266	1,499,770	647,172	1,420,289	691,783
Rent	194,038	194,038	97,019	174,261	87,130	193,689	97,138
Depreciation	1,239,658	1,239,658	619,829	1,348,730	465,392	770,071	357,598
Total Operating Expenses	16,827,740	16,382,781	7,941,391	16,559,453	6,785,648	13,463,200	5,947,597
Operating margin	(1,920,740)	(1,475,781)	(1,132,444)	338,658	(279,550)	(189,890)	(150,595)
Non-Operating Revenues/(Expenses):							
Interest Revenue		7	4	39		18	18
Interest on Bonds	(383,563)	(383,563)	(191,781)	(409,163)	(204,581)	(412,058)	(215,806)
Gains/Losses on disposal of fixed assets						(2,742)	
Damages/Losses recovered							
Other rev							
Total Non-Operating Revenues(Expenses)	(383,563)	(383,555)	(191,778)	(409,124)	(204,581)	(414,782)	(215,788)
Income(loss) before operating trfrs	(2,304,303)	(1,859,336)	(1,324,222)	(70,466)	(484,131)	(604,672)	(366,383)
Operating transfers in(out)							
Transfers from other fund	843,600	843,600	421,800	811,613	405,807	841,613	420,807
Transfers to other fund	(31,089)	(31,089)	(15,545)	(85,976)	(42,988)	(34,728)	(16,500)
Transfers from capital projects							
Total operating transfers	812,511	812,511	406,256	725,637	362,819	806,885	404,307
Change in Net Assets	(1,491,792)	(1,046,825)	(917,966)	655,171	(121,312)	202,213	37,924
Significant Balance Sheet Items							
Operating Cash			284,121	1,689,344	(1,051,789)	(6,063)	(1,292,373)
Bonds Payable			(9,569,783)	(9,569,783)	(10,228,422)	(10,228,422)	(10,710,000)

**City of Minneapolis
Public Works Stores
For the Second Quarter ending June 30, 2006**

Fund 6300	2006 Budget	2006 2nd Quarter	Remaining Budget	% of Actual To Budget
Revenue including Transfers	3,422,500	1,974,328	1,448,172	57%
Expenditures	3,469,692	1,838,684	1,631,008	53%
Revenue over(under) Expenses	(47,192)	135,644		

Program Description:

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

Revenue:

As of June 30, revenues totaled \$1,974,328 or 57% of the \$3,422,500 annual budget for 2006. This increase is attributed to assembly of traffic signal controllers for future transportation projects. Central Stores revenues total \$637,708 or 40% of their \$1,562,500 annual budget for 2006.

Expenses:

All expenditure categories are close to their budget amounts, with the exception of the Cost of Stores Issuance, which is exceeding the budget due to the increased business at Traffic Stores.

Transfers:

There are no 2006 Non-Operating Transfers.

Net Assets:

The Public Works Stores Fund has been successful and profitable in recent years. The Fund continues to maintain positive equity, and had a \$55,925 negative cash balance June 30, 2006. The cash balance and the inventory balance affect each other, when the inventory is valued at \$3.2 million the cash value is around \$0. If the inventory level is lower, the cash balance is higher. When the inventory level is higher, the cash balance is negative.

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

	Budget Year 2006	Projection Year Ending 2006	For Period Ending 6/30/2006	For Year Ending 2005	For Period Ending 6/30/2005	For Year Ending 2004	For Period Ending 6/30/2004
Operating Revenues:							
Central Stores	1,562,500	1,275,416	637,708	1,717,815	654,601	1,712,835	856,418
Traffic Stores	1,860,000	2,673,240	1,336,620	3,188,324	1,400,871	2,207,208	1,103,604
Total Operating Revenues	3,422,500	3,948,656	1,974,328	4,906,139	2,055,472	3,920,043	1,960,022
Operating Expenses:							
Personnel	593,342	599,105	299,553	577,077	281,462	627,578	313,789
Contractual	267,200	231,855	115,927	216,583	141,832	34,177	17,089
Materials/Other	248,834	57,024	28,512	98,870	13,105	199,707	99,854
Rent	68,376	68,376	34,188	65,112	32,556	61,615	30,808
Cost of Stores Issuance	2,291,940	2,721,009	1,360,504	3,520,139	1,456,514	2,848,429	1,424,215
Depreciation	-	-	-	316	314	678	339
Total Operating Expenses	3,469,692	3,677,369	1,838,684	4,478,097	1,925,783	3,772,184	1,886,094
Operating Margin	(47,192)	271,287	135,644	428,042	129,689	147,859	73,928
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)						(14,000)	(7,000)
Net Interest Income (Exp)						54	27
Other Non Operating Income (Exp)							
Total Non-Operating Revenues (Expenses)	-	-	-	-	-	(13,946)	(6,973)
Change in Net Assets	(47,192)	271,287	135,644	428,042	129,689	133,913	66,955
Significant Balance Sheet Items							
Operating Cash			(55,925)	91,610	105,804	17	
Accounts Receivable			15,331	16,928	4,134	7,076	
Inventories			3,272,387	3,104,057	3,375,567	3,659,585	
Significant Cash Flow Items							
Inter fund loans and payments					(27,116)		
Accounts Payable			(3,709)	(111,631)			
Salaries Payable			(40,913)	(37,630)			
Transfers						(14,000)	

**City of Minneapolis
Intergovernmental Service Fund
For the Second Quarter ending June 30, 2006**

Fund 6400	2006	2006	Remaining	% of Actual
	Budget	Actual	Budget	To Budget
Revenue including Transfers	35,995,920	22,306,007	13,689,913	62%
Expenditures	35,792,359	20,155,001	15,637,358	56%
Revenue Over (Under) Expenses	203,561	2,151,006		

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

Revenue:

Revenue through the second quarter is \$22.3 million, or 62% of the annual 2006 budget. This amount includes an accrual of the General Fund Transfer of 4.4 million. Revenue sources include mailing and copying services, telecom charges, PMO projects, BIS charges based on the rate model and debt service transfers based on the deficit reduction plan for the fund.

Expenses:

Expenses are tracking at 56 % of the annual budget at the second quarter close. The annual budget includes an \$8.3 million bond principal payment causing the annual budget revenues to be \$204 thousand greater than the expenditures. The quarterly expenses include \$1 million in interest but nothing for the principal. When excluding this amount from budget we are tracking at 53.5% of our annual expenditures.

Financial:

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

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

	Budget Year 2006	Projected Year 2006	For Period Ending 6/30/2006	For Period Ending 6/30/2005	For Period Ending 6/30/2004
Operating Revenues:					
Charges for Service:					
BIS - PMD	7,252,500	14,620,548	7,310,274	2,369,325	640,062
BIS-Telecom	1,987,775	6,231,655	3,115,827	1,437,264	722,454
BIS - Operating-other	15,491,477	12,164,033	6,082,016	7,166,514	938,858
CC-Mailing Services	67,120	361,052	180,526	38,114	225,576
CC-Copy Services	731,447	579,126	289,563	321,682	393,040
Total Operating Revenues	25,530,319	33,956,413	16,978,206	11,332,900	2,919,990
Operating Expenses:					
BIS - PMD	1,614,512	14,466,900	7,233,450	2,744,726	971,912
BIS - Telecom	1,840,486	1,622,306	811,153	876,227	866,634
BIS - Operating-other	17,285,859	16,883,375	8,441,688	7,370,992	6,055,955
CC-Mailing Services	67,180	408,248	204,124	84,853	257,836
CC-Copy Services	732,333	747,343	373,671	235,185	327,944
Human resources	195,437	212,081	106,041	68,216	46,357
Total Operating Expenses	21,735,807	34,340,253	17,170,126	11,380,200	8,526,638
Operating Margin	3,794,512	(383,840)	(191,920)	(47,300)	(5,606,648)
Non-Operating Revenues/(Expenses)					
Net Transfers in (out)	10,465,601	10,655,601	5,327,801	3,861,832	11,606,500
Gains (Losses)	0	(89,415)	(44,707)	0	(76,000)
Depreciation	(3,740,311)	(3,845,915)	(1,922,958)	(3,177,673)	(3,657,246)
Principal on Bonds	(8,300,000)		0	0	0
Interest on Bonded Debt	(2,016,241)	(2,034,419)	(1,017,209)	(1,035,725)	(1,064,975)
Other Non Operating Income (Exp)	0	0	0	0	1,054
Total Non-Operating Revenues (Expenses)	(3,590,951)	4,685,852	2,342,926	(351,566)	6,809,333
Principal on Bonds (Net Asset Adj)	8,300,000				
Change in Net Assets	4,709,049	4,302,012	2,151,006	(398,866)	1,202,685
Significant Balance Sheet Items					
Cash			(3,186,409)	(1,161,514)	(3,843,045)
Accounts Receivable			4,438,723	5,116	1,697
Prepaid Expenses			134,122	554,383	771,290
Work-in-progress			14,426,634	6,305,125	2,165,550
Interfund Loans			(14,548,952)	(12,800,000)	(12,800,000)
Bonds Payable			(42,575,000)	(44,875,000)	(44,600,000)
Deferred Income			(5,949,886)	(2,967,612)	(2,966,249)
Total Balance Sheet Items			(47,260,768)	(54,939,503)	(61,270,757)
Significant Cash Flow Items					
Principal on Bonds	(8,300,000)	(8,300,000)			
Total Cash Flow Items	(8,300,000)	(8,300,000)	-	-	-

**City of Minneapolis
Self-Insurance Fund
For the Second Quarter ending June 30, 2006**

Fund 6900	2006 Budget	2006 Actual	Remaining Budget	% of Actual To Budget
Revenue including Transfers	69,872,216	41,485,485	28,386,731	59%
Expenditures	65,512,112	36,247,844	29,264,268	55%
Revenue Over Net Income (Loss)	4,360,104	5,237,641		

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

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

At the second quarter close, the revenues recognized are at 59% of the budget. This additional revenue is due to the variance in health care plan participation by the employees as the budget is set before the enrollment is done.

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

Expenses also are exceeding budget at \$36.2 million or 55% of budget at this mid-year point. However all areas operating in this Fund are projecting less than their budget except for “Health and Welfare” and “Liability and Settlements”. Health and Welfare expenses are high and the variance is due to the various plan participation – these expenses are recovered through payroll deductions and do not affect the Fund performance. Liability and Settlements have paid settlements this year that if the trend continues our projection will be higher than budget and if this is the case we will adjust our claims liability to reflect the proper expense.

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

Net Assets: This fund's Net Asset position was at a deficit of \$36 million at the end of 2005. This is primarily due to the large liability for unpaid claims for the City's General Liability and Workers Comp. The liability was determined to be \$31.1 million at the end of 2005 through an actuarial study. With the implementation of the rate model for 2007, it is expected that departments will better manage with an understanding of the effect of factors that cause our liability in this fund to increase.

The Net Assets deficit is tracking close to the Deficit Reduction Plan at the end of 2005 and is projected to stay close per the projection for 2006. The cash balance for this fund was positive at year end 2005 with a balance of \$2 million; at the end of this second quarter the fund has a cash balance of \$3 million with the projected balance for 2006 year end to continue to be positive. The Deficit Reduction Plan projected positive cash for this fund to first come in 2007; this goal then has been achieved two years ahead of plan.

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

	Budget Year 2006	Projection Year 2006	For Period Ending 30-Jun-06	For Period Ending 30-Jun-05	For Period Ending 30-Jun-04
Operating Revenues:					
Health & Welfare (employee benefits)	45,883,795	54,745,172	27,372,586	24,625,636	21,927,603
Workers Compensation	8,173,601	7,981,090	3,990,545	3,802,988	3,652,917
Liability - Subrogation	8,600,484	8,622,321	4,311,160	4,130,534	3,944,525
Attorney Office Services	23,000	34,557	17,278	7,389	89,164
Human Resources Services	959,820	857,723	428,862	470,553	-
Finance-Employment Services	342,068	402,151	201,075	63,945	40,441
Total Operating Revenues	63,982,768	72,643,013	36,321,506	33,101,045	29,654,650
Operating Expenses:					
Health & Welfare (employee benefits)	45,760,781	54,559,496	27,279,748	23,564,005	21,674,462
Workers Compensation	8,403,729	5,713,446	2,856,723	2,979,912	2,749,435
Liability & Settlements	2,854,657	4,466,678	2,233,339	2,072,751	1,816,250
City Attorney's Office/Civil Division-Litigation	5,315,693	4,963,585	2,481,792	2,253,041	2,026,426
Risk Management - WC/Risk	2,012,557	1,871,450	935,725	632,376	602,241
Human Resource - Employee Benefits	1,164,695	921,033	460,517	287,842	247,094
Total Operating Expenses	65,512,112	72,495,689	36,247,844	31,789,926	29,115,908
Operating Margin	(1,529,344)	147,324	73,662	1,311,119	538,742
Non-Operating Revenues/(Expenses)					
Net Transfers in (out)	5,619,698	2,809,849	1,404,925	1,879,568	1,293,998
Interest on Bonded Debt	(269,750)	(134,876)	(67,438)	(157,125)	(31,816)
Interest on Interfund Loan	-	-	-	-	-
Gains (Losses)	-	-	-	-	-
Depreciation	-	-	-	-	-
Other Non Operating Income (Exp)	-	(9,339)	(4,669)	-	(7,672)
Total Non-Operating Revenues (Expenses)	5,349,948	2,665,634	1,332,817	1,722,443	1,254,510
Net Change in Assets	3,820,604	2,812,958	1,406,479	3,033,562	1,793,252
Significant Balance Sheet Items					
Cash Balance over (under)			3,063,244	628,405	(5,159,965)
Accounts Receivable			23,602	98,967	674,280
Due from other funds/Int Gov Rec			704,201	84,554	-
Bonds-Long Term			(1,380,000)	(5,395,000)	(6,285,000)
Due to other funds			-	(2,478,353)	(10,170)
Comp Absences/Unpaid Claims			(31,101,030)	(28,398,941)	(28,347,206)
Net Assets			(36,040,033)	(37,956,208)	(40,184,878)
Significant Cash Flow Items					
Principal on Debt			(3,080,000)	-	-

**City Of Minneapolis
Sanitary Sewer Fund
For the Second Quarter Ending June 30, 2006**

Fund 7100	2006 Budget	30-June-06 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	37,823,703	17,142,674	20,681,029	45%
Operating Expenditures	36,596,512	17,297,996	19,298,516	47%
Operating Margin	1,227,191	(866,665)		
Net Income	101,511	(1,992,346)		

Program Description:

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

Revenue:

Sanitary sewer revenue at the end of the second quarter is at 45% of the budget. Revenues are lower due to lower consumptions sales of water, which is used as a basis for sanitary sewer billings. For residential sales this is due to lower consumption sales of water during the winter months which is used as a basis for sanitary sewer billings. Inspection Services revenues are for SAC charges are exceeding budget expectations. This is due to the continuing active construction market. This fund is not expected to reach budgeted revenue projections by year end.

Expenses:

The Sanitary Sewer fund operating expenditures at the end of the second quarter are 47% of the current budget. Sewer Maintenance and Engineering Design cost center expenditures are both under budget at the end of the second quarter. The sewer design cost center is utilizing fewer resources because there is more design work being done on stormwater rather than sanitary sewer capital projects.

Transfers:

The transfer of \$73,848 is for the MERF pension's unfunded liability.

Debt Service:

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

Other Financial Items:

The current operating cash balance is \$5.9 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$9.1 million, which results in a shortfall of \$3.2 million.

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

	Budget Year 2006	Projected Year 2006	For Period Ending 30-Jun-06	Year Ending 2005	For Period Ending 30-Jun-05
Operating Revenues:					
Sewage Disposal	35,959,562	33,245,476	15,680,783	34,030,332	15,204,938
Other Services Provided	364,141	327,727	60,566	186,884	17,182
Inspection Services	1,500,000	1,500,000	1,368,508	2,685,275	689,975
Interest			32,817	11,071	(853)
Total Operating Revenues	37,823,703	35,073,203	17,142,674	36,913,562	15,911,242
Operating Expenses:					
Sewer Design	396,099	255,661	39,236	248,215	49,205
Sewer Maintenance	5,911,188	5,294,982	2,831,379	5,140,759	2,374,423
Met Council Env. Svcs.	30,289,225	30,389,225	14,427,380	30,785,678	14,902,293
Total Operating Expenses	36,596,512	35,939,868	17,297,996	36,174,652	17,325,921
Operating Margin	1,227,191	(866,665)	(155,322)	738,910	(1,414,679)
Non-Operating Revenues/(Expenses)					
Net Transfers (out)	73,848	73,848	36,924	(203,236)	-
Depreciation	(1,199,528)	(1,199,528)	(602,921)	(1,228,780)	(610,138)
Total Non-Operating Revenues (Expenses)	(1,125,680)	(1,125,680)	(565,997)	(1,432,016)	(610,138)
Net Income	101,511	(1,992,346)	(721,319)	(693,106)	(2,024,817)
Significant Balance Sheet Items					
Operating Cash	-	-	5,892,090	4,858,839	1,644,980
Accounts Receivable	-	-	2,148,854	2,827,233	1,854,955
Significant Cash Flow Items					
Capital Outlay	682,000	682,000	35,017		9,369
Bond Principle payments					

**City Of Minneapolis
Stormwater Fund
For the Second Quarter Ending June 30, 2006**

Fund 7300	2006 Budget	30-June-06 Actual	Remaining Budget	% of Actual To Budget
Operating Revenue	32,356,823	14,273,977	18,082,846	44%
Operating Expenditures	18,678,145	9,875,030	8,803,115	53%
Operating Margin	13,678,678	4,398,947		
Net Income	10,034,998	1,814,530		

Program Description:

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

Revenue:

The Stormwater fund revenue is at 44% of the budget. Stormwater revenues from fees are less than budgeted due to a variety of factors such as the expanded credit program and rate adjustments for duplexes. Engineering Services revenue is at 25% of budget, which should increase as design expenses are charged to capital projects. Street cleaning grant revenue from the end of the second quarter is at 65% of its original estimate. The municipal state aid funding has been recognized and contracts are currently being negotiated for the state trunk highway and county aid funding.

Expenses:

Stormwater fund expenses are currently at 53% of budget. This is partially due to Sewer Maintenance cost center experiencing a low activity year. Street Cleaning expenses at the end of the second quarter are at 56% of budget as compared to 35% in 2005 and are projected to exceed the budget by over \$700,000.

This increased spending is attributable to additional cleaning in 2006, direct charging Work Force Utilization cleaning activities, more One Call requests and increased equipment rental costs. Public works management is looking at reducing costs and has currently eliminated one area sweeper. The CSO Phase II program is in its last years and expenses should be decreasing as inspections process is completed.

Transfers:

The transfer of \$73,848 is for the MERF pension's unfunded liability.

Debt Service:

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

Other Financial Items:

The current operating cash balance is \$4.2 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$4.7 million, which results in a shortfall of \$500,000.

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

	Budget Year 2006	Projected Year 2006	For Period Ending 30-Jun-06	For Year Ending 2005	For Period Ending 30-Jun-05
Operating Revenues:					
State Grants	644,160	677,562	677,562	569,414	556,501
County Grants	320,295	320,295	160,147	160,147	-
Sewage Disposal	30,508,000	28,013,409	13,212,991	26,081,247	13,750,394
Other Services Provided	884,368	443,604	223,276	1,038,718	522,811
Total Operating Revenues	32,356,823	29,454,869	14,273,977	27,849,526	14,829,706
Operating Expenses:					
Sewer Design	2,538,439	1,953,762	1,073,520	2,424,051	1,331,927
Stormwater Management CSO	2,285,616	1,091,268	557,227	1,210,158	617,935
Street Cleaning	6,147,822	6,879,016	3,439,508	6,354,645	2,316,093
Sewer Maintenance	2,854,059	2,854,059	655,864	2,205,230	943,520
Met Council Env. Svcs.	4,852,209	5,852,209	4,148,911	4,740,411	2,235,227
Total Operating Expenses	18,678,145	18,630,314	9,875,030	16,934,496	7,444,702
Operating Margin	13,678,678	10,824,555	4,398,947	10,915,030	7,385,004
Non-Operating Revenues/(Expenses)					
Net Transfers in (out)	(73,848)	(73,848)	(36,924)	(261,845)	(123,255)
Depreciation	(3,610,984)	(3,610,984)	(1,815,384)	(3,665,814)	(1,819,403)
Special Assessments	115,000	115,000	3,810	263,484	24,280
Net Interest Income (Exp)	(2,381,328)	(2,381,328)	(735,919)	(2,352,144)	(813,231)
Other Non Operating Income (Exp)					
Total Non-Operating Revenues (Expenses)	(5,951,160)	(5,951,160)	(2,584,417)	(6,016,319)	(2,731,608)
Net Income	7,727,518	4,873,395	1,814,530	4,898,711	4,653,396
Significant Balance Sheet Items					
Operating Cash			4,211,473	4,858,839	7,826,817
Construction Cash	-		1,572,700	7,383,600	
Accounts Receivable	-		2,955,611	2,827,233	6,527,622
Bonds Payable	20,067,483		20,067,483	41,060,909	38,167,000
Significant Cash Flow Items					
Capital Outlay			3,405,724	12,960,277	3,857,548
Bond principle payments	8,359,999		-	9,609,000	1,500,000

**City of Minneapolis
Water Fund
For the Second Quarter Ending June 30, 2006**

Fund 7400	2006 Budget	30-Jun-06 Actual	Remaining Budget	% of Actual To Budget	30-Jun-05 Actual
Operating Revenue	67,273,053	26,370,662	40,902,391	39%	24,567,279
Operating Expenditures	45,657,730	19,464,984	26,190,590	43%	18,982,566
Operating Margin	21,615,323	6,905,678			5,584,713
Net Income (Loss)	11,292,833	2,374,054			1,167,959

Program Description:

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

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

Revenue:

For the year 2006, there was a 4.8% increase in the water rate raising the cost of 100 cubic feet from \$2.50 to \$2.62 per unit. The 2006 second quarter operating revenue of \$26,370,662 represents a 7.3% increase over the same period in 2005. The revenue earned for fiscal years 2004 and 2005 includes a refund of \$3.6 million to the Joint Water Commission, due to new contract negotiations, for the period January 1, 2004 through November 30, 2005. Beginning fiscal year 2005, the Water Fund does not receive revenue of approximately \$4.0 million from the Sewer and Solid Waste Funds to reimburse the Water Fund for utility billing costs attributed to all three funds. These utility billing expenditures are now paid from the General Fund and billed to the respective user fund.

The second quarter 2006 operating margin of \$6,905,678 represents an increase of \$1,320,965, or 23.7%, from the same period of 2005. The net income for the second quarter of 2006 increased from \$1,167,959 in 2005 to \$2,374,054 in 2006. The large increases in the 2006 second quarter operating margin and net income from 2005 are primarily due to a \$2.7 million adjustment to operating revenue resulting from the refund due to the Joint Water Commission.

Expenditures:

For second quarter 2006, operating expenditures are \$19,464,984, an increase of \$482,418, or 2.5%, over the same period in 2005. This increase primarily due to an increase of 25.4% in the government service fee included in the Contribution to Other Funds and slight increase in the operational cost of the treatment of water into the Minneapolis water works system.

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

Transfers:

The MERF (Minneapolis Employee Retirement Fund) pension debt service payment is budgeted at \$274,517.

Debt Services:

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

Other Financial Items:

The Ultrafiltration Membrane Plant is financed through loans from the Drinking Water State Revolving Fund managed by the Minnesota Public Facilities Authority. Beginning December 2002, the City has borrowed a total of \$64.9 million at interest rates of 2.82%, 2.80% and 2.53%.

The ending cash balance of the Water Fund for the first quarter of 2006 is \$4.04 million compared to \$1.41 million for the same period in 2005. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$11.4 million, which results in a shortfall of \$7.4 million.

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

	Budget Current Year 2006	Projected Ending 2006	For Period Ending 30-Jun-06	For Year Ending 2005	For Period Ending 30-Jun-05	For Year Ending 2004	For Period Ending 30-Jun-04
Operating Revenues:							
Licenses & Permits	1,000	741	388	1,009	590	782	362
Charges For Services	65,471,953	61,479,558	25,995,662	59,897,682	24,341,490	54,287,787	23,847,755
Charges For Sales	1,780,000	1,210,935	346,569	829,696	223,720	1,617,164	489,610
Rents	1,000	-	-	-	-	-	-
Interest	-	219	155	990	332	2,950	3,182
Other Misc Revenues (1)	19,100	19,100	27,888	1,251	1,147	298	221
Total Operating Revenues	67,273,053	62,710,553	26,370,662	60,730,628	24,567,279	55,908,981	24,341,130
Operating Expenses:							
Security	1,269,862	619,228	309,614	911,559	605,231	1,138,129	527,701
Water Design	1,128,498	571,196	288,399	657,732	340,403	794,184	390,952
Contribution To Other Funds (2)	6,159,320	6,159,320	3,079,660	6,300,932	2,810,768	2,059,453	1,777,227
Administration & Permits	1,128,080	1,085,932	538,287	1,202,302	559,121	813,989	428,435
Treatment	14,448,217	14,731,699	6,487,870	13,134,777	5,577,545	11,956,169	5,453,981
Treatment Maintenance	6,733,750	7,199,054	3,334,878	7,477,241	3,463,293	6,391,285	2,961,074
Distribution	8,190,789	7,871,304	3,743,273	7,762,956	3,804,086	7,708,540	3,554,317
Major Repairs & Replacement	6,599,214	4,967,807	1,683,003	4,929,336	1,822,119	7,024,416	2,162,928
Human Resources	-	-	-	-	-	227,970	113,985
Finance	-	-	-	-	-	547,024	274,512
Utility Billing	-	-	-	-	-	4,621,098	1,968,420
Total Operating Expenses	45,657,730	43,205,541	19,464,984	42,376,835	18,982,566	43,282,257	19,613,532
Operating Margin	21,615,323	19,505,012	6,905,678	18,353,793	5,584,713	12,626,724	4,727,598
Non-Operating Revenues/(Expenses)							
Net Transfers in (out)	(274,517)	(274,517)	(137,259)	(689,005)	(105,402)	(3,619,262)	(1,356,000)
Depreciation	(5,600,430)	(5,600,430)	(2,800,215)	(6,450,504)	(2,842,802)	(4,493,503)	(2,205,992)
Special Assessments	-	373,190	46,930	825,321	103,787	746,515	(1,090,680)
Net Interest Income (Exp)	(4,447,543)	(4,447,543)	(1,387,664)	(4,077,976)	(1,270,515)	(3,221,196)	(877,674)
Other Non-Operating Income	2,000,000	514,373	147,698	336,960	73,219	373,727	133,417
Other Non Operating (Expense)	(2,000,000)	(780,213)	(401,115)	(791,522)	(375,042)	(772,602)	(428,326)
Total Non-Operating Revenues (Expenses)	(10,322,490)	(10,215,141)	(4,531,624)	(10,846,725)	(4,416,754)	(10,986,321)	(5,825,255)
Net Income	11,292,833	9,289,872	2,374,054	7,507,068	1,167,959	1,640,403	(1,097,657)
Significant Balance Sheet Items							
Operating Cash			4,037,393	1,555,548	1,413,985	1,980,486	8,738,554
Construction Cash			396,123	452,337	6,400,725	3,693,566	10,988,945
Accounts Receivable			4,621,844	8,382,482	4,307,599	5,217,290	3,070,392
Bonds & Notes Payable			92,537,977	84,407,486	95,236,953	89,793,175	67,306,846
Significant Cash Flow Items							
Capital Outlay	39,165,069	39,165,069	5,541,659	18,549,576	10,352,942	51,350,875	25,600,847
Bond & Note Principle payments	8,315,552	8,315,552	-	10,829,467	-	11,430,461	-
Total Cash Flow Items	47,480,621	47,480,621	5,541,659	29,379,043	10,352,942	62,781,336	25,600,847

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

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

**City of Minneapolis
Municipal Parking Fund
For the Second Quarter Ending June 30, 2006**

Fund 7500*	2006 Original Budget	2006 2nd Quarter Actual	Remaining Budget	% of Actual To Budget	2005 2nd Quarter Actual
Revenue	51,482,862	24,733,696	26,749,166	50%	23,872,664
Expenditures	31,871,450	13,181,795	18,689,655	48%	14,356,583
Operating Margin	19,138,114	11,586,284			10,426,225
Net Income (Loss)	1,814,932	4,513,607			2,290,280

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

Program Description:

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

Revenues:

The second quarter revenues for 2006 increased by \$0.9 million, or 4%, to \$24.7 million compared to \$23.8 million for 2005. Off-street parking revenue accounts for \$600,000 of the increase while on-street parking revenue accounts for \$300,000. Increase in revenues on the off-street are due to two additional ramps into the system - Mill Quarter and Riverfront. These two ramps account for combined increase of \$300,000 in off-street revenue through the second quarter. Revenues from the Impound Lot have remained at 2005 levels and it is projected to fall shy of the year-end estimates.

Expenditures:

The expenditures, at \$13 million, through second quarter of 2006 decreased by \$1 million, or 8%, compared to \$14 million in 2005. Even though the expenditures relating to off-street parking increased by \$200,000 through the quarter, which was due to addition of Mill Quarter and Riverfront ramps, the overall expenditure status declined. The decrease in expenditure over prior year is mainly due to moving Traffic Control

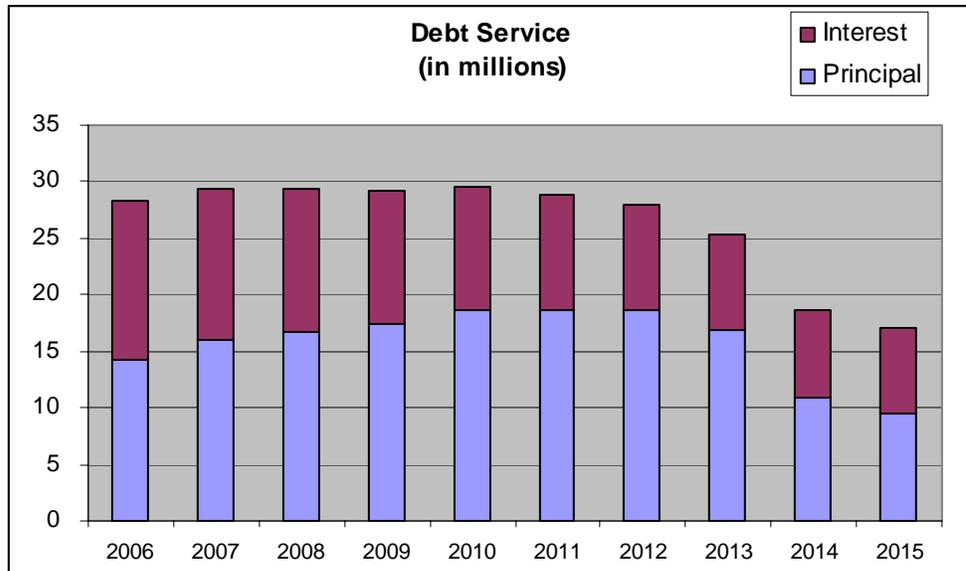
division from On-street Meter business line to Police Department. This decrease in the operating expenditures is off-set by increase in General Fund transfers.

Transfers to and from other funds:

The 2006 transfers into the Parking Fund, through second quarter, include \$4.8 million from sales tax revenue for Convention Center parking facility debt and \$5 million from CPED Tax Increment. Transfers out to other funds through the second quarter total \$6.4 million with \$4 million to the General Fund, \$1 million to the Target Center Arena and \$1.4 million to the Police Department. The transfer to the Police Department is for Traffic Control division. As a result, the General Fund transfer for 2006 is estimated to be \$10.6 million an increase by \$2.8 million. The 2006 Target Center Arena transfer is estimated at \$1.9 million and it is projected to reach \$5.8 million by 2014, based on the updated payment schedule.

Debt Service:

The debt service payments through the second quarter totaled \$14 million, with \$7 million of principal payments and another \$7 million in interest. The total budgeted debt service from 2006 is \$28 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 \$29.6 million by 2010.



The total amount of outstanding bonds in the Parking Fund increased by \$20.7 million in 2005 with the sale of additional bonds for Riverfront and Mill Quarter ramps in the amount of \$16.4 million and \$4.3 million respectively. Furthermore, additional bonds in the amount of \$1.7 million have been sold in 2006 to fund facilities repair and improvements. There is currently \$278 million in outstanding bonds.

Other Financial Items:

The current operating cash balance is -\$15.4 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 \$8 million, which results in a shortfall of \$23.4 million.

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 second quarter of 2006, the current update to the Workout Plan and specific performance include:

Revenues:

- **Off-Street Parking and Enhanced Parking Ramp Marketing Activities:** An initiative to develop a logo and branding of the Municipal Parking system is underway and new signage is being installed in several facilities. In addition, the development of web-based solutions for customer payments are being implemented and are in the process of final acceptance testing and will be available to general public shortly. The 2006 revenue estimate for off street parking is \$36.9 million and the projection for the year end, based on the first six months of the current and past years, shows a shortfall of \$2.7 million.
- **On-Street Parking and Parking Meter Management Plan:** Additional meter installations and rate adjustments, as part of new meter management plan, have generated a \$300,000 increase in revenue over second quarter of 2005. With \$3.6 million in actual revenue generated to date, it is projected to surpass the estimate of \$7 million for 2006.
- **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 extra \$1.2 million. Other areas of the operation are being evaluated. The management software is being upgraded to allow for some additional automated processing of bill of sale and auction information. So far, \$3.8 million in total revenue generated through second quarter has remained at par with second quarter of 2005. With year-end projection of \$7.4 million, this will fall short of the estimate by \$500,000.

Expenditures:

The status of the various expense reduction initiatives:

- **Enhanced Wayfinding Program:** estimated expenditure of \$205,000; currently three new installations in progress;

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

The following table presents a summary of the various business line actual figures, projections and variances for 2006.

Revenue* And Expense Categories	2006 Original Budget	2006 2nd Quarter Actual	Projection 2006 Based on Actual	Variance Budget Vs Projection
Off-Street Parking	36,891,635	17,367,674	34,212,279	(2,679,356)
On-Street Parking	7,015,227	3,551,711	7,354,509	339,282
Impound Lot	7,576,000	3,814,311	7,028,129	(547,871)
Total Revenue	51,482,862	24,733,696	48,594,917	(2,887,945)
Off-Street Parking	25,108,749	9,917,476	23,089,880	(2,018,869)
On-Street Parking	1,549,322	530,104	908,295	(641,027)
Impound Lot	5,213,379	2,734,215	5,458,628	245,249
Total Expenditures	31,871,450	13,181,795	29,456,803	(2,414,647)
Operating Margin	19,611,412	11,551,901	19,138,114	(473,298)

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

Summary:

Based on the six month-period data, revenue projections fall short of the estimates by \$2.9 million. However, the projection also shows a savings of \$2.4 million on expenditures thereby resulting in a shortfall of \$500,000.

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

	Current Budget Year 2006	Projected Year Ending 2006	For Period Ending 30-Jun-06	For Year Ending 2005	For Period Ending 30-Jun-05	For Year Ending 2004	For Period Ending 30-Jun-04
Operating Revenues:							
Off-Street Parking: City Owned	36,891,635	34,182,279	17,365,495	33,542,380	16,812,653	33,238,393	17,111,668
Off-Street Parking: State Owned	8,555,759	7,852,285	3,931,921	8,039,838	3,731,870	9,134,795	4,908,122
Towing	7,576,000	7,028,129	3,814,311	6,912,995	3,765,694	6,736,945	3,642,765
On-Street Meters	7,015,227	7,354,509	3,551,711	6,702,950	3,267,936	6,080,563	2,908,470
Total Operating Revenues	60,038,621	56,417,203	28,663,439	55,198,164	27,578,153	55,190,696	28,571,025
Operating Expenses:							
Off-Street Parking: City Owned-Direct Expenses	19,049,079	20,935,043	8,748,980	20,232,560	8,610,068	20,545,448	8,429,108
Off-Street Parking: State Owned-Direct Expenses	7,996,362	7,852,285	3,904,182	7,365,075	2,819,390	15,178,954	11,131,718
Towing	5,213,379	5,458,628	2,734,215	5,573,381	2,716,028	5,142,139	2,645,498
On-Street Meters	1,236,976	908,295	445,041	3,462,187	1,726,938	3,386,379	1,629,347
Other Operating Expenses	6,526,816	2,124,837	1,244,737	2,847,773	1,279,504	2,811,070	1,203,323
Total Operating Expenses	40,022,612	37,279,088	17,077,155	39,480,976	17,151,929	47,063,991	25,038,994
Operating Margin	20,016,009	19,138,114	11,586,284	15,717,187	10,426,225	8,126,705	3,532,030
Non-Operating Revenues/(Expenses)							
General Fund Transfer Out	(7,800,000)	(7,800,000)	(3,900,000)	(8,800,000)	(4,400,000)	(3,400,000)	(1,700,000)
General Fund Transfer - Traffic Control	(2,818,000)	(2,818,000)	(1,409,000)	0			
Arena Reserve Transfer Out	(1,921,000)	(1,921,000)	(960,500)	(1,768,000)	(884,000)	(1,620,000)	(810,000)
Debt Service Transfer Out	(38,550)	(38,550)	(19,275)	(390,704)	(172,750)	(430,424)	(12,250.0)
Internal Service Fund Transfer Out	-	-	-	(95,355)	-	(77,000)	(38,500)
Sanitation Transfer Out	(146,000)	(146,000)	(73,000)	(146,000)	(73,000)	(146,000)	(73,000)
Parkboard & Other Transfer Out							
Total Transfers Out	(12,723,550)	(12,723,550)	(6,361,775)	(11,200,058)	(5,529,750)	(5,673,424)	(2,633,750)
Convention Center related facility Transfer	9,565,097	9,565,097	4,782,549	8,243,573	4,121,787	8,364,656	3,997,868
TI and MCDA Transfers In	6,915,456	6,915,456	5,053,286	5,230,159	3,457,728	5,628,358	3,880,350
Arbitrage Fund and Other Transfers In				2,467,107		1,781,184	-
Total Transfers In	16,480,553	16,480,553	9,835,835	15,940,839	7,579,515	15,774,198	7,878,218
Depreciation	(7,053,840)	(7,053,840)	(3,526,920)	(6,551,682)	(3,210,862)	(6,709,378)	(3,233,059)
Special Assessments	132,500	132,500	66,250	107,773	66,250	164,928	(608)
Interest	(14,158,846)	(14,158,846)	(7,079,423)	(12,058,392)	(7,043,433)	(13,225,970)	(6,497,714)
Other Non Operating Expenses	(30,000)	(30,000)	(8,822)	(32,980)	(24,045)	(98,197)	-
Other Non-Operating Income	30,000	30,000	2,178	136,897	26,380	106,896	10,402
Total Non-Operating Revenues (Expenses)	(17,323,183)	(17,323,183)	(7,072,677)	(13,657,603)	(8,135,944)	(9,660,947)	(4,476,511)
Net Income+/-	2,692,826	1,814,932	4,513,607	2,059,584	2,290,280	(1,534,242)	(944,481)
Significant Balance Sheet Items							
Operating Cash			(15,363,741)	(13,509,757)	(5,276,958)	(7,856,688)	6,759,905
Construction Cash			2,282,066	6,963,710	15,677,458	4,590,503	14,148,976
Bonds Payable			280,848,742	280,848,742	294,592,842	273,942,842	285,336,942
Total Balance Sheet Items			267,767,067	274,302,696	304,993,342	270,676,657	306,245,822
Significant Cash Flow Items							
Principal on debt		14,174,100	7,087,050	12,834,100	5,060,000	11,394,100	4,845,000
Capital Outlay		15,803,603	453,635	18,773,811	7,901,802	14,011,306	1,202,490
Total Cash Flow Items		29,977,703	7,540,685	31,607,911	12,961,802	25,405,406	6,047,490

**City Of Minneapolis
Solid Waste and Recycling Fund
For the Second Quarter Ending June 30, 2006**

Fund 7700	2006 Budget	30-June-06 Actual	Remaining Budget	% of Actual To Budget	30-June-05 Actual
Operating Revenue	28,461,200	13,899,565	14,561,635	49%	13,960,664
Operating Expenditures	27,785,760	11,927,933	15,857,827	43%	11,415,682
Operating Margin	675,440	1,971,632			2,544,982
Net Income/(Loss)	182,831	1,210,910			2,311,703

Program Description:

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

Revenue:

The Solid Waste & Recycling Fund had total revenues of \$13,899,565 at end of the second quarter. That is slightly below budget and that is due to a low recyclable sales quarter, which is due to the reduction in revenue from the price of glass. The revenue from recyclable sales is \$685,488. Grant revenue of \$820,000 from Hennepin County is projected to be received in the fourth quarter.

Expenses:

The Solid Waste and Recycling fund expenses are currently \$11,927,933, a 5% increase from the second quarter in 2005 due to an increase in cost for services provided by outside parties and contractors and increased costs for liability insurance, property services rent, and other miscellaneous charges. Three additional packer trucks are being purchased this year because of proposed price increases in 2007. Even with these increases, the fund is still expected to be within budget.

Transfers:

Transfers into the Solid Waste and Recycling fund include \$146,000 from the Parking fund for litter containers, \$50,000 from the General fund for graffiti removal and \$300,000 for the Clean City program. Transfers of \$700,000 to the General fund for alley plowing, and \$35,000 for MERF Unfunded Liability are transferred out of the fund.

Debt Service:

This fund has no debt service.

Other Financial Items:

The fund's cash balance for the second quarter ended at \$15.7 million. The accounts receivable balance is \$2.9 million. The City's policy is to have cash equal to or greater than three months of operating expenses. Therefore, the target cash balance is \$6.9 million, which results in a surplus of \$8.8 million.

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

	Budget Year 2006	Projection Year 2006	For Period Ending 30-Jun-06	For Year Ending 2005	For Period Ending 30-Jun-05	For Year Ending 2004	For Period Ending 30-Jun-04
Operating Revenues:							
County Grants	544,000	820,442	-	812,722	-	828,162	3,000
Solid Waste Fees	26,297,800	26,768,007	13,212,173	26,817,625	13,053,971	25,797,483	12,908,884
Recyclable Sales	1,590,400	1,703,882	685,488	1,857,841	894,057	1,605,400	519,162
Charges for Other Services	29,000	3,087	1,904	15,947	12,636	3,727	1,644
Total Operating Revenues	28,461,200	29,295,418	13,899,565	29,504,135	13,960,664	28,234,772	13,432,690
Operating Expenses:							
Collection	6,866,116	6,592,104	3,019,355	5,923,018	2,922,534	6,343,818	2,681,102
Recycling	3,285,898	3,467,784	1,486,406	3,018,837	1,505,134	5,878,846	2,108,653
Disposal	6,011,081	4,789,616	2,137,216	5,625,608	2,434,758	2,872,743	1,320,423
Yard Waste	1,842,014	1,316,055	575,909	1,293,060	604,006	1,330,074	542,791
Large Item/Problem Material	1,104,514	1,136,643	521,081	1,107,764	524,342	1,117,425	495,626
Transfer Stations	262,504	154,002	79,633	227,042	124,046	219,844	107,246
Administration	3,951,005	3,262,665	2,024,370	2,535,621	1,780,442	3,780,299	2,036,668
Customer Service	456,044	941,017	272,795	2,796,270	260,974	448,310	218,084
Clean City	1,253,131	1,223,025	570,714	1,006,259	392,186	771,670	419,430
Equipment	2,753,453	3,709,831	1,240,455	2,877,461	867,261	2,720,157	999,227
Human resources				-	-	227,970	113,985
Finance				-	-	196,101	98,051
Total Operating Expenses	27,785,760	26,592,740	11,927,933	26,410,939	11,415,682	25,907,257	11,141,286
Operating Margin	675,440	2,702,678	1,971,632	3,093,196	2,544,982	2,327,515	2,291,404
Non-Operating Revenues/(Expenses)							
Net Transfers In	506,000	506,000	91,364	196,000	3,000	196,000	
Net Transfers Out	(735,221)	(735,221)	(350,000)	(757,934)		(883,671)	(40,500)
Gains (Losses)				-	(1,544)	(4,159)	
Depreciation	(998,609)	(998,609)	(502,086)	-	(236,905)	(997,721)	(500,369)
Special Assessments	-	62,231	-	75,528	2,170	48,933	(30,562)
Total Non-Operating Revenues (Expenses)	(1,227,830)	(1,165,599)	(760,722)	(486,406)	(233,279)	(1,640,618)	(571,431)
Net Income	(552,390)	1,537,078	1,210,910	2,606,790	2,311,703	686,897	1,719,973
Significant Balance Sheet Items							
Operating Cash			15,717,389	14,956,440	14,068,007	12,784,722	11,230,886
Accounts Receivable			2,923,261	2,471,657	2,591,207	2,280,251	2,466,093

2006 Second Quarter Investment Report

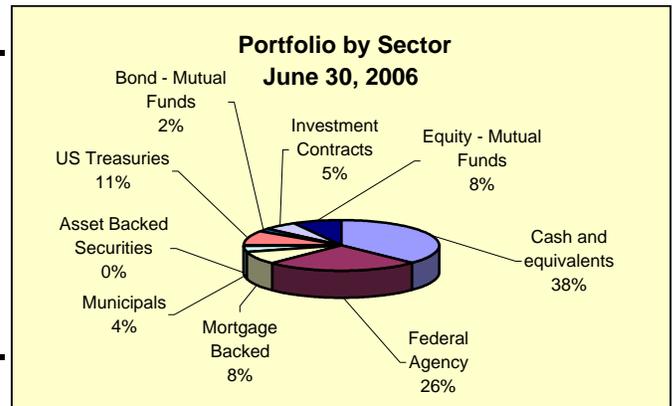
In accordance with the City's investment policy, revenue not immediately required for payment of obligations shall be placed in authorized investments. The objectives of the City's investment strategy, in order of priority, are safety of principal, liquidity and yield.

As of June 30, 2006, the City's current investment portfolio is valued at approximately \$335 million. The sector holdings and fund distributions are shown below. Year to date June 30, 2006, the portfolio has outperformed its 1-3 year Merrill Lynch Treasury benchmark by about 30 basis points. Over the past 12 months the City's portfolio has outperformed this benchmark by about 70 basis points.

<i>Investment Performance</i> period ending June 30, 2006	City Portfolio	Merrill Lynch 1-3 year Treasury Benchmark
<i>YTD Total Return</i>	1.34%	1.03%
<i>1 Year Total Return</i>	2.51%	1.82%
<i>Credit Quality</i>	AGY	TSY

Portfolio Holdings By Sector

Sector <i>Market Value in millions</i>	June 30 2006	% of port.	June 30 2005	% of port.
<i>Cash and equivalents</i>	\$ 125.2	37%	\$ 160.5	31%
<i>Federal Agency</i>	\$ 84.7	25%	\$ 69.1	13%
<i>Mortgage Backed</i>	\$ 27.3	8%	\$ 42.6	8%
<i>Municipals</i>	\$ 13.5	4%	\$ 14.9	3%
<i>Asset Backed Securities</i>	\$ 0.6	0%	\$ 3.2	1%
<i>US Treasuries</i>	\$ 31.5	9%	\$ 130.6	25%
<i>Bond - Mutual Funds</i>	\$ 7.1	2%	\$ 6.4	1%
<i>Investment Contracts</i>	\$ 18.2	5%	\$ 58.6	11%
<i>Equity - Mutual Funds</i>	\$ 27.2	8%	\$ 27.7	5%
Total Market Value	\$ 335.2	100%	\$ 513.5	100%



Funds Performance <i>Book Value in millions</i>	June 30 2006	% of total funds	June 30 2005	% of total funds
<i>Debt Service</i>	\$ 40.4	12%	\$ 97.6	19%
<i>Development</i>	\$ 40.3	12%	\$ 35.4	7%
<i>Enterprise Fund</i>	\$ 16.4	5%	\$ 21.7	4%
<i>General</i>	\$ 20.8	6%	\$ (17.5)	-3%
<i>Internal Service</i>	\$ (4.9)	-1%	\$ (8.5)	-2%
<i>Library</i>	\$ (3.1)	-1%	\$ (5.5)	-1%
<i>Hilton Trust</i>	\$ 38.4	11%	\$ 39.5	8%
<i>NRP</i>	\$ 38.8	11%	\$ 48.7	9%
<i>Park Board</i>	\$ 2.2	1%	\$ (7.8)	-1%
<i>TIF</i>	\$ 39.2	11%	\$ 36.0	7%
<i>Convention Center</i>	\$ 18.3	5%	\$ 20.2	4%
<i>Other</i>	\$ 26.3	8%	\$ 32.8	6%
Sub Total City Op. Port.	\$ 273.3	80%	\$ 292.6	56%
<i>Bond Proceeds/Const.</i>	\$ 67.9	20%	\$ 227.4	44%
TOTAL Book Value	\$ 341.2	100%	\$ 520.0	100%
<i>Unrealized G/L & Acc int</i>	\$ (6.0)		\$ (6.4)	
All Funds Mkt Value	\$ 335.2		\$ 513.5	

